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# Orissa Economic Journal

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# Orissa Economic Journal

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## Editorial

### **Amartya and Jagadish – Where they Stand?**

Baidyanath Misra

The controversy between Amartya Sen and Jagadish Bhagwati has given a new dimension to inclusive growth. Jagadish Bhagwati and Arvind Panagariya in their 'India's Tryst With Destiny' have emphasized that economic growth plays an important role in reducing poverty. Since the rate of growth in initial stages of planning in India was extremely low, there was not much change in the level of poverty. According to Gary Fields (1980), one of the leading experts on poverty had expressed the gloom on India's poverty problem in 1980. According to him, 'India is a miserably poor country. Per capita yearly income is under \$100. Of the Indian people, 45 per cent receive incomes below \$50 per year and 90 per cent below \$150. Of the total number of absolutely poor in this world .... more than half are Indian'. But since eighties there was some improvement in the growth of India, whose impact was visible on poverty. However, since 2003-04 to 2010-11, the rate of yearly growth rate was 8.5 per cent, as per the Planning Commission Report, the incidence of poverty declined from 37.2 per cent of the population in 2004-05 to 21.9 per cent in 2011-12.

It is not only Jagadish Bhagwati and Arvind Panagariya who have emphasized that economic growth has reduced poverty, many other studies also corroborate such impact. We can cite just two examples. Gauruv Datt and Martin Ravallion, 2002 (Journal of Economic Prospective, Vol.16, November, 3, PP. 89-108 – Is India's Economic Growth Leading the Poor Behind) experience prior to 1990s suggests that economic growth in India has also reduced poverty. Mahendra Dev and C. Rabi, 2007 (Poverty and Inequality, All India & States, EPW, Feb. 10) analyzing poverty and inequality have also given a lot illustrations regarding the percentage of poor and very poor and many other aspects like poverty gap, FGT and Jini for rural and urban areas. Their study also shows that growth has reduced poverty.

Jagdish and Arvind point out that growth reduces poverty directly by pulling the poor into gainful employment and that it facilitates additional poverty reduction by generating revenues that enable the financing of redistributive programmes principally aimed at the poor.

Though no body questions the hypothesis of Jagadish and Arvind, the only question which is pertinent whether such growth can bring about any inclusive growth in India. The

Planning Commission's study of poverty is based on Suresh Tendulkar Committee's methodology. This methodology sets the poverty line at a per capita expenditure of around Rs.33.3 per day in urban areas and Rs.27.2 per day in rural areas in 2011-12. N.C. Saxena, a member of National Advisory Council, described such poverty line as a Kutta – billi line – only cats and dogs can survive on it. Jagdish and Arvind however, point out, to achieve the ambitious target of doubling India's per capita income to the next ten years which may help to improve inclusive growth, we have to undertake many important reforms in our economy including administration, our judiciary, in education, health and so on. In part II, they have indicated the necessary reforms that would accelerate growth and make it more inclusive and in Part III they have suggested reforms to make redistribution more effective and inclusive. At the same time, they have also emphasized two major deficiencies in the growth pattern for which reduction of poverty has not helped the poor. First, the potential for growth remains under exploited. The economy remains subject to vast inefficiencies. Take the case of manufacturing. An usually large share of the work force in India remains employed in very small enterprises in manufacturing. For example in 2005, 90 per cent of apparel workers in India were employed in enterprises with eighteen or fewer workers. In comparison, only 2.5 per cent of Chinese apparel workers were in such small enterprises. The productivity of small enterprises was not only low, many of the workers employed there belonged to informal category. Thus there is huge scope for improving the efficiency and the growth through progressive expansion of formal employment in the formal sector.

Secondly, the growth pattern should be such that it can directly reduce poverty and enhance employment opportunities and wages of all the workers who are eligible to work. Take the case of South Korea and Taiwan in the 1960s and 1970s and China more recently. In these countries labour intensive industries such as apparel, footwear, toys and light consumer goods were started where many unskilled labourers were employed providing better scope in improving the economic well being of all those who were able and willing to work. But in India, greater emphasis was given to capital intensive and skilled labour – intensive industries such as automobiles, two-and three wheelers, engineering goods, petroleum refining, telecommunication and software as a result of which many unskilled labourer could not get any chance to secure employment resulting in large dependence of labour in agriculture with under employment and meager wages.

We need not elaborate the reforms suggested by Jagdish and Arvind in Part II and Part III of their analysis. All that we gather from their study is that growth should be first emphasized in the initial stages by fully exploiting the potential growth of economic resources and further, if poverty reduction directly results from growth in terms of enhanced wages and employment opportunities, the growth will be more inclusive. Once

growth gets momentum, other reforms as suggested by them will have a better chance of success. Here, we find a difference between Jagdish and Arvind on one side and Jean Dreze and Amartya Sen on the other. Their book, 'An Uncertain Glory – India and its Contradictions' emphasizes economic growth along with distribution. According to them, the country's main problems lie in the lack of attention paid to the essential needs of the people, especially of the poor, and often of women. They further point out that there have been major failures both to foster participatory growth and to make good use of the public resources generated by economic growth to enhance people's living conditions.

It may be noted here that both the books were published in the same year. Their subject was more or less the same but the approach was different. *An Uncertain Glory* points out that there is a continued inadequacy of social services such as schooling and medical care as well as of physical services such as safe water, electricity, drainage, transport and drainage. One point which is most relevant is that, in the long run, even the feasibility of high economic growth is threatened by the underdevelopment of social and physical infrastructure and neglect of human capabilities. That is why most of the Asian approach of development was simultaneous pursuit of economic growth and human development as pioneered by Japan, South Korea and China. In spite of some economic growth in India and consequent reduction of poverty, there are many social and economic deprivations in the country. And the deep inequalities in Indian society tend to constrict public discussion confining it largely to the lively and concerns of the relatively affluent. In a democratic set up, such negligence cannot be justified.

Analyzing the growth pattern in India, Amartya Sen and Jean Dreze raise a number of issues which are really distressing. We illustrate a few examples. According to them, the achievement of high growth - even high level of sustainable growth - must ultimately be judged in terms of the impact of that economic growth on the lives and freedoms of people. Over this period of growth in India, while some people, particularly among the privileged classes, have done very well, many more continue to lead unnecessarily deprived and precarious lives. It is not that their living conditions have not improved at all, but the pace of improvement has been very slow for the bulk of people, and for some there has been remarkably little change. While India has climbed rapidly up the ladder of economic growth rates, it has fallen relatively behind the scale of social indicators of living standards, even compared with many countries India has been overtaking in terms of economic growth. They have cited data also to illustrate such cases. The most important point that emerges from their analysis is that the growth process is so biased that the country looks more and more like islands of California in a sea of sub-Saharan Africa.

We need not make a comparison between the social progress in India along with other Asian countries which have also initiated a process of development. But we can state this

much that with growth, they have systematically mobilized the resources generated due to growth to expand education, health care, nutrition, social facilities and other essentials of fuller and freer human life for all. And the expansion of human capability, in turn, allows a faster expansion of resources and production, on which economic growth ultimately depends. Since societal reach of economic progress has been remarkably limited, Indian democracy is seriously compromised by the extent and form of social inequality, particularly since democracy stands not just for electoral politics and civil liberties but also for an equitable distribution of power.

Thus 'An Uncertain Glory' highlights mostly the following five areas: (a) active social policies to improve the social interests of all the deprived sections of the community, (b) universalistic principles in the provision of essential public services (c) efficient administration along with accountability, (d) removing social inequality and (e) ensuring people's active involvement in democratic politics in order to complete the Unfinished Agenda.

Probably it will not be wrong to quote one significant note given by Kenneth E. Boulding in his preface to 'A Reconstruction of Economics': "I have been gradually coming under the conviction, disturbing for a professional theorist, that there is no such thing as economics – there is only social sciences applied to economic problems'. Does it make any sense when you compare 'India's Tryst with Destiny' and 'An Uncertain Glory'?



## Realities In Empirical Economics<sup>1</sup>

Bimal K Mohanty<sup>2</sup>

Economic ideas move forward through a process of evolution. This process constantly generates forces towards the creation of new ideas which are believed to be more refined and genuine, more appropriate to policy and more pragmatic than what they were in the past. In spite of this, the truth is that past is the architect of the present and future builds up on the foundation laid at present. Accordingly, future will chase the pathway which is a mix of the past and the present. However, more distant the past is, smaller will be its influence on the future. This fundamental principle of the progress of economic ideas has resulted in the formulation of several expectations models in macroeconomics/macro-econometrics (Cagan 1956, Lucas 1972, 1975, Muth 1961) which have captured the prime place in the designing of public policy for stability. These expectations models contradict the classical assumption of 'programmed external economic reality' (Davidson 1996). Classical economists have presumed that the economic agents always have full knowledge of the outside forces and thus these forces are immutable. But this 'reality' assumption has been challenged. Since each parameter has a time dimension, working with expected value for each parameter is more sensible than working with exact value. Accordingly, the implications of uncertainty cannot be ruled out from the policy formulation and policy suggestions. Modelling economic ideas for policy in the presence of uncertainty demands the inclusion of conditional probability density functions. Samuelson (1969, 1973) has made some pioneering work on the use of conditional probability functions under uncertainty. Unavoidably, such type of policy formulation falls within the province of empirical economics. Empirical economic modelling is used to study the impacts of proposed policy in regard to various economic phenomena like inflation, unemployment, trade balance and similar macroeconomic events. Empirical economics therefore works with the mutable nature of the outside forces. This is a compelling force of the search for 'realities' in empirical economics. This has been the motivating force behind the present address which seeks to make some narrations and comments on the 'realities in empirical economics'.

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1. *Presidential address delivered at 45th Annual Conference of Orissa Economics Association on 9th February, 2013 at NISER, Bhubaneswar*
  2. *Professor of Economics, Retd.*

## **Empirical Economics**

Empirical economics is an application of mathematical methods and statistical tools to economic theory. Econometrics is the most familiar replica of empirical economics. Ragnar Frisch, the inventor of the term 'econometrics' defined it in the following words. "..... there are several aspects of the quantitative approach to economics, and no single one of these aspects, taken by itself, should be confounded with econometrics. Thus, econometrics is by no means the same as economic statistics. Nor is it identical with what we call general economic theory, although a considerable portion of this theory has a definitely quantitative character. Nor should econometrics be taken as synonymous with the application of mathematics to economics. Experience has shown that each of these three view-points, that of statistics, economic theory, and mathematics, is a necessary, but not by itself a sufficient, condition for a real understanding of the quantitative relations in modern economic life. It is the unification of all three that is powerful. And it is this unification that constitutes econometrics" (Frisch 1933; pp.1-2). Though several econometricians (Haavelmo 1989, Klein 1974, Malinvaud 1966, Tintern 1953) have defined econometrics in their own words, but nowhere the definition has been restructured violating the main theme due to Ragnar Frisch. Haavelmo's definition emphasises the functional aspect of econometrics. He has raised a question as to why econometricians use econometrics. Econometrics is considered to be a more unambiguous instrument that introduces more accuracy in the forecasting power of the model and also it facilitates reaching the inference without loss of much time, energy and resources. Econometricians are interested to use econometrics for policy formulation, policy evaluation and forecasting which necessitates quantification. It has the basic objective of quantifying the relationship that exists between economic variables. This has the advantage of improving policy analysis and strengthening the forecasting power of the model. The Chicago School of Economics used to emphasise the quantification requirement in economic research and they opined that 'when you cannot measure, your knowledge is meagre and unsatisfactory'. But it is the fact that not everything in economics can be quantified. Quantification has its own constraint. On the one hand quantification without valid theoretical background is dangerous which is likely to produce results contrary to what seems to be the reality and on the other, 'every number is guilty unless proved innocent' there goes a saying. All this increases the responsibility of the econometricians while making an attempt to integrate economic variables in a cause and effect framework.

Econometrics is believed to have grown into a distinct branch of knowledge within the directory of economics during 1930s. This branch emerged in an environment of optimism<sup>1</sup>. The publication of the first issue of the journal *Econometrica* in 1933 laid the foundation stone for advanced research in the subject. Ragnar Frisch was the first editor

of the journal who continued in the capacity for more than two decades. He coined the term econometrics. With launching of econometrics, economics got formally segregated into two main divisions- empirical economics and analytical economics. But these two divisions are not rivals to each other excepting that there exists a methodological difference. But much before, on ground of reality, views have been expressed by economists (Keynes 1891) to continue with two branches in economics- one the 'pure science of economics' and the other the 'art of economics'. Each branch should have a methodology not coinciding with that of the other. The former should have only theorems and facts having no relevance for policy, the latter is referred to, in the languages of the classicists as 'political economy' should be relevant for policy formulation and policy suggestion. In the words of Franco Modigliani, one is economic theory and the other is economic policy. Thus Modigliani's idea ditto's Keynes' idea on separation of economic theory from policy. It is commonly known that classical economists have given some powerful theorems in economics which have in later days gave birth to a systematic body of doctrines that is referred to as macroeconomics. But the classical political economy had no kit box to prove the validity of the theorems. This constitutes a deficiency in classical political economy. This deficiency resulted in the growth of 'tensions' between a given theoretical concept of reality and the search for certainty by using mathematical and statistical methods. The confusion between economic reality and mathematical reality shadowed classical political economy for a long time. Finally it is J.M.Keynes (Dequech 2000) who made attempts to resolve the tension. In his opinion with a given degree of probability such tension can be overcome. Keynesian attempt has been idealised in Sims (2007).

Only theorem-building is not enough in economics. Since the time of classical economics which was developed about 1750, hundreds of theorems have been given by economists. These theorems were developed either as a consequence of their research outcomes or as the reflection of their close observation of human behaviour. But few of them are amenable to empirical verification and have practical orientation. Accordingly, economics should not be thought to be a brochure of theorems. Once a theorem is built, its validity for policy is of urgent necessity. Empirical economics provides the basic tools and methodology for testing the practical legitimacy of the theorems.

Though sophistication in econometric ideas came with Ragnar Frisch and Jan Tinbergen, the subject was thought about much earlier. Mathematical methods have often played some role in the formulation and interpretation of economic ideas. The representatives of the Lausanne School which is referred to as the Mathematical School of Economics particularly Leon Walras (1834-1910) and Vilfredo Pareto (1848-1923) have made profuse use of mathematical tools in economics primarily for meeting two broad objectives of (1) simplifying the complex economic phenomena, and (2) converting economics from a

literary discipline into a mathematical and deterministic science. In spite of their strong academic enterprises, there were not many takers of the ideas of the Lausanne School of Economics. In one sense the methods used to develop their ideas were highly abstract. Their conclusions were far from being put to empirical verification. In spite of this, they were passionate supporters of the truth behind their theorems unlike classical economists. Classical economists were modest in admitting the likely non-applicability of their theorems. Because they were adequately informed on their own deficiency as they did not have any kit box to prove the truth behind the inference from their analysis.

### **Paradoxes in Empirical Economics**

A paradox is a contrast with common sense. If two opposites are envisioned to be equally likely, it produces a paradoxical situation. From the latter view point, some paradoxes are seen to have grown with the expansion of the frontiers of econometrics. "The only way to a position in which our science might give positive advice on a large scale to politicians and businessmen, leads through quantitative work. For as long as we are unable to put our arguments into figures, the voice of our science, although it may occasionally be able to dispel gross errors, will never be heard by political men. They are by instinct, econometricians all of them, in their distrust of anything not amenable to exact proof" (Schumpeter 1933; p.12). Empirical economics, as comprehended from the above quote, encounters a paradoxical position. While distrust among the majority of the users of the suggestions accomplished only through diagnostics looms large on the efficacy of the inference reached (without the application of facts and figures), gross errors could not be avoided while reaching the conclusion from empirical researches. There would be inconsistencies when one holds the use of econometrics as an inevitable exercise for policy making, at the same time he/she apprehends the possibility of gross errors being committed while applying tools from econometrics. Hence, it implies a contradiction. It is not Schumpeter alone who raised the issue in empirical economics, but also Keynes (Tinbergen-Keynes debate (Jolink 2000) on trade cycle) and Koopmans, the latter being a renowned mathematical economist of the twentieth century who pointed out the short-comings of 'measurement without theory' (Mookherjee 2005). In the 'debate', Keynes has pointed out a series of technical snags and methodological obscurities that would arise when statistical testing of economic theories is carried out.

It is not only a common tradition but also a binding requirement to initiate econometrics with topics in linear regression. This technique has long been central to the field of econometrics. The beauty of the topic lies in its simplicity and immediate applicability to practice. Researchers are attracted to this topic for building causal relationship between variables. But the topic loses its attractiveness once the researchers confuse between cause

and effect. If cause is substituted by effect and vice versa in the model of regression, the results are likely to be paradoxical. This would lead to another generic problem in econometrics- the problem of identification. It is normally believed that more police men are required to reduce the incidence of crime in a locality. Equally likely is that higher incidence of crime necessitates the public authority to engage more police men. Though each statement is correct, it leaves a pondering impact on the researcher to choose between the two- one the cause and other the effect while modelling the functional relation between the number of crimes and the number of police men engaged in the framework of a regression.

Plenty of paradoxes or contradictions are likely to ensue in empirical economics. This has been the source of disappointment with econometrics. Thus it seems obvious to question the realities in empirical economics. Extreme obsession with the use of data and econometric tools may succumb one to the risk of generating results annulling the reality. In this case, expectations of realising something unexpected may not be ruled out. But the weight of the criticism does not fall on econometrics as a branch of knowledge, rather on the econometricians. Failure to strictly adhere to the “ten commandments of applied econometrics” (Kennedy 2003; pp.390-397) by the econometricians is the most likely source of the research outcomes striking inconsistencies with realities. Econometricians are fully aware of the paradoxes. In spite of this, they continue with their mission. Constant research efforts by the econometricians and their inventions have undeniably lessened the burden of the paradoxes on applied empirical economics. The police men-crime nexus leading to identification problem in classical regression analysis can be resolved in applied econometrics by the application of causality approach due to Granger (1969) and his colleagues (Granger and Newbold 1974), in spite of the fact that the causality approach does have its own limitation.

### **Strength of Econometrics**

With the discovery of ‘econometrics’ as an emerging discipline within economics, Frisch wrote ‘Intermediate between mathematics, statistics, and economics, we find a new discipline which for lack of a better name, may be called econometrics. Econometrics has its aim to subject abstract laws of theoretical political economy or ‘pure’ economics to experimental and numerical verification, and thus to turn pure economics, as far as possible, into a science in the strict sense of the word (Bjerkholf 1995). Econometrics is emphatic on coexistence of theorisation and observation. Since econometrics strikes a balance between theoretical consistency and empirical relevance, it enhances the forecasting performance of the model. From the time of its inception formally in 1933, econometrics has achieved much. One attractive point in econometrics is that it succeeds where pure

economics fails. In real world, households, firms and other economic agents, at times, not only behave irrationally, but their behaviour is highly heterogeneous. Theoretical economics does not have any in-built mechanism to take stock of such heterogeneous nature of the behaviour to successfully amend them for accommodation to reach a law which is expected to be universally valid. But econometrics having combined economics with mathematics and statistics can model the most complex phenomena. The two best early examples are the (1) Federal Reserve System's large-scale MPS (MIT, Pennsylvania University and Social Science Research Council) quarterly macroeconomic model completed by Modigliani, and (2) Klein-Goldberger a medium-size macroeconomic model. Klein approves the necessity and relevance of macroeconomic models on ground of their meeting 'all the complexities of dynamics, special institutional arrangements, and disaggregation.' These two models have not gone uncontested. Lucas (1976) is of the opinion that these models and also other large-scale models do not comply with the propositions of mainstream macroeconomics and hence, are deficient. This dissatisfaction guided him to invent a new methodology in macroeconomic model building that is referred to as the 'time-series macroeconomics'. But another large-scale model due to Leontief (1951) has seldom gone contested. This model is based on a novel approach. It has opened lots of opportunities for economists and econometricians to research on the intricacies of the production system of an economy or multiplicity of economies. Input-output model is a landmark invention in empirical economics. So far, no aggregative model has prompted that much empirical research as the input-output model from and within the genus of macroeconomic models.

## **Macroeconometrics**

Macroeconometrics is the invention of 1960s. The academic and research discourses in macroeconomics are the descendants of Keynesian macroeconomics. In macro policy formulation, information and expectations play key roles. The information set that is used by the policy makers for policy formulation is imperfect and at the same time acquiring information is not a costless process. Keynes was of the opinion that expectations are always exogenous which has been contradicted by the rational expectationists. Admitting expectations into aggregative public policy particularly into the monetary policy and their estimation is the primary goal of macroeconomics. The inflation-unemployment relationship that was empirically derived by Phillips (1958) has been challenged by Friedman (1968) and Phelps (1967). The later economists (Friedman and Phelps) have given the expectations-augmented Phillips curve. This can be treated to be the beginning of the research and development in macroeconomics. Macroeconomic modelling aims at illuminating the empirical behaviour of an economic system. These models are essentially the aggregation of interlinked equations which are to be estimated from time-

series data. One illustration would do in this context. Putting the Keynesian income determination model for an open economy in dynamic macroeconometric format requires at least six sets of equations, each set again consisting of certain individual equations. These six sets of equations relate to production (Y), consumption (C), saving (S), investment (I), import (M) and export (X) sectors. The model property remains undetermined till it is not fully constructed which is one of the limitations of large-scale macroeconometric models. Lack of microeconomic theoretical foundations and possessing poor forecasting properties are the other drawbacks of these models. Because of all such drawbacks, macroeconometrics exhibited to its near nadir at the beginning of 1990s. In spite of this, macroeconometrics has never met its natural death, rather it has been revitalised under private market regime and has been acting as one of the main instruments of macro policy making and forecasting. Most of the countries that were previously command economies have shifted to free market economic system. The role of central banks has increased manifold in the presence of liberalised financial and monetary regimes. This has added to the responsibility of the central banks to counter instability which arises mainly out of the coexistence of high inflation and high unemployment. Inflation-unemployment problem has gripped the world economies whether it is a small open economy or otherwise. Change in monetary policy stance by central banks for inflation targeting with NAIRU (non-accelerating inflation rate of unemployment) which is referred to as the 'natural rate of unemployment' has brought back the macroeconometric modelling for greater use in broader sense. But NAIRU could not continue to be on the agenda of inflation targeting by the central banks because of its inadequate and shaky theoretical foundations and poor empirical track record (Federal Reserve Bank of Atlanta 1997). While small open economies have accepted the floating exchange rate regime, the developed economies have used the rate of interest as one of the immediate policy instruments under reforms. In both the cases, it is the responsibility of the central banks to manage the situation which, of course, involves a risk.

Large scale macroeconometric models have their own limitations. Krugman (2000) is highly critical of the use of large scale macroeconometric models. In his opinion these models have no economic reality. Though these models are claimed to be the sophisticated instruments for policies, their extreme mathematical and statistical complexity does not allow the policy makers to get close to them. It is true that some such models have already met their natural death. In spite of this, macroeconometrics will continue to capture a central position as long as macro policies particularly the central banks' policies continue to be used as one of the sound stabilisation instruments on the one hand and inflation targeting on the other. Thus macroeconometric models have not completely disappeared from the sight. Diebold (1998; p.1) writes, "The reports of the death of large scale

macroeconomic forecasting models are not exaggerated. But many observers interpret the failure of the early models as indicative of a bleak future for macroeconomic forecasting more generally. Such is not the case. Although the large-scale macroeconomic forecasting models did not live up to their original promise, they nevertheless left a useful legacy of lasting contributions from which macroeconomic forecasting will continue to benefit. They spurred the development of powerful identification and estimation theory, computational and simulation techniques, comprehensive machine-readable macroeconomic data-bases and much else..... We learn from our mistakes. Just as macroeconomics has benefited from rethinking since the 1970s, so too will macroeconomic forecasting". In recognition of the relevance of macroeconometric modelling for policy formulation and forecasting, the Nobel Committee nominated two distinguished macroeconometricians Sargent and Sims for the award of Bank of Sweden Prize in Economic Sciences in Memory of Alfred Nobel for 2011 for 'their empirical research on cause and effect in the macroeconomy'. While Sargent invented 'Structural Econometrics', Sims devised 'n-equation, n-variable Vector Autoregression (VAR)'. Both these seminal works have their profuse use in the empirical applications of large-scale models.

### **Disparagement of Econometrics**

Lots of arguments and counter arguments have surfaced with the switching to the use of mathematics and statistics in main stream economics. The counter arguments mostly ensue on account of the fact that human behaviour reads on an open end system. Mathematical methods are basically deductive methods. Deductive methods necessitate the existence of a closed system. Application of deductivist methodology to an open system is not only inconsistent but also fatal in its consequence. Keynes and Hayek whose excellence in economic theorisation is at all time high had strong scepticism on the success of the use of mathematics and statistics in economics. While Keynes had limited belief in its success, Hayek was of the opinion that such switching process would obscure rather than illuminate the knowledge level in the society. When Keynes expressed his limited satisfaction and Hayek conveyed his absolute dissatisfaction on the use of mathematics and statistics in economics, at that time both mathematics and statistics had limited access into the arena of economics. In recent time, mathematical modelling and econometrics have almost invaded the main stream economics. Economic analysis and policy is difficult to be conceived without the use of econometrics. Krugman being a product of modern time belongs to 'simple model' tradition and takes a serious note of extreme quantification of economic phenomena. He writes "the economics profession went astray because economists, as a group, mistook beauty, clad in impressive-looking mathematics, for truth. Until the Great Depression, most economists clung to a vision of capitalism as a perfect or nearly perfect system. ...Unfortunately, this mathematicized and sanitized vision of the

economy led most economists to ignore all the things that can go wrong" (Colander 2009; p.16). In Krugman's view, it seems, empirical methods in economics are the sources of all wrongs in economic interpretation and prediction. This is an extreme view. Mathematics and econometrics have done good jobs in economics. They have been instrumental in pushing the frontiers of economics in extended directions. Quite a good number of economists (Colander 2009) are of the opinion that the future of economic science is mathematical modelling and econometric way of interpretation. In spite of this, empirical economics carries the burden of criticisms not due to its own fault but due to the fault committed by the users of empirical methods in economic sciences.

Among the facts that cause injury to the empiricalisation of economic analysis and policy, the most noteworthy ones are (1) incompatibility with data, (2) overburdening the 'ceteris paribus' clause, and (3) policy asymmetry. Advanced econometrics, under certain situations has to fake some close links between data and theory. Applied econometrics in its early stage was furthered with cross-section data. Thereafter the inundation of time-series data completely brought a metamorphosis in type of analysis. Applied econometrics of today is basically advanced with panel data. Panel data are more elegant than the other two. Unless economic theory and statistical techniques are developed to interact with the sophisticated panel data, econometrics has to forge the link between data and theory.

Economic theory is invariably formulated with 'ceteris paribus' clause. So also is econometrics. Econometrics mainly furnishes empirical substance to economic relations for testing, forecasting, policy making and ex-post policy evaluation. In each economic relation, there are several exogenous variables to cause the endogenous variable(s). In the set of exogenous variables, some are unavoidably latent. The 'ceteris paribus' clause takes account of the influence of the latent variables in the relation. Treatment of 'ceteris paribus' clause reflects the economist's views on the completeness of the economic theory. In empirical economics, 'ceteris paribus' clause plays a crucial role. Generalisation on the basis of empirical analysis is based on a finite set of observations. A theory derived on the basis of such generalisation can be maintained under the condition that the latent explanatory variables remain the same in magnitude and direction as compared with their initial values with which the generalisation process was started. Thus the forecasting power of the model depends exclusively on the treatment of 'ceteris paribus' clause. In small and medium size models, it is logically inferred that the 'ceteris paribus' clause is overburdened in comparison to what it is in large scale models. Since the first category of models work with less number of active explanatory variables and large number of latent variables, it is obvious that the 'ceteris paribus' clause is overburdened. But this view is again not held beyond dispute. Large scale models having incorporated larger number of active variables may also confront the problem due to larger assumptions. Whether it is

small and medium size models or large scale macroeconometric models, in each, overburdening of the 'ceteris paribus clause' cannot be ruled out. This leads to committing several econometric problems which unavoidably casts doubts on the predictive power of the model.

Policy failure or policy asymmetry is on the bleak side of the econometric studies. In this context policy refers to macroeconomic policies which are basically counter cyclical policies. The optimistic Keynesian phase continued till 1960s. Thereafter the influence of monetarism and New Classical Economics both worked towards the gradual decay of Keynesianism. Thus activist government policy lost its glamour of an 'all panacea' mechanism. Further erosion to Keynesianism was brought by rational expectationists. Rational expectations approach, whose main estimation and policy procedure owes to econometrics, has been criticised on the ground that it lacks microfoundations. For policy analysis macroeconomic/macroconometric models need to be based on decisions by individuals, firms and governments. Accordingly, the effectiveness of macroeconomic policies depends on their capacity to accommodate several parameters relating to income distribution with equity, mass education, universal health and other social goals. The legitimacy of such approach depends on the fact that microeconomic policy is within macroeconomic policy, but not the reverse. Several illustrations would justify the truth behind the statement. Though Mahatma Gandhi NAREGA in India is a macroeconomic fiscal policy for poverty alleviation, it is founded on the objective of poverty alleviation at household level. Any failure in macroeconomic policy is ought to cause failure of the related microeconomic objectives. At international level, research on Dynamic Stochastic General Equilibrium (DSGE) models (Christiano et al 2005) continues. DSGE models are macroeconomic models based on microfoundations. But the success of DSGE model to endow macroeconomic models with microfoundations is not yet confirmed.

### **Realities in Econometrics**

Economics can be best described as a policy science and it is the reality which guides economics. Since economic theory by itself is empty and empirical enquiry unapprised by theory is incomplete and delusive, it is the effectual blending between theory and empirics that can build an effective policy. In spite of this, policy failure cannot always be circumvented. Normally it is taken more critically if policy fails in some occasions (may be the rarest ones) than the appreciation for its success elsewhere and in other times.

The voice against policy failures sounds larger than the voice in support of policy successes. This is an impulsive reflection of human psychology. This is the rationale behind accomplishing a reality search in respect of empirical economics which is both data driven and tool driven. Econometrics for its success needs models which are described to be the

simplified versions of reality. But modelling reality is a difficult exercise as all econometric models are subjective approximations of reality. As a consequence no model can be built independent of randomness of human behaviour. Random elements are unavoidable; thus it poses problems for its reality. Larger is the departure from reality, higher is the likelihood of policy failure. Econometricians have devised procedures as to how the chance of policy failure can be minimised. One example would illustrate. Global financial crisis of 2008 is attributed to policy failure. This has augmented research to detect the source of the crisis which may continue for few years. Once detected, the existing econometric models in terms of which the policy was planned may be revised so as to prevent or, at least to lessen the burden of such contingency in future. Men learn from the mistakes committed in the past and hence adopt at present an error correction mechanism for the future. The hypothesis of 'learning from the past' has been rejected by the rational expectationists. In their opinion, in a world with forward-looking optimising agents, in fact nothing is learned from the past policy changes. In spite of this error-correction always takes place and this mechanism is one of the best procedures to infuse reality into econometric models.

Reality search in applied econometrics grew sometime in 1970s and 1980s. This is described as the credibility revolution<sup>2</sup> in empirical economics. This revolution grew out of the fact that lots of doubts were cast on the efficacy mostly of macroeconometric models of those times which were felt to have used several intricate mathematical modellings. The adversaries took it as a superfluous exercise to reach some common inference with uncommon methodology. In recent time, the credibility of econometric research has markedly improved. This is because of the use of more qualitative data and better research design. All data sets do not suit to be used in econometric analysis. In recent time, data quality has not only improved but it is fabulously available from alternative sources. Availability of data from different sources evades tagging to a particular source for use and gives an opportunity to econometricians to pre-test their quality. Research design is another aspect of the reality in empirical economics. Better research design always brings with it more reliable outcomes. Now-a-days econometric research is normally furthered with randomised experiments. This procedure not only avoids the application of complicated methodology, but allows for straight forward presentation of research outcomes. With increase in learning level on any branch, the reality of the branch gets deepened. So also is the case with empirical economics.

Specialisation in all fields of knowledge has increased as compared with the past. So also is the case with applied econometrics. This has minimised the reality scepticism in econometric research for policy. To illustrate, Sims' (2007) assertion seems appropriate. Reality question in empirical economics arises because of the presence of uncertainty. Decision-makers want guides to uncertainty as an aid. Language of probability is the best

aid in the current context. In Sims' view all these can be acquired provided probability approach or Bayesian approach substitutes the conventional approach to policy making by using tools and methods from econometrics. Accordingly, Sims (2007; p.14) writes' "Lose your inhibitions: Put probabilities on parameters without embarrassment".

Whenever empirical economics particularly econometrics is used for policy formulation, the presence of the element of uncertainty in this policy outcome is unavoidable. This perennial feature is inevitable due to the fact that while deriving the policy, human behaviour has been modelled. Random effects from human behaviour can never be segregated. In spite of this, the contingency has not yet crushed the reality issue in the policy result. Uncertainty and reality in empirical economics coexist. With advancement in research, it is being attempted to keep the element of uncertainty to its irreducible minimum. New methods, new techniques, new approaches in econometric research and new computer packages have developed. This will throw a challenge to the credibility revolution in econometrics. A time will come when the uncertainty element may be struck at a tolerable limit of probability say, one to two per cent. Hence it would be too much unkind if it is commented that econometrics or empirical economics is a branch of economic sciences which perennially suffers from the problem of reality. In fact, the reality issue is no more a big puzzle in empirical economics.

## **Econophysics**

Two new branches in empirical economics have emerged- neuroeconomics<sup>3</sup> and econophysics. Econophysics (Farmer at al 2005) is a branch where physicists research in economics. Till now, its popularity is confined to some Universities and research institutions of the West and to the study of the behaviour of stock and financial markets. The international consulting firm McKinsey and Co is one of the principal sponsors of the research. Its emergence has caused larger number of adversaries than its admirers. Induction of physics into the realm of economic analysis is not a new venture. Samuelson and Arrow by virtue of their versatile intellect in physics used laws from physics in economics. To some extent, Gerard Debreu also did it. But this attempt was not so cordially accepted by mainstream economists of their time. Economics is an inexact science. Application of exact laws into an inexact science may cause more damage than delight. While research in physics discovers universality of a particular phenomenon, research in economics explores the most likely or average behaviour of economic agents. Applying physics into economics is the same as searching for something exact within one which is perpetually inexact. Measurement of gravitational force is not the same as the measurement of poverty line or variation in the real rate of interest over time. It is afraid that the entry of physics into the core of economics may drive economics away from its main theme.

The economists/physicists working on the development of econophysics have undoubtedly imitated the process by which econometrics grew within the body of economics. This imitation may not pay in future. Justification of this unkind comment on econophysics lies in the fact that economic data is not that strong, accurate and pointed to survive the burden of the exact laws from physics. While economic data are numerous, data used for the application of laws from physics is countable. One illustration would suffice. The collapse of Wall Street in 2008 led to global financial crisis. The world economies have not yet fully overcome the nemeses. The crisis which grew as a consequence of severe and unpredictable volatility in stock prices could have been countered had there been an exact law available for the purpose. Unfortunately such expectation in economics is unfounded.

Engle (1982,2001), a celebrated econometrician who was the co-winner of the Bank of Sweden Prize in Economic Sciences in Memory of Alfred Nobel for 2003 devised a formula (Bollerslev 1986) for the measurement of stock market volatility. Though this formula has wide acceptability and applications, it could not make a perfect forecast of the untoward incident which brought disaster to world economy. This is not the fault with Engle or with his volatility measurement tool. His tool could not apply in a situation when human behaviour went beyond the capability of being numerically fixed. Under this situation, could any law from physics be the saviour from the crisis? If used, it would have been disastrous.

Physics if is applied to the study of laws from economics for policy prediction, is likely to be catastrophic. Physics being an exact science will forecast with the highest level accuracy and the lowest level of inaccuracy in comparison to what economics in this case could have done. The economy would prepare accordingly for the future. Since the functioning of economic agents is not guided by any precise law, it is very likely that the actual accuracy level will be less and the actual inaccuracy level will be more than the predicted ones. Since the economy was prepared to face the contingency that would arise out of lower level of inaccuracy or higher level of accuracy from policy, it would now go beyond manageable proportion. This would deepen the crises from policy failure. Thus putting physics into economics is misleading. The present trend in econophysics research can be illustrated with an anecdote. In a deep dark evening a man was seen to be searching for something beneath a lamppost. A stranger while passing by asked him 'what are you doing there'? The reply was 'I have lost my wallet'. 'Where have you lost it' asked the stranger. He indicated a direction and told 'say 200 yards behind'. 'Why are you searching for it here' the stranger enquired. 'Because it was dark there' came the reply. The stranger increased his speed and wished and uttered with all sincerity 'let your mission be a success.'

## **Concluding Observations**

Reality in empirical economics was a big question. But it has been greatly resolved due to increase in knowledge level. Theoretical economists have enormously increased their knowledge base on the effective use of mathematics in economics. The interaction between theory and empirics has been strongly powerful in policy making. This does not mean that the outcomes of econometric researches are infallible. Under no occasion, such infallibility should be ascribed to econometrics or econometricians. The fault lies with extreme random behaviour of economic agents. Though econometrics accommodates normal stochastic behaviour, it goes beyond its capacity to accommodate if the randomness exceeds a particular limit. Since the limit is undecided and immeasurable, econometrics fails at times. In this case it is prone to be suspected for its reality. The story told by Douglas (1967) on Cobb-Douglas production function read with the disparagement of Frisch's econometrics would resolve reality issue for which the world of econometricians is troubled. Cobb-Douglas production function was ruthlessly criticised by Frisch. Douglas alleged "Ragnar Frisch ..., as I remember, said that our study should be thrown in the waste basket and all future research on it discontinued" (Douglas 1967; pp.17-18). The way Frisch criticised Cobb-Douglas production function, his (Frisch's) invention econometrics had also been subjected to scathing criticism for being furthered from reality due to its unwarranted emphasis on the use of numerical figures and mathematical methods. In spite of Frisch's warning to economists not to use the Cobb-Douglas production function in future in economic research; it has captured a central position in almost all researches on empirical study of production function and production behaviour. Not only that, there have been profuse use of the Cobb-Douglas production function in most of the writings of the neo-classical economists on long-run steady growth. Mention may be made of Solow (1956) whose contribution is a pioneering work in the entirety of neo-classical growth theories. Similarly, in spite of uncertainty in policy outcomes, Frisch's econometrics will continue to act as the most desirable and inevitable treasure house of tools for policy formulation, interpretation, evaluation and forecasting. Empirical work in economics is indispensable, though it seems hard to some, it is practicable. No more, reality issue in empirical economics stands as a barrier.

## **End Notes**

<sup>1</sup> For detail refer (Bjerkohlt 1995).

<sup>2</sup> For detail see (Leamer 1983).

<sup>3</sup> Neuroeconomics is defined to be the combination of economics, neuroscience and psychology to determine how economic agents make decisions. For more, it is referred to "Paul W Glimcher, Colin F Camerer, Ernst Fehr, and Russell A Poldarck (2008): Introduction: A Brief History of Neuroeconomics (ed), Elsevier".

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## **Growth – Poverty Linkage : Some Evidence From Odisha<sup>1</sup>**

Santosh Chandra Panda<sup>2</sup>

### **1. Introduction**

There has been lot of debate as to what constitutes the right strategy to reduce poverty. A section of economists have argued that it is possible to eradicate poverty simply by redistribution – emphasizing growth is a misplaced emphasis. Prominent among those who advocated this is Mahbub Ul Haq (1972), a Pakistani economist, who was the Prime mover behind developing the Human Development Index. We know that economists, with left orientation, still believe that it is the right policy.

In contrast, there are some who believe that economic growth is necessary and sufficient for poverty reduction. Even without any redistribution mechanism, growth will lead to poverty reduction. Prominent among those who vouch for growth are Bhagwati and Panagariya (2012) who in their recent work “India’s Tryst with Destiny” strongly argue for a pro-growth policy.

There are some who take a middle path arguing that growth alone is not enough – it has to be coupled with redistribution policies to reduce poverty and improve well being. Amartya Sen (2011) in his article “Growth and Other Concerns” makes it amply clear.

The objective of this paper is to examine this question theoretically and also see what evidence we get from our own state Odisha.

### **2. Theoretical Underpinnings and Some Evidence**

Those who believed that simply by redistribution we can attain a more egalitarian state are inspired by the 2<sup>nd</sup> Optimality Theorem in Welfare Economics. It says that under certain assumptions (rather severe), any Pareto Optimal State can be obtained through the market mechanism if lump sum taxes and transfers are possible. Simply put, it the State

- 
1. *Professor B. Misra Endowment Lecture delivered at 45th Annual Conference of Orissa Economics Association on 9<sup>th</sup> February 2013 at NISER, Bhubaneswar.*
  2. *Professor of Economics and Director, Delhi School of Economics, University of Delhi, Delhi 110007, E-mail: santosh@econdse.org.*

wants to reduce poverty, simply tax top end of the population and distribute among the remaining population to bring in more equality and reduce poverty. If we look into India's Development Strategy in historical perspective, it was during Indira Gandhi's time (roughly 1970-1984) when such policy was aggressively followed. We don't have space to discuss these details here but we know that neither it helped in poverty reduction nor did it spur growth.

How does growth affect poverty? Conceptually, in an economy with wide spread poverty, labour is cheap. So, it has a comparative advantage in producing labour-intensive goods. If it is an open economy and is pursuing pro-growth policies, it will produce and export these goods and will create employment opportunities. This will reduce the surplus labour and eventually result in higher wages which in turn will reduce poverty. Panagariya's work (2008, 2011) on South Korea and Taiwan supports this hypothesis. In these economies, workers from agriculture shifted to labour – intensive manufacturing in large volumes resulting in steadily rising wages and massive reduction in poverty. So, rapid growth can 'pull up' the poor into productive employment and out of poverty.

Now the question is: has this worked in India? A precise answer is : not exactly the same way. This is because the labor market inflexibilities in India are quite severe. Labour laws have not been revised for nearly half a century. Trade union laws are so severe that firms are scared to employ more than a certain number of workers since in that case it is difficult to remove somebody, even on charges of non-performance. Also, labour-intensive goods such as apparel, footwear etc. were restricted to small scale industries which were unable to produce and export in large volumes.

Growth in India, on the other hand has been primarily driven by the capital and skilled-labour-intensive sectors such as automobiles, engineering goods, software (IT products) and telecommunication industries. Rising incomes in the fast growing sectors have led to expenditures that lead to gainful employment in the on-traded service sectors. For example proliferation of automobiles has led to increase in demand for drivers and mechanics. Increase in mobiles has led to expansion of retail sale outlets. Rise in demand for housing has led to massive increase in construction activity leading to employment in real estate. Rising incomes and expenditures lead to more passenger travel, tourism, increased demand for hotels and restaurant, beauty parlours, medical services and so on. Employment in these services offers an alternative avenue to poverty reduction as growth accelerates. Therefore, growth by itself can be a vehicle for poverty alleviation and Indian data supports this.

Of related interest is the question: how does growth affect distribution/inequality? The famous Kuznets hypothesis says that the curve between National Income and inequality

of a growing country will be an inverted 'U' shaped curve. This means that with growth and increased income, inequality rises and when the country becomes rich, then only inequality falls. This was put to test by Michael Bruno, Martin Ravallion and Lyn Squire (1995) using cross country data from 20 developing countries. The results are contained in a World Bank Policy Research paper titled "Equality and Growth in Developing Countries". The results are revealing:

- (i) It refutes 'Kuznets hypotheses' and shows that there is no systematic relationship between growth and inequality. Rising incomes can have decline in inequality also.
- (ii) Impact of growth on absolute poverty has been negative in most countries – on an average, absolute poverty falls with higher growth.

However, as the authors caution, it would not be correct to say that growth always benefits the poor or that none of the poor lose from pro-growth policy reforms.

With this background, let us now turn to Odisha.

### **3. Odisha's Growth Story**

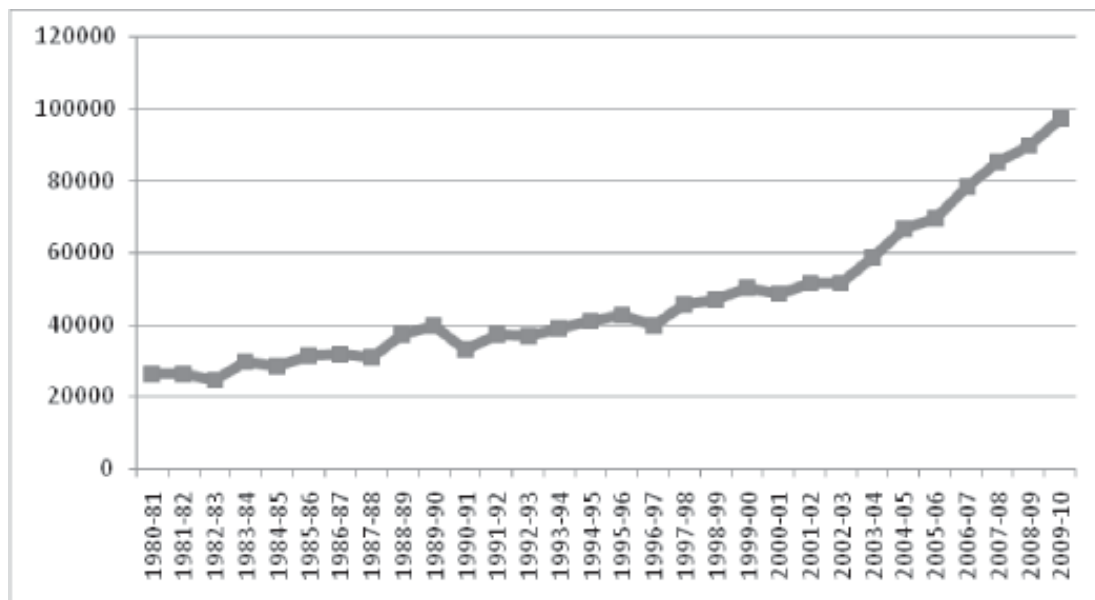
It is well known now that after decades of stagnation, Odisha has been growing at an average of nearly 8% since 2003-04. To be exact, the net state domestic product at constant prices in Odisha has grown at an average of 3.2% from 1980-81 till 2002-03 and from 2003-04 till 2009-10 it has grown at a rate of 8.4%. Looking at the growth rates for the relevant period in our paper, we find wild fluctuation in the growth rate (see Table 1 and Figure 1 & 2 below) till 2003-04 after which it somewhat stabilizes.

**Table-1 : Growth Rates In NSDP at Factor Cost**

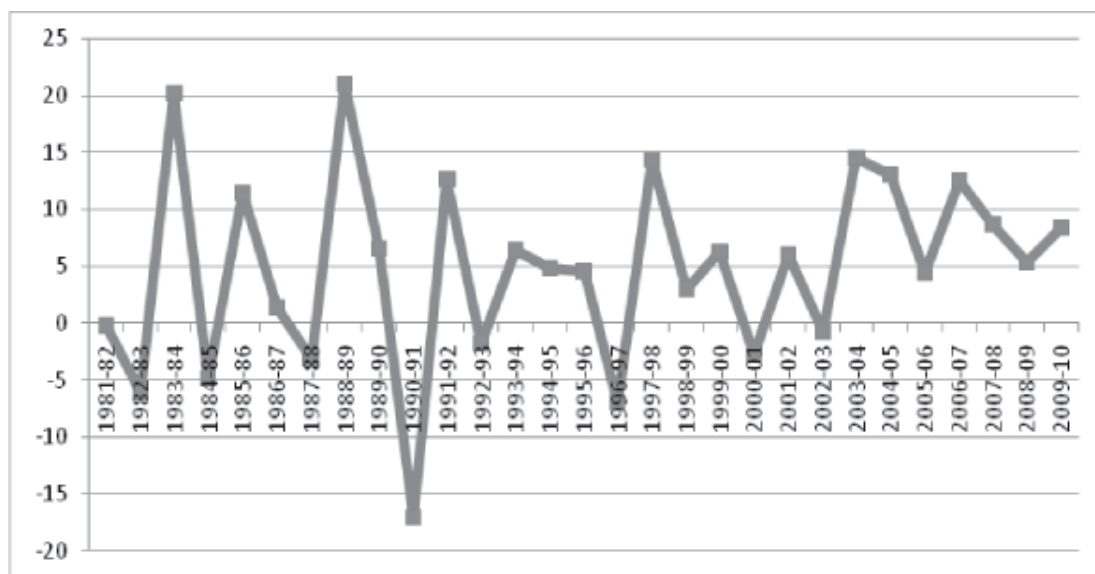
Year	Growth Rate	Year	Growth Rate
1994-95	4.9	2002-03	- 0.7
1995-96	4.6	2003-04	14.6
1996-97	- 6.9	2004-05	13.1
1997-98	14.4	2005-06	4.4
1998-99	3.1	2006-07	12.5
1999-00	6.3	2007-08	8.8
2000-01	- 2.6	2008-09	5.4
2001-02	6.1	2009-10	8.5

*Source : Central Statistical office as reported in RBI website.*

**Figure-1 : NSDP of Odisha**

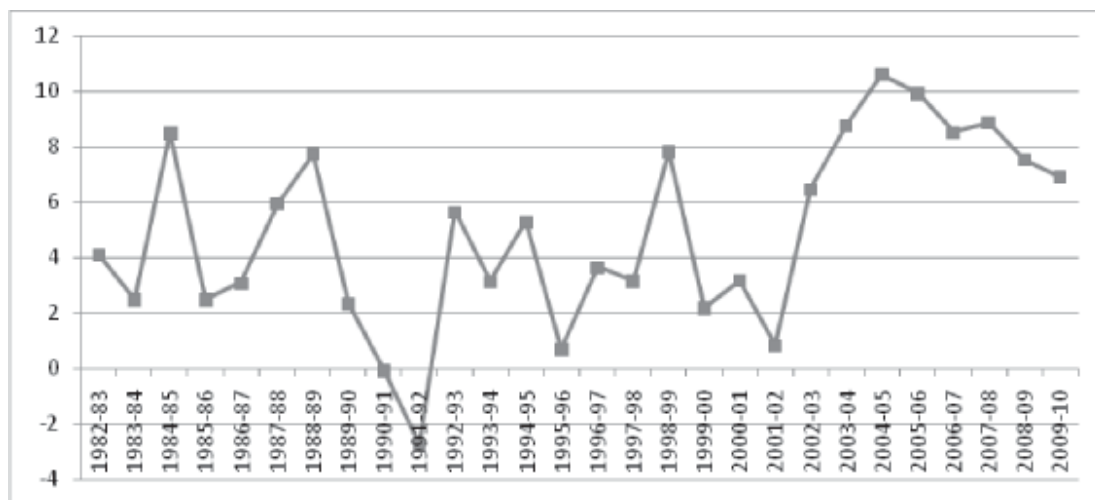


**Figure-2 : Growth Rate of NSDP**



To minimize the fluctuations, we take a three year moving average and the result is presented in Figure 3.

**Figure-3 : Growth Rate of NSDP  
(3-yr Moving Average)**



Looking at Table 1, one gets a feeling that 2003-04 may serve as a pivotal year. Starting 2003-04, the growth rate in the State picks up and the momentum stays till 2009-10. The average rate of growth in the State compares favourably with the national average.

Given the fact that growth rate from 2003-04 has been significantly higher than the previous decades, one would like to know whether this spurt in the growth rate is statistically significant or not. If it is statistically significant, what could be the possible explanation of this strong economic performance?

To test for the statistical significance, we estimate the following regression equation:

$$\log y_t = \alpha_0 + \alpha_1 D_t + \beta_0 t + \beta_1 t * D_t$$

where  $y_t$  = net state domestic product

$t$  = trend variable

$D_t$  is the dummy variable which takes value 0 up to 2002-03 and 1 from 2003-04 onwards

$t * D_t$  = represents the dummy variable multiplied with the trend variable.

The growth rate is given by  $\frac{\partial \log y_t}{\partial t} = \beta_0 + \beta_1 D_t$ . If  $D_t = 0$ , growth rate is  $\beta_0$  and if  $D_t = 1$ , growth rate is  $\beta_0 + \beta_1$ . The change in rate of growth is presented by  $\beta_1$ . The estimation shows that value of  $\beta_1$  is statistically significant at 5% level of significance, using Newey-West standard errors. The results are summarized in Table 2.

**Table-2 : Growth Rate of NSDP**

Level data			3 year moving average		
1981-82 till 2002-03 $\beta_0$	2003-04 till 2009-10 $\beta_0 + \beta_1$	Change $\beta_1$	Upto 2002-03 $\beta_0$	2003-04 onwards $\beta_0 + \beta_1$	Change $\beta_1$
3.2	8.4	5.2	3.4	8.6	5.2

To understand what might have triggered this upsurge in rate of growth, let us keep in mind that the country followed a policy of economic liberalization since 1991. Industrial licensing was mostly abolished and new enterprise was being encouraged. In Odisha, around this time there was a spurt in manufacturing activity. Many industrial houses were invited to establish manufacturing units in Steel, Ferro-alloys, Aluminum and so on. This would have contributed to the increase in growth rate. Secondly, following the advice of the Finance Commission, the State followed a path of fiscal discipline and Odisha has turned in to a revenue surplus State. This would have created a congenial atmosphere for growth. Thirdly, there was a major programme on irrigation which would have contributed to agricultural growth. In fact, in the following pages, when we look at the sectoral contribution the economic growth, the contribution of registered manufacturing and agricultural growth turns out to be significant.

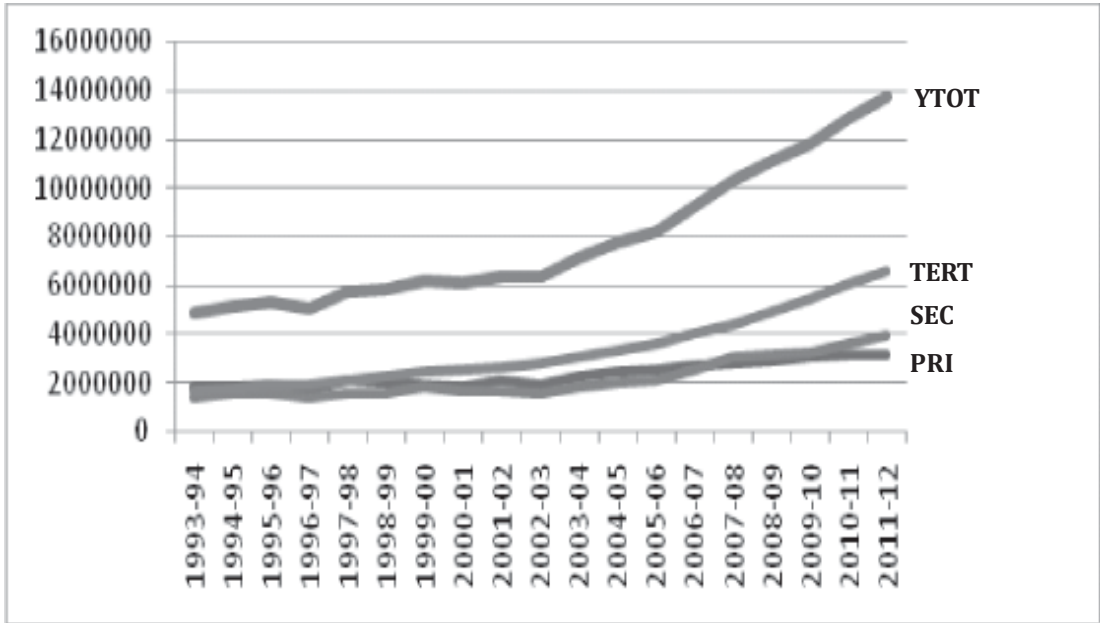
We now turn to the sectoral contribution to economic growth in Odisha. The data source is CSO and we use the data on Gross State Domestic Product at factor cost from 1994-95 to 2009-10. We use the same regression equation used earlier and the results are presented in Table 3.

**Table-3 : Growth Rates of GSDP Sector wise**

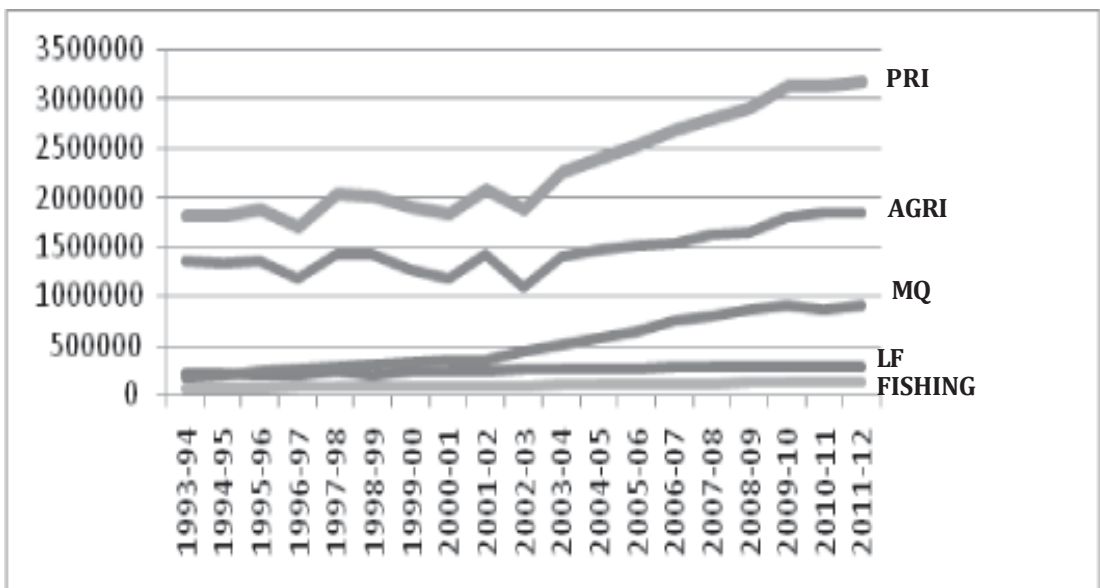
Sector	Level			3-year Moving average		
	Upto 2002- 03	2003-04 onwards	Change	Upto 2002- 03	2003-04 onwards	Change
Primary	1.0	4.4	3.4	1.4	5.0	3.7
Secondary	1.9	9.9	8.0	2.0	10.2	8.2
Tertiary	6.1	9.9	3.8	6.1	9.9	3.8

Figures 4-8 below give a visual representation of performance of various sectors during this period.

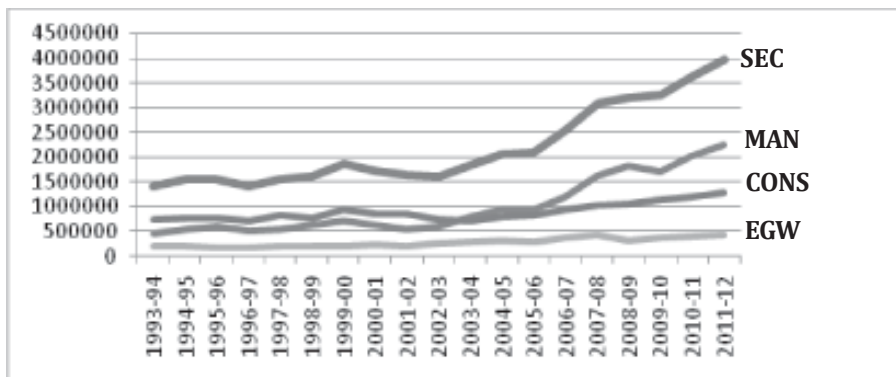
**Figure-4 : Movement of SDP Sectorwise**



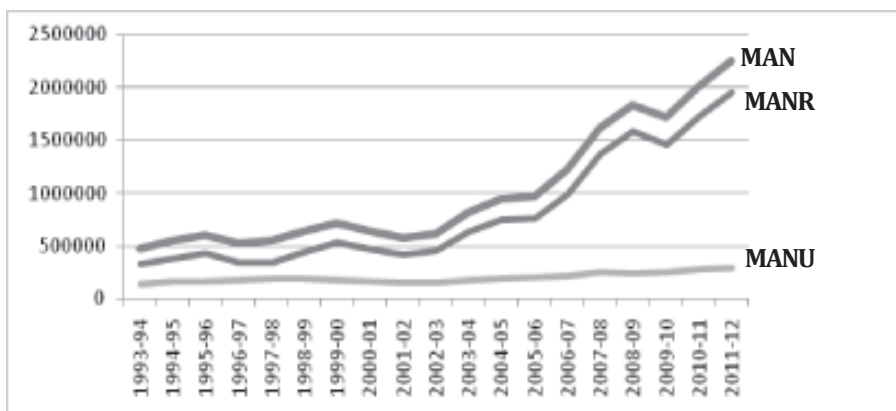
**Figure-5 : Movement of Primary Sector SDP Componentwise**



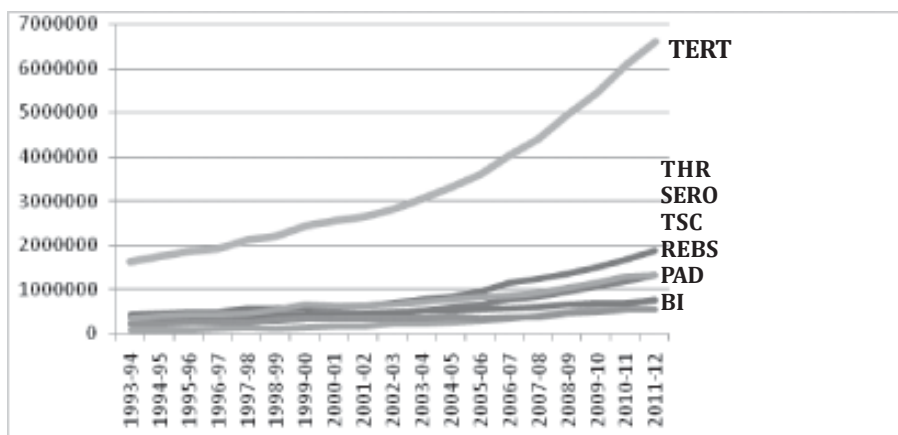
**Figure-6 : Movement of Secondary Sector SDP Componentwise**



**Figure-7 : Manufacturing Registered and Unregistered**



**Figure-8 : Movement of Tertiary Sector SDP Componentwise**



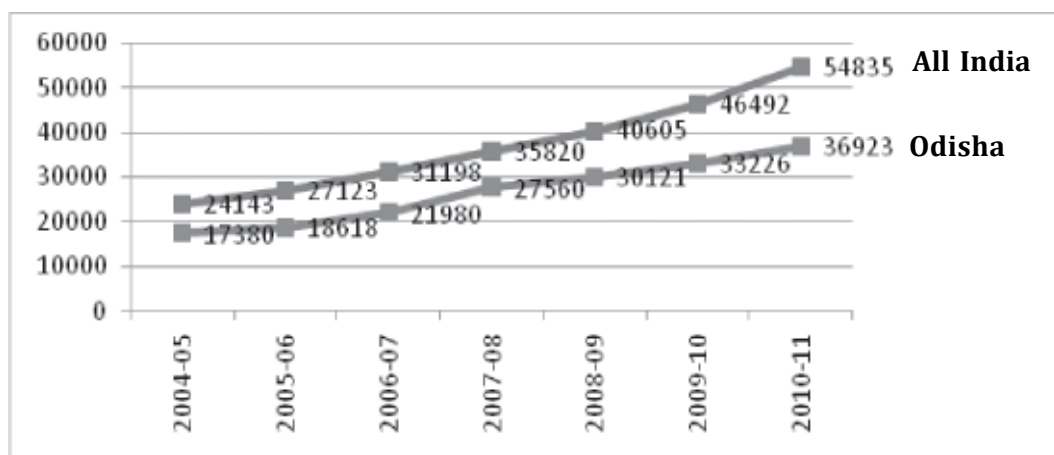
What is to be noted is that within Primary Sector, contribution of agriculture has been significant. Within Secondary sector, contributions of registered manufacturing and construction activity have played a major role in boosting economic growth. Similarly, within tertiary sector, the contribution of Trade, hotels and restaurants and Transport & Communication has been substantial. This is summarized in Table 4. We see that tertiary sector is contributing 53.4% to GSDP and Primary Sector's contribution is only 15.9%.

**Table-4 : Major Drivers of Growth**  
(Shares of growth since 2003-04)

Sector	Contribution to Growth (%)
Primary	15.9
Secondary	30.6
Manufacturing	15.9
Registered	12.9
Construction	10.1
Tertiary	53.4
Transport, Storage and Communication	10.5
Trade, Hotels and Restaurants	15.1

Even though the State has been growing at an appreciable rate, the per capita income in Odisha has remained way below the per capita income in the country. If we look at Figure 9 below, where we compare per capita income of Odisha with all India, we see that the gap has widened, rather than the two curves converging. This shows that whatever has been achieved in the State on growth front is still not enough and there is no scope for complacency.

**Figure-9 : Movement of Per Capita NNP**



## 4. Poverty

We now look at how poverty has changed in the State during 1993-94 and 2009-10. First we discuss briefly some poverty measures that we are going to use. The literature has large number of poverty measures but we have chosen four measures which are extremely popular.

### 4.1 Some Poverty Measures

Suppose a society consists of  $n$  individuals with consumer expenditure levels  $x_1, \dots, x_n$  (arranged in ascending order of magnitude). Let  $z$  be the poverty line and let  $M$  be the number of individuals with consumer expenditure less than  $z$  who are deemed to be poor with reference to the yard stick  $z$ .

The simplest measure of poverty is **Head Count Ratio (HCR)** defined by

$$H = \frac{M}{n}$$

This measure is the simplest and hence most popular measure of poverty. However, it completely ignores the intensity of poverty. In particular it violates axioms such as Monotonicity and Transfer. To take into account the level of deprivation, a measure called Poverty Gap Ratio was introduced.

An average magnitude of deprivation for poor population is given by

**Poverty Gap Ratio :**  $R = \frac{1}{z} \cdot \frac{1}{M} \sum_{i=1}^M (z - x_i)$

$$= \frac{z - \bar{x}_p}{z}$$

Where  $\bar{x}_p$  is the mean consumer expenditure of poor individuals.

This measure does not take into account income inequality among the poor. Sen's measure of poverty tries to do that by bringing in the Gini coefficient.

**Sen Index :**  $S = H [R + (1 - R)G]$

Where  $H$  is  $HCR$ ,  $R$  is poverty gap ratio in  $G$  is Gini Coefficient.

**FGT Index :** Another poverty measure to capture severity of poverty uses Coefficient of variation among the poor (CVP) and is known as Foster-Greer-Thorebecke (FGT) Index of poverty and is given by

$$FGT = H [R^2 + (1 - R^2) CVP^2]$$

Where  $H$  is  $HCR$ ,  $R$  is Poverty Gap Ratio and  $CVP$  is the Coefficient of variation among the poor.

## 4.2 Poverty Line : Some Conceptual Issues

As we have seen in the previous subsection, for defining any poverty measure, defining the poverty line is important. The definition of poverty line has changed over time and no matter how we define it some arbitrariness is bound to be there. Earlier definition of poverty line was linked to a calorie norm which was recommended by Lakdawala Committee. It was estimated that if a person per day would procure food items which will provide 2400 calories in rural areas and 2100 calories in urban areas, he or she will not be termed as poor. This definition of poverty line continued until the next commission, headed by Prof. Suresh Tendulkar, a Professor at Delhi School of Economics, gave its report in 2009.

Tendulkar Committee recognized the fact that poverty should not be only linked to food consumption. Along with food, housing, education, health, clothing etc. are also essential components of basic human needs. So they brought in the concept of Poverty Line Basket (PLB) – an individual consuming a basket higher than PLB specification is not poor. They kept the PLB uniform for rural and urban areas but note that the market price of PLB will vary from State to State, between rural and urban areas. So the commission gives poverty lines for various States and all India for the year 2004-05 for rural and urban separately and uses Fisher Price Index to extrapolate to other years. They observe that NSS data is the only source to get consumption expenditure data. Those who are familiar with NSS data would know that consumer expenditure data is collected under ‘Uniform Recall Period’ (RP) and ‘Mixed Reference Period’ (MRP). In UR, the recall period is one month whereas in MRP, the recall period is one month for frequently consumed items such as food and one year for durables. It is now recognized that MRP data is more realistic. NSS started using MRP from 1993-94 and every five years there is a “thick” round which can be used for poverty estimates. So, as per Tendulkar Committee recommendation, which are accepted by the Planning Commission we use NSS quinquennial rounds of 1993-94, 2004-05, 2009-10 i.e. 50<sup>th</sup>, 61<sup>st</sup> and 66<sup>th</sup> rounds under MRP to base our poverty estimates.

The following tables summarize the results.

**Table - 5 : Poverty in Rural Odisha**

Poverty Measures	1993-94	2004-05	2009-10
Head Count Ratio %	63.16	60.81	39.19
Poverty Gap Ratio %	16.03	17.38	8.99
Sen Index*100	21.760	23.15	12.41
FGT Index*100	5.683	6.638	3.003

Planning Commission Poverty line for Rural Odisha :

1993-94 : Rs.224.20

2004-05 : Rs.407.8

2009- 10 : Rs.567.1

**Table-6 : Poverty in Rural Odisha by Social Groups**

<i><b>Social Groups</b></i>		<i><b>Poverty Measures</b></i>	<i><b>1993-94</b></i>	<i><b>2004-05</b></i>	<i><b>2009-10</b></i>
<i>ST</i>		<i>HCR</i>	82.14	84.52	66.03
		<i>Poverty Gap</i>	26.10	30.46	19.58
		<i>Sen Index</i>	33.85	37.98	25.83
		<i>FGT Index</i>	10.50	13.039	7.628
<i>SC</i>		<i>HCR</i>	62.82	67.88	47.11
		<i>Poverty Gap</i>	15.83	19.01	9.16
		<i>Sen Index</i>	21.56	25.48	12.47
		<i>FGT Index</i>	5.67	7.222	2.580
<i>OBC</i>		<i>HCR</i>	----	52.59	25.62
		<i>Poverty Gap</i>	----	12.55	4.64
		<i>Sen Index</i>	----	17.05	6.4
		<i>FGT Index</i>	----	4.18	1.232
<i>Others</i>	<i>Including OBC</i>	<i>HCR</i>	54.78	47.90	25.20
		<i>Poverty Gap</i>	11.60	10.96	4.62
		<i>Sen Index</i>	15.96	14.99	6.45
		<i>FGT Index</i>	3.535	3.56	1.28
	<i>Excluding OBC</i>	<i>HCR</i>	----	37.22	24.54
		<i>Poverty Gap</i>	----	7.35	4.59
		<i>Sen Index</i>	----	10.18	6.51
		<i>FGT Index</i>	----	2.14	1.359

**Table-7: Poverty in Urban Odisha**

Poverty Measures	1993-94	2004-05	2009-10
Head Count Ratio %	34.76	37.58	25.91
Poverty Gap Ratio%	8.35	9.60	5.31
Sen Index*100	11.45	13.15	7.55
FGT Index*100	2.86	3.50	1.70

*Planning Commission Poverty line for Urban Odisha*

1993-94 : Rs. 279.3                      295.9 all India

2004-05 : Rs. 497.31                    578.8 all India

2009-10 : Rs. 736.00                    859.6 all India

**Table-8 : Poverty in Urban Odisha by Social Groups (HCR)**

Social Groups		PL : 279.30 1993-94	PL : 497.31 2004-05	PL : 736.00 2009-10
ST		58.05	53.40	34.06
SC		38.96	63.73	47.05
OBC		---	42.36	25.96
Others	Including OBC	30.32	31.11	14.03
	Excluding OBC	----	23.77	18.00

**Note :** (1) Poverty has declined consistently for all social groups except scheduled castes.

(2) For SC, Poverty increases significantly between 1993-94 and 2004-05 and then declines.

(3) Incidence of poverty is highest among scheduled castes.

**Table-9 : Poverty Comparison : Odisha & All India (HCR)**

		1993-94	2004-05	2009-10
<b>RURAL</b>	Odisha	63.16	60.81	39.19
	All India	65.79	41.83	33.81
<b>URBAN</b>	Odisha	34.76	37.58	25.91
	All India	39.09	25.74	20.88

From the above tables it is clear that between 1993-94 and 2004-05, the decline in poverty in rural Odisha was insignificant and poverty increased in urban Odisha. However, in the five years between 2004-05 and 2009-10 the decline in poverty has been significant both in rural and urban Odisha. Looking at HCR, we see that there has been 21 percent drop in poverty in rural areas whereas there is 12 percent decline in poverty in urban areas. The

reader can check that this result is valid no matter which poverty measure we use. The story is validated across social groups. The last table shows that decline in poverty in Odisha between 2004-05 and 2009-10 is much more than All India figures.

## 5. Concluding Remarks

The growth rate in Odisha (8% approx) after 2003-04 has been well above the national average and is found to be statistically significant. Agriculture, Manufacturing and Hotels/ Restaurants contribute significantly to this growth. The upturn starts around 2003-04, indicating that benefits of liberalization was exploited by the State relatively late, particularly in manufacturing. Examining the linkage between growth and poverty, we observe that the average rate of growth prior to 2003-04 was 3.2% which is close to stagnation and poverty in the State remained also stagnant between 1993-94 and 2004-05. We also observe that there has been significant reduction of poverty between 2004-05 and 2009-10, no matter how we estimate it, which has been roughly the period of high growth, which points to the fact that high growth is an essential condition for poverty reduction. Just redistribution policies do not suffice. We also note that during this phase of high growth, redistribution policies such as MNREGA were started around 2006 which must have contributed to reduction in poverty. So, it is difficult to segregate and say how much reduction came about due to growth and how much due to redistribution. This, in a way, corroborates the hypothesis that the biggest antidote to poverty is high growth coupled with government intervention in social welfare schemes.

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## Land Acquisition Policy of The Government of Odisha and The Central Government: A Critique

Nishakar Panda<sup>1</sup>

L. N. Dash<sup>2</sup>

### Abstract

*The objectives of this paper is to discuss the present procedures and the existing Acts/guidelines/policies on Land Acquisition and Rehabilitation & Resettlement (R & R) of the Central Government and the Government of Odisha and offer suggestions for an alternative compensation model. For management of land acquisition for public purposes and creation of public utilities, the Central Government as well as the Government of Odisha have enacted laws, and issued guidelines from time to time. These apart, the finalisation of a Draft Land Acquisition, Rehabilitation Act is in the pipeline. These Acts and Policies have different provisions for acquisition of land and payment of compensation. However, the paper concludes that none of the policies/Acts are adequate and full-proof in the sense that neither they could be able to address the plights of the displaced nor contain the public agitations. Therefore, an alternative compensation model is suggested in this paper.*

**Key words:** Land acquisition, Rehabilitation, Resettlement

### Introduction

Creation of infrastructure, setting of new industries, improvement of service sectors which are critical for economic growth and development inevitably require acquisition of both private and government land in rural as well as urban areas. For management of land acquisition for public purposes and creation of public utilities, the Central as well as State Governments have enacted laws, framed rules and regulations and issued guidelines from time to time. As of now land acquisition is governed by the Land Acquisition Act of 1894, the National Rehabilitation and Resettlement Policy of 2007 of the Government of India and the Odisha Resettlement and Rehabilitation Policy, 2006. These apart, a Draft Land Acquisition, Rehabilitation Act is also in the pipeline.

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1. D.Litt. Scholar, Department of Economics, North Orissa University & Joint Director, Planning and Coordination Department, Bhubaneswar.
  2. Reader in Economics, North Orissa University, Baripada-757003,  
Email: lndash31@rediffmail.com

## **Objectives**

The objectives of this paper is to discuss the present procedures and the existing Acts/ guidelines/policies on land acquisition and rehabilitation and resettlement (R & R) of the Central as well as the Odisha Governments and offer suggestions for an alternative compensation model.

## **The Salient Features**

Before a critical assessment is made it is felt pertinent to present the salient features of the aforementioned Acts or Policies of the Government of Odisha. There is a provision of survey and identification of displaced families within two months of publication of notice for acquisition of land for the development project in the Government of Odisha Policy (Government of Orissa, 2006). For the purpose of R and R Benefits under this policy, development projects are classified into, industrial projects, mining projects, irrigation projects, national parks and sanctuaries, urban projects and linear projects like roads and railways, power lines, etc. Procedures prescribed by the Government are followed in acquiring land and other property and for payment of compensation or award. As regards public property like school building, club house, hospital, *Panchayat Ghar*, electrical installation and place(s) of worship, value of such property affected are deposited with the concerned district collector. Either project or district administration take up construction at the place as is determined in consultation with representatives of displaced persons. Based on the list approved by Government and option of displaced families, resettlement and rehabilitation plan is prepared by the Collector for resettlement and rehabilitation after due consultation with displaced communities in the manner determined by the Government. Such plan addresses specific needs of women, vulnerable groups and indigenous communities. An encroacher family which is landless and is in possession of the encroached land at least for a period of ten years continuously, gets ex gratia equal to compensation admissible under the Land Acquisition Act, 1894. Other assistance common to all categories of projects such as maintenance allowance, assistance for temporary shed, transportation allowance are also provided to the displaced families by the project authority. Keeping in view the specific nature of displacement the Government or the project authority extends additional benefits and provisions to the displaced families. Special benefits are also provided to the displaced indigenous families and primitive tribal groups. They include protection of the socio-cultural norms of indigenous and primitive tribal groups, preferential allotment of land to the indigenous category of displaced tribal groups, resettlement of indigenous communities in a compact area close to their natural habitat, and payment of 25 percent higher to the indigenous displaced families resettled outside the district. Further, the rehabilitation grant is indexed to the Wholesale Price Index (W.P.I) with 01-04-2006 as the reference date and is revised by the Government once in every two years.

The following are the salient features of the National Rehabilitation and Resettlement Policy. (Government of India, 2007)

1. Whenever there is a need to undertake a new project or expand an existing project, which involves involuntary displacement of four hundred or more families en masse in plain areas or two hundred or more families en masse in tribal or hilly areas, there is a provision of a social impact assessment (SIA) study in the proposed affected areas.
2. Where the appropriate Government is of the opinion that there is likely to be involuntary displacement of four hundred or more families en masse in plain areas, or two hundred or more families en masse in tribal or hilly areas due to acquisition of land for any project or due to any other reason, the villages or localities will be declared as an affected area (Government of India, 2007).
3. The rehabilitation and resettlement benefits are extended to all the affected eligible families. Any affected family owning house and whose house has been acquired or lost will be allotted free of cost house site to the extent of actual loss of area of the acquired house. However, it will not be more than two hundred and fifty square metre of land in rural areas, or one hundred and fifty square metre of land in urban areas for each nuclear family. The affected family whose agriculture land has been acquired will be allotted agriculture land or cultivable wasteland. In the case of irrigation or hydel-projects, the affected families will be given preference in allotment of land-for-land in the command area of the project, to the extent possible. Fishing right will be given to the affected families in the reservoirs if such rights were enjoyed by them. The land or house allotted to the affected families under this policy shall be free from encumbrances and the land will be allotted in the joint names of wife and husband. In case of allotment of wasteland or degraded land in lieu of the acquired land, each *khatedar* in the affected family shall get a one-time financial assistance of such amount as the appropriate The Policy has provision for financial assistance of varying amounts for the affected families. The financial assistance is meant for construction of cattle shed by the affected person who had cattle or construction of working shed or shop in case the people who were artisans. The assistance is, of course, a one-time assistance. There are special rehabilitation and resettlement benefits for the scheduled tribe (ST) and scheduled caste (SC) people displaced involuntarily by a project (Government of India, 2007). Where there is an involuntary displacement of two hundred or more ST families, a Tribal Development Plan will be prepared which will contain programme for development of alternate fuel, fodder and non-timber forest produce (NTFP) resources on non-

forest lands within a period of five years sufficient to meet requirements of tribal communities who are denied access to forests. In all cases of involuntary displacement of four hundred families or more en masse in plain areas, or two hundred families or more en masse in tribal or hilly areas, comprehensive infrastructural facilities and amenities are to be provided in the resettlement areas. Such facilities and amenities, inter alia, include roads, public transport, drainage, sanitation, safe drinking water, drinking water and soon.

### **Key Contrasts between Resettlement and Rehabilitation Policy of the Government of Odisha and the Central Government**

The Odisha Resettlement and Rehabilitation (R and R) Policy promulgated in 2006 is considered as one of the best R and R Policy of the country. The Government of India also promulgated the National Rehabilitation and Resettlement Policy in 2007. The basic provisions and features of both the policies are more or less similar. However, there exist key differences between the R and R policies of the Central and the State Governments. Some of them are:

- (i) The Department of Land Resources (Ministry of Rural Development) is the nodal department in implementation of R and R policies of Government of India, where as the Revenue and Disaster Management Department is the nodal Department in Odisha.
- (ii) The R and R policy of Government of India has a provision for providing sustainable income to the affected families which is not found in the Government of Odisha policy. However, there is an utterance of ensuring environment of sustainability in the policy of Government of Odisha which is not found in the policy of the Central Government.
- (iii) The provision of Base Line Survey in both the policies is more or less similar excepting that in the National Policy there is a clause of 'affected area'. There is no such clause of affected area in the State Government policy.
- (iv) There is a provision of Social Impact Assessment (SIA) of projects before land acquisition in the National Policy which does not figure in the state policy.
- (v) In the policy of the Government of Odisha the projects are classified into five categories for the purpose of R and R benefits, such as (a) Industrial Projects; (b) Mining Projects; (c) Irrigation Projects, National Parks and Sanctuaries; (d) Urban Projects and Linear Projects like roads and railways, power lines; and (e) Any other Projects. Such classifications are not found in the National Policy.
- (vi) In the National Policy there is a special provision of R and R benefits for project-

affected families belonging to SCs and STs. Besides, there is also a provision of preparation of tribal development plans for affected families of STs. In the Government of Odisha Policy, it is only mentioned that social and cultural norms of indigenous families and primitive tribal groups will be respected.

- (vii) The R and R plan of both the policies are more or less identical. Both the policies have spelt out grievance redressal mechanism monitoring, mechanism and assessment/evaluation of implementation of R and R policy. Despite this, at the national level the National Monitoring Committee is the highest monitoring organization of R and R policy whereas in Odisha, state level council on R and R (S.L.C.R.R), Rehabilitation and Periphery Development Advisory Committee (R.P.D.A.C) and District Compensation Advisory Committee (D.C.A.C) are the monitoring organizations.

### **The Land Acquisition, Rehabilitation and Resettlement (LARR) Bill, 2011**

Demand for land has increased manifold in the last two decades in the wake of rapid infrastructural development, setting up of new industries and mining plants, and as a result of rapid urbanisation. Before 1990 land was acquired by the government for explicit public purposes. The last two decades, however, have witnessed an increase in land acquisition for private industry and real estate. In many cases, the acquisition has been forced and without paying land owners adequate compensation. As the Land Acquisition Act 1894 has been quite hostile to the interest of land owners, acquisition of land has resulted in increasing conflicts. The problem thus warrants radical changes in the present land acquisition law. Therefore, the Ministry of Rural Development, Government of India in consultation with the National Advisory Council (NAC) introduced the new bill in the Parliament in 2011 to address the problems.

The Land Acquisition, Rehabilitation and Resettlement Bill, 2011 which awaits the approval of the Parliament has special provisions for the displaced persons. This Bill also known as the LARR Bill has 107 clauses. It intends to enact a law that will apply when the Government acquires land for its own use or with the ultimate purpose of transfer for the use of private companies for stated public purpose (Government of India, 2011). The LARR 2011 also includes public-private partnership projects. The Bill aims to prepare the law on land acquisition, rehabilitation and resettlement of those directly affected by land acquisition. The bill will be a central legislation in India for the rehabilitation and resettlement of affected families. Development of essential infrastructural facilities, least disturbance to the owners of the land and other affected families, providing just and fair compensation to the affected families etc find place in this draft bill. The broad provisions in the bill include preparation and publication of social impact assessment study, public hearing for social impact assessment, appraisal of social impact assessment report by an expert group,

preliminary survey of land and power of officers to carry out survey, payment for damage, procedure and manner of rehabilitation and resettlement and many more. With regard to the process of land acquisition the government shall conduct a social impact study (SIA) in consultation with the Gram Sabha in rural areas and with equivalent bodies in case of urban areas. After this, the SIA report shall be evaluated by an expert group. After all the necessary procedures are followed a declaration to acquire the land will be made. In case of urgency the above provisions are not mandatory. The urgency clause shall be used in case of defence, national security and in the event of natural calamity. Before taking possession of land in such cases, 80 percent of the compensation must be paid. The Bill defines affected family to include land owners, agricultural labourers, tenants who have been working in the affected area for three years prior to acquisition, tribal and forest dwellers, families whose livelihood for the previous three years is dependent on the forests or water bodies, and families who have been given land by the state or Central Government.

In the matter of rehabilitation and resettlement (R & R) entitlements every resettled area is to be provided with certain infrastructural facilities. The Bill also provides the displaced families with certain R & R entitlements. Some of them include land for a house, a one-time allowance of Rs. 50,000 for affected families, and the option of choosing either employment in projects or a one-time payment of Rs. 5 lakh or an inflation adjusted annuity of Rs. 2000 per month per family for 20 years (Government of India, 2011). The Bill defines affected family to include land owners, agricultural labourers, tenants who have been working in the affected area for three years prior to acquisition, tribal and forest dwellers, families whose livelihood for the previous three years are dependent on the forests or water bodies, and families who have been given land by the state or Central Government.

**The Bill has important and innovative provisions which are as follows.**

- (i) The draft bill is appreciated on the ground that it seeks 80 percent consent of the project affected before acquisition, provision of resettlement and rehabilitation to the direct and the indirect evictees with several benefits, twice and six times the market price respectively in urban and rural areas, special allowances for the scheduled tribes, refrain from acquiring any irrigated multi-crop land etc. But all these are true to an extent, but do not embody the whole truth.
- (ii) It indicates a drive towards a national law for the resettlement, rehabilitation and compensation towards loss of livelihoods. It offers various resettlements and rehabilitation benefits and monetary compensation for the land lost. The policy advocates that about 25 infrastructural amenities should be provided in the resettlement area which includes schools and playgrounds, health centres, roads etc. The compliance with various laws like the Panchayat Act 1996, The Scheduled Tribes

and other Traditional Forest Dwellers Act 2006 etc. ensures that the local panchayat and the tribal population have their say in matters regarding land acquisition. Formation of LA & RR Dispute settlement authority at the national and state level and formation of State Commissioner for RR and RR Committee at the project level highlight the increased significance of RR. Return of land to original owner if not used within 5 years for the purpose for which it is acquired with one-fourth of the award amount is certainly a positive step. It has also the provision that no notification shall be issued unless the concerned Gram Sabha at the village level or the equivalent urban bodies are consulted in all cases of land acquisition.

- (iii) In the matter of rehabilitation and resettlement (R & R) entitlements, every resettled area is to be provided with certain infrastructural facilities. The Bill also provides the displaced families with certain R & R entitlements. Despite many positive things the LARR Bill 2011 has been criticised on various grounds. It ignores the requirement of poor people in the country who need affordable housing, hospitals, schools, infrastructure facilities, etc. It is heavily loaded in favour of land owners and is likely to prevent a conducive environment for economic growth. According to economists like Ghatak and Ghosh (2011) the Bill places unnecessary and severe conditions on land acquisition which will stifle the pace of India's development without promoting the interest of farmers. It also places no limit on total compensation or number of claimants. The LARR Bill 2011 also severely curtails free market transaction between willing sellers and willing buyers. According to Amartya Sen prohibiting the use of fertile agricultural land for industries beyond five percent per district is ultimately self-defeating.

### **Suggestions for an Alternative Compensation Model for Land Acquisition**

Land acquisition for public purposes, development-induced displacement and subsequent rehabilitation and resettlement packages are critical issues vexing the minds of economists, administrators and politicians since the era of reconstruction and development ushered in India after Independence. Different policies on land acquisition, rehabilitation and resettlement have been framed, and various Acts/Rules promulgated by the Government of India and respective State Governments from time to time. But all these rules and policies neither could be able to address the plight and woes of displaced and evacuees nor contain and pacify the agitations, resentments, strikes and severe public movements in different parts of the country. Here are some of the suggestions for an alternative compensation model for land acquisition. This model is based on the four dimensions such as: (i) Determination of exact quantum of land required for the project (ii) Determination of value of land (iii) Determination of compensation and rehabilitation and resettlement (R and R) packages (iv) Process of land acquisition and delivery of R and R packages.

**(i) Determination of exact quantum of land required for the project**

Before the survey or socio- impact analysis, primary responsibility is to determine the exact quantum of land required for any development project by Government or private sector. For public sector development projects, land acquisition will be as per normal requirement. But for private sector project, it is the normal tendency of private entrepreneurs to press for larger area than the normal requirement. Hence, a third party consultant should be engaged to assess the present and future land requirement for the private sector development project.

**(ii) Determination of value of land :**

Once the land requirement is finalized, the next logical step is to determine the value of land. Here is dilemma. If the land value is set too high, the cost of land acquisition will become prohibitively large and industrialisation will slow down too much. There will be prolonged slowdown of private investment both in industry and services sector. On the other hand, if the land price is set on the lower side, there will be resentment by the land owners and subsequent associated problems will emerge. And land acquisition process will either be halted or delayed.

One argument is to set the value of land at least at the prevailing market price of the land. But there is now documentary or factual method of ascertaining the market value of land excepting the personal valuation by the farmers. Normally the owner of the land overstates the true valuations of his land. Again, the true market value of a piece of land depends on other characteristics such as type of soil, irrigation, elevation, and location that are very difficult for government land records to incorporate. Moreover, many land owners value their land substantially in excess of the market rates. Several reasons can be ascribed to this. Land not only grows crops and gives them the opportunity to consume crops grown there but also a perennial source of income for them. Besides, land is an insurance for all sorts of odds. It is an essential form of security against various risks of high inflation or economic recession and supports the owners in times of crises. There are also other considerations: it can serve as collateral for bank loans, it is also a secure form of holding wealth, and it is a symbol of prestige, social status, or ancestral identity. For all these considerations on the role of land, the value of land to its owner may far exceed the market value. In fact, considerations of income security of land are the prime factor for which people are averse to sell their land.

In the face of such conflicting situations, many economists articulate the view that the value of land should be fixed on the basis of the valuation placed by the owner on his piece of land or the market value whichever is higher. But in this case the cost of

land acquisition will be too high which may dampen the prospects of industrialization and economic growth. Recently economists like Maitreesh Ghatak and Parikshit Ghosh (2011) advocated auction as the preferred solution to this problem. In this auction-based approach, 'the choice of location of a factory can also be decided by extending the auction to a multi-stage process. At the first stage, the industry in question or government could set a reserve price and minimum quantity of land needed. Then different communities can be asked to bid for the factory to be located in their respective regions. These bids are set equal to the minimum price at which they can in turn procure the necessary amount of land from landowners within their areas. Although the administrative expertise needed to conduct auctions for land acquisition is present in abundance, decentralising responsibility to local panchayat bodies in conducting these auctions within their jurisdictions will help minimise the sense of land acquisition being foisted on local communities by state or national governments in a top-down manner. In that case panchayat leaders are to be trained (or assisted) by bureaucrats to conduct such auctions. But this would help them acquire skills necessary for panchayats to take a more active role in business development within their respective areas'.

(iii) **Determination of compensation and R and R Packages:**

Compensation should not be too high due to its adverse impact on industrialization or too low because it breeds public resentment. A higher compensation requirement will hamper the pace of industrialisation by raising the cost of land acquisition. On the contrary, a lower compensation will have a discouraging effect on the displaced land owners to part with their land. Hence, there is need for evolving a trade-off between these two factors. As discussed above the practical solution to this problem is auction-based approach in determining the value of land. In addition to the value of land that is to be compensated to the owner, the State governments should also provide and improve local infrastructure such as roads, water supply and electricity. It should also be the responsibility of the government to enhance farm productivity such as improving soil quality or developing local irrigation facilities of the remaining land of the farmers in the locality. The displaced land owners/evacuees should be settled in well built up colonies if they lose their home with essential infrastructure. Additional land, if available, should also be provided to them for cultivation as they have developed special skills in farming and other allied activities.

(iv) **Process of Land acquisition and delivery of R and R packages:**

There is a strong need to change the present process of land acquisition and delivery of compensation packages. It is the top-down approach which the government

follows all through. There is need for consultative process with local communities. The local residents should be consulted time and again and involved in selecting areas to be acquired for setting up industries or development projects. Bottom-up approach should be followed strongly and the local community should be given responsibility for designing and implementation of compensation. This will go a long way in containing public outrage and protests.

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## A Theoretical Analysis of Land Acquisition Policy in India and Alternative Mechanisms

Falguni Pattanaik<sup>1</sup>

Sarbeswar Mohanty<sup>2</sup>

### Abstract

*Land is an essential requirement for development processes. In any development project, displacement and voluntary or involuntary relocation have been increasingly acknowledged as having the most important negative impact on project affected people. Thus, it becomes inevitable to design a proper resettlement and rehabilitation programme for those who are directly and indirectly going to be affected by the project. In this context, it may be worthwhile to reiterate that simply restoring status quo ante in terms of material assets may leave the affected people worse-off than before as advocated by theorists. Thus, the primary objective of the resettlement programme must be to improve the standard of living and not restoration of pre-location status. Further, displacement, rehabilitation and resettlement should not be viewed in terms of their mere numbers only. The other most pertinent and critical issues that require our attention are human rights, governance and accountability, participation and self-determination in development, complexities of resettlement goals, strategies and options, monitoring and evaluation as well as legal and policy instruments. The study outlines the possible development indicators for the project affected persons and also suggests the ways and means to evaluate the impact of the development programmes in course of operation of the project based on the observations and experiences as well as the recapitulation of the literature. In theoretical consideration resettlement programmes in general were limited to statutory monetary compensation for land acquired for the project and occasionally, development of resettlement sites. From practical implications the approach has to shift by giving appropriate attention to the affected people to minimize the negative impact of the project on them and to rehabilitate them physically, economically as well as psychologically in their new environment.*

**Key words:** displacement, rehabilitation, resettlement, governance, participation.

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1. Assistant Professor (Economics), School of Humanities,  
KIIT University, Bhubaneswar, Odisha, E-mail: falguni@hss.iitkgp.ernet.in
  2. Assistant Professor (Economics), School of Humanities,  
KIIT University, Bhubaneswar, Odisha, E-mail: smohantyfhu@kiit.ac.in

## 1. Introduction

Any development project, either in urban or in rural areas, creates displacement of the local people. Until recently development-induced displacement of population was considered a 'sacrifice' of some people for the benefit of larger populace. Rehabilitation and Resettlement (R & R) programmes in general were limited to statutory monetary compensation for land acquired for the project and occasionally, development of resettlement sites (Government of India, 2007). However, now the scenario has changed. The primary objective has now shifted to giving appropriate attention to the affected people to minimize the negative impact of the project on them and to rehabilitate them physically, economically as well as psychologically in their new environment.

In order to set up a project, adequate quantity of land is expected to be acquired from various agencies like Government, Private bodies and from people. The acquisition of land along with setting up of the project inevitably results in change in the socio-economic character and the life styles of the local people.

Theoretical knowledge helps us to answer the 'whats' and 'whys' of situation and events. It aids the practitioners of R&R in taking confident steps from the position of what and why to how and when of a case of displacement. Therefore, this study throws some light on the theoretical understanding of displacement, resettlement and rehabilitation which is discussed in section 2 and section 3 highlights how the risks involved in land acquisition can be reduced.

## 2. Theoretical Emphasis with Practical Implication: Impoverishment Risk Assessment (IRA) Model

Studying the forced resettlers and refugees around the globe, Cernia (1988) has identified the risks. It has been observed time and again that majority of Project affected Persons (PAPs) of development-induced displacement projects are not rehabilitated properly. On the centre of the Impoverishment Risk Assessment (IRA) is not only the evaluation of risks but also mitigation of the risk among the PAPs for ensuring social justice and social inclusion. Once the risks are assessed and addressed properly, the socio-economic status of PAPs will be either similar or better than the earlier status. Otherwise, it will create "new poverty" separate from the old poverty before the displacement.

Cernia (1988) has identified eight categories of risks that are likely to occur in a project (Fig.1). They are: (a) Landlessness; (b) Joblessness; (c) Homelessness; (d) Marginalization; (e) Increased morbidity and mortality; (f) Loss of access to common property resources; (g) Food insecurity; and (h) Community disarticulation.

**Figure-1: Cernia Model - Identifiable Risks**



*Source: Cernia, Michael M (1988): "Involuntary Resettlement in Development Projects".*

Land is the main institution upon which people's productive systems, commercial activities, and livelihoods are built up. The land basis of people's productive systems should be recreated somewhere else, or replaced with stable income-generating employment. Otherwise landlessness sets in and the affected families become impecunious.

In displacements landless labourers, enterprise or service workers, artisans, or small businessmen lose their job. However, creation of new jobs is difficult and requires significant investments. Unemployment or underemployment among resettlers often remains long after physical relocation has been completed which causes enduring painful economic and psychological effects.

Losing of house may be only temporary for many displaced persons, but for some homelessness remains a persistent condition and there is a severe fall in living standards. Loss of a family's individual home represents also the loss of a group's cultural space, resulting in isolation. Furthermore if resettlement policies do not endow with development

in housing conditions, or if reward for demolished shelters is paid at assessed value rather than replacement value, the threats of homelessness increase.

Many individuals cannot use their previously acquired skills at the new location and human capital is lost. Marginalization appears in the drop of social status. High productivity farmers on productive land tend to become marginalized when moved to substandard, unproductive land. Loss of economic power and downward movement of the economic status lead to marginalization of the displaced families.

Displacement causes social hassle, lack of confidence, psychological shock, and the occurrence of relocation-related diseases. Hazardous water supply and poor sewerage systems amplify vulnerability to epidemics and chronic diseases. Infants, children, and the old are affected adversely. Exposure and vulnerability to illness are more for the people who are forced to relocate, than those who are not.

Loss of access to forested lands, water bodies, grazing lands, burial grounds, etc — belong to relocated communities — results in considerable decline in income and livelihood of the displaced people particularly landless persons. It is evident that, losses of common property assets are not compensated by government relocation schemes. Losing the use of natural assets under common property, displaced people tend to increase the pressure on common property resources of the host area population which creates both communal tension and increased ecological deterioration.

Compulsory uprooting augments the risk of unceasing malnutrition, i.e. lack of calorie-protein intake levels below the minimum necessary for normal growth leading to food insecurity. Malnutrition is both a sign and result of poor resettlement. Unexpected fall in food crop availability and/or incomes are predictable during physical relocation, and starvation or malnutrition tends to become long-term effects.

Compulsory dislocation tears apart the existing social structure and induces powerlessness: it diffuses and fragments communities, takes to pieces the patterns of social organization and interpersonal bondages; kinship groups befall scattered as well. Dismantled communal networks are complex to reinstate, that once organized people to act around universal interests and to meet their most significant requirements.

### **3. Application of the Model**

The risk assessment calls for risk reversal, to turn the risk at its head for rehabilitation and resettlement of PAPs.

Fig. 2: Cernia Model – Risk Reversal



Source: Cernia, Michael M (1988): “Involuntary Resettlement in Development Projects”.

This suggests that the impoverishment risks can be successfully attacked and reversed (Fig. 2). Livelihood reconstruction, however difficult, is feasible along the specified directions provided and suggested by Cernia (1988).

All these risk reversals are not possible always. It varies from project to project. Implementing the impoverishment risk reversal depends on (a) government policy, (b) the policy guidelines of project implementing agency, and (c) the availability of resources in the area (Asian Development Bank, 2006). However, concerted developmental efforts can mitigate most of the risks. For example, the project implementing agency may not have the scope to provide jobs in the agency but it can create employment opportunities in secondary and tertiary sectors. The approach needs to focus on holistic development of PAPs rather than merely rehabilitation and resettlement.

In any development project, displacement and voluntary or involuntary relocation have been increasingly acknowledged as having the most important negative impact on project affected people. Thus, it becomes inevitable to design a proper resettlement and

rehabilitation programme for those who are directly and indirectly going to be affected by the project. This calls for identification of appropriate development indicators. In this context, it may be worthwhile to reiterate that simply restoring status quo ante in terms of material assets may leave the affected people worse-off than before. Thus, the primary objective of the resettlement programme must be to improve the standard of living and not restoration of pre-location status. Further, displacement, rehabilitation and resettlement should not be viewed in terms of their mere numbers only. The other most pertinent and critical issues that require our attention are human rights, governance and accountability, participation and self-determination in development, complexities of resettlement goals, strategies and options, monitoring and evaluation as well as legal and policy instruments.

As it is reported earlier in this section, displacement that leads to resettlement brings various types of risks for the affected people. Rehabilitation is considered as a process whereby the risk of resettlement may be reversed. Cernia (1988) suggests a risk and reconstruction model of rehabilitation that would require transitions in the following ways:

Rehabilitation is thus an integral part of the development. It is not mere physical relocation of the displaced people or restoration of their previous incomes. A rehabilitation programme in order to qualify to become development oriented must enhance human capabilities and expand social opportunities to broaden their choices. This would include tangible benefits like lower morbidity and mortality, an increasing level of education, increasing incomes through creation of employment and other sources of livelihood, and empowering the displaced people through their active participation in the decision making processes of rehabilitation and resettlement. While there is no denying the fact that there are constraints in following these principles in letter and spirit, the development indicators must encompass most of them to provide better quality of life to the affected people. In every case, land acquisition must take place in a manner that fully protects the interests of land-owners and also of those whose livelihoods depend on the land being acquired. Therefore this study critically reviewed the rehabilitation and resettlement draft Bill 2011 in India (Box 1).

With the above backdrop, this study outlines as follows the possible development indicators for the project affected persons. Along with this, the study also suggests the ways and means to evaluate the impact of the development programmes in course of operation of the project. The identification of development indicators and the suggestions for evaluation are based on the observations and experiences of the authors in the field, and as well as the recapitulation of the literature.

**Box 1: The Draft National Land Acquisition And Rehabilitation & Resettlement Bill, 2011**

This draft Bill looks for a balance that required for facilitating land acquisition for various public purposes including infrastructure development, industrialisation and urbanisation, while at the same time significantly addressing the apprehensions of farmers and those whose livelihoods are reliant on the land being acquired.

The issue of who acquires land is less important than the process of land acquisition, compensation for land acquired and the R&R process, package and conditions. This draft Bill specifies these irrespective of the ratios of private and government acquisition. The objective is to make the process of land acquisition easy, transparent and fair for both sides in each instance. This draft Bill covers all cases (0-100%, 50-50%, 70-30%, 90-10%, 100-0% and all other possible combinations in between), irrespective of the ratios and leads to equal treatment of equals in R&R, irrespective of who acquires their land, government or private parties.

This draft Bill puts in place a new institutional mechanism to ensure that the R&R provisions are implemented effectively as an integral part of land acquisition i.e.,

- 1) Apart from those who lose their land, the Bill identifies those whose livelihoods are dependent on the land being acquired- as project affected persons who are entitled to R&R.
- 2) Combines land acquisition and resettlement and rehabilitation within the same Bill- “resettlement and rehabilitation must always in each instance, necessarily follow upon acquisition of land”.
- 3) Definition of the term “public purpose” wherein the Government can acquire land for its own use if it fulfils a public purpose, or can acquire land to be transferred to a private company if its use satisfies a public purpose:
- 4) Social Impact Assessment (SIA) Study to be carried out in affected areas in consultation with the Gram Sabha and Public Hearing mandatory for the Social Impact Assessment.

Along with the above features there are eighteen other laws of the Central Government for land acquisition (like for highways, SEZs, defence, railways etc). The draft Bill enjoys primacy over other such specialized legislations that are currently in force. The provisions of the draft Bill will be in addition to and not in derogation of the existing safeguards currently provided for in these laws. The draft Bill is fully compliant with the provisions of (i) PESA, 1996 (ii) Forest Rights Act, 2006; and (iii) Land Transfer Regulations in Schedule V (i.e., tribal) areas.

*Source: Land Acquisition, Rehabilitation and Resettlement Bill (LARR) 2011, Ministry of Rural Development, Government of India.*

### 3.2 Recommendations for Specific Development Indicators

The development indicators suggested here are expected to address the following specific objectives:

- a) Improvement in the standard of living of project affected people;
- b) Restoration of community networks;
- c) Protection of vulnerable groups like women, children, old and disabled, SC and ST;
- d) Sustainable Rehabilitation; and
- e) Timely monitoring and evaluation of the development programme.

Accordingly, a few specific development indicators are suggested in the appendix for possible implementation.

### 4. Summary and Conclusions

This paper is based mainly on the field experiences of the authors. The affected people, due to the acquisition of their lands and/or homestead in the past suffered untold miseries due to lack of adequate R&R programmes, and conflicts between various projects and the people. In fact, a major agitation by people against “involuntary” displacement due to the mega industrial/infrastructure projects took place in the region. Such agitations have now culminated in a civil society movement all across the country due to such mega projects emerging all over India, more so under the present paradigm of market driven economy. This has brought distinct awareness among the people against such projects where the sovereign right of the State to acquire properties of people for setting up such projects in “public interest” is being challenged by people and civil society groups. Thus, it becomes inevitable to design a proper resettlement and rehabilitation programme by giving appropriate attention to the affected people to minimize the negative impact of the project on them and to rehabilitate them physically, economically as well as psychologically in their new environment.

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## Appendix

### Specific Development Indicators

Development Objectives	Objectively verifiable Indicators	Development Strategies
Improvement in the Standard of Living	Improvement in the present level of income and productive assets	1. Proper Compensation 2. Creation of alternative sources of livelihood
	Improvement in the Previous levels of dwelling	1. One house per PAP family with a family size of 5 2. Provision of Pucca houses to all the affected PAPs
	Improvement in Life expectancy rates and infant mortality rates	1. As per WHO standard, average consumption of water for drinking purpose is 2 liters per capita per day. 2. Daily supply of 150 to 200 liters of water per head can be considered as adequate as per the previous studies. 3. Promotion of rain water harvesting 4. Provision of toilets in all houses 5. Adequate medical facilities and immunization programmes
	Continuation and improvement in educational attainments	1. Provision of mass education, community education, adult education, primary education, secondary education, tertiary/university education, continuing education and education for skill development 2. Compulsory primary education for the children under the age group 6-14
Restoration Community Networks	1. Availability/ Accessibility of religious & cultural places at the community level	1. Provision of religious and cultural places in and around the resettled areas 2. Resettlement in clusters
Protection of Vulnerable Groups	1. Improvement in the Income, health and education levels of the people belonging to vulnerable groups 2. Increasing participation of the people belonging to the vulnerable groups in decision making	1. Specific Arrangements in R&R package to Support & protect women, SC & ST and the PAPs below poverty Line
Sustainable Rehabilitation	1. Number and types of markets, working places, transport, communication, healthcare, Schools/colleges, counseling centres, Govt. Admn./Institutions, etc 2. Presence of NGOs	1. Availability of/accessibility to market, working places, transport, communication, healthcare, Schools/colleges, counseling centres, Govt. Admn./Institutions, etc 2. Intervention strategies 3. Compatibility with host population

## Pre Land Acquisition Conflict, Displacement and Livelihood Problems: A Case Study of Lower Suktel Irrigation Project of Odisha

Auro Kumar Sahoo<sup>1</sup>

Naresh Chandra Sahu<sup>2</sup>

### Abstract

*In this paper, an attempt has been made to discuss the issues and challenges pertaining to pre land acquisition conflict and displacement arisen in the upcoming Lower Suktel irrigation project in Bolangir district of Odisha. A field survey method has been adopted to explore the various issues and conflicts related to land acquisition for the above mentioned project. Two villages namely Pardhiapali and Kaindapali have been randomly selected from twenty six villages which are to be displaced in the wake of Lower Suktel project. The primary data have been collected from 93 households by using semi-open survey schedule from the two sample villages. It is found that 95 percent of the sample households are not satisfied with the process and ways of present land acquisition policies implemented in the project area. In addition, 90 percent of sample households have revealed that they have been pressurised and harassed by administration during the collection of their compensation amount in lieu of land. On resettlement and future occupation, more than 60 percent households in the sample have no idea and they do not believe that they can stay with the existing occupation. It is also found that affected households are not ensured any livelihood supporting security except the compensation for the loss of their property and land. All sample households oppose this project due to improper valuation of land, house, private orchards, common property resources (CPRs) and payment system adopted by the Government. Moreover, it is found that the proposed submerged area by the government official are not accepted by the people and they have lack of faith in government due to improper pattern of compensation payment.*

**Keywords:** Administrative Harassment, Compensation Issue, Displacement, Irrigation Project, Livelihood Issues.

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1. Research Scholar, School of Humanities, Social Sciences and Management (HSS & M), Indian Institute of Technology Bhubaneswar, Toshali Bhawan, Satyanagar, Bhubaneswar-751007, Odisha, India, E-mail: aks11@iitbbs.ac.in
  2. Assistant Professor, School of Humanities, Social Sciences & Management (HSS & M), Indian Institute of Technology Bhubaneswar, Toshali Bhawan, Satyanagar, Bhubaneswar-751007, Odisha, India, E-mail: naresh@iitbbs.ac.in

## **1. Introduction**

Over the years development projects are considered as wheels of progress in developing countries and have both direct and indirect benefit such as generation of employment opportunities, income generation and creation of economic infrastructure. All development projects which are meant to help the economy to grow are not free from negative outcomes. In most of the cases of development project the first and most vital problem is displacement of local inhabitant. It induces displacement of people from their ancestral habitats and causes large-scale loss of traditional occupations. Though the carefully planned and judiciously executed development projects have been instrumental in the faster economic growth of the nation, they have been also proved to be destructive (Parasuraman 1993; Fernandes et al 1992). In general nobody wants to be displaced to a new place from the existing establishment in spite of assured monetary compensation and rehabilitation arrangements.

Infrastructural development is a necessary activity specifically for a developing country like India. The economic development of a country lies on the development of social overhead capital (SOC) such as road, dam, port, factory, etc. Most of developing countries always try to develop their infrastructure sector in order to boost economic development. In India the process of infrastructural development has been increasing after the independence. In the post independence period, huge investments have been made in different activities like construction of river valley project, road, power plants, industry etc. For the establishment of SOC, land is indispensable. In most of the cases, Government acquires land from people through involuntary, compulsory and pressurised displacement of local inhabitants.

Irrigation dam projects are one among the different infrastructure development programmes, which require huge amount of land. In the process of irrigation dam project, mass displacement is indispensable and cannot be avoided. Most of these projects have brought about major changes in land use patterns, water and natural resources leading to dispossession and displacement of a large number of people from their original places of habitation (Panday, 1998). It is a matter of great concern not only because of the loss of physical assets but also due to destruction of the livelihood pattern of the displaced people. Loss of the land is as important as the destruction of flora and fauna. No matter whatever the size of monetary compensation for land and other natural resources, it would not be able to compensate the most precious natural assets such as land, forests, social capital, indigenous knowledge and flora and fauna. Similarly, those people who are staying with a particular place for generation and generation and continuing with particular occupation

are displaced in the wake of the establishment of development projects. Though people may resettle in a new place with same occupation but it does not guarantee that they can maintain the same standard of living as before the project.

In almost all dam projects, there is always presence of conflict between the Governments and local people. The conflicts mainly arise pertaining to the issue of resettlement, rehabilitation, reshaping of livelihood, compensation issues and other socio economic costs and benefits. It is seen in case of many irrigation dam projects, the affected party does not get sufficient attention by the Government after the construction of project. In most of developing countries, it is also seen that after several years of construction of a project the land looser struggle to get their due share of compensation. In 1956 when Hirakud dam was established, many people displaced without compensation and sufficient rehabilitation and resettlement benefits. It is found that only one-third of compensation claims had been disbursed and 11,341 arbitration cases were pending (Pattanaik, Das and Mishra 1987). In Sardar Sarovar dam project, many people who were directly displaced as a result of the project received no economic compensation whatsoever (Flood, 1997).

In order to improve the standard of living of people in Bolangir district, Government of Odisha proposed the Lower Suktel irrigation project in 1994. Although more than a decade has been elapsed, still now it is an issue of controversy both in the part of government and local public. On one hand, large scale protests have been going on by the public against the dam, on the other hand suppressed pressure has been made on common people by the administrative official to support the project. Like other irrigation dam projects, this project is not free from controversy mainly related to compensation, resettlement, future livelihood of displaced and last but not the least, viability of the project.

Government of Odisha formulated the Orissa resettlement and rehabilitation policy (R&R), 2006 in May 14, 2006. The basic objective of the Policy was to help and guide the institutional agencies regarding minimisation of displacement or avoiding it, to the best possible at the same time ensuring the environmental sustainability. The present policy provides much importance to the affected party and ensures the voice of them regarding their needs. The guidelines of the present policy provide specific rehabilitation assistance on different types of development induced displacement. The rehabilitation packages for displaced family in case of irrigation project related displacement include assistanceship for homestead land, house building and agricultural land. As per the resolution, the compensation for agricultural land will be two-and-a-half acres of irrigated agricultural land, or five acres of non-irrigated agricultural land for people belonging to schedule tribe (ST) and to all other categories two acres of irrigated agricultural land, or four acres of non-irrigated agricultural land. But in

case of non-availability of land, cash equivalent will be provided at Rs.1,00,000/- per acre of irrigated land and Rs.50,000/- per acre of non-irrigated land including the cost of reclamation or at the rate decided by the Government from time to time. The present study critically examines the implementation of R & R policy in Odisha in the wake of Lower Suktel irrigation project.

The major objective of this study is to explore the issues and challenges pertaining to pre land acquisition conflict, displacement and livelihood, arisen in the upcoming Lower Suktel irrigation project. It also highlights the problems faced by the local inhabitants in the process of ongoing land acquisition and post displacement livelihood problems.

## **2. Review of Literature**

In this section, a critical review of the existing literature on multipurpose dam construction and its impact on various sections of population, environment, and livelihood has been made. Though constructions of dam necessarily have impact on future development but matters relating to current problems associated with it necessarily are taken in to account. In this regard a number of studies have been carried out to investigate issues related to R & R in India. In a study, Agnihotri(2008) examined the issues pertaining to the lower Suktel irrigation project based on a field survey. She focused mainly on the legal back up of displaced people after displacement, loss of natural resources and community asset. As a result of the project a substantial fertile land with huge natural resources will be submerged. It is found that one major source of income in the project area is forest and people are going to lose it as an important source of livelihood if the project will be undertaken. It is found that small irrigation projects are more suitable than a large dam, as it checks the displacement of people, involves low cost with low gestation period as compared to the large multipurpose dam projects.

Bharali(2005) carried out a study to investigate the impact of Pagladia dam on tribal inhabitants and their livelihood related issues. It is found that the major sources of income of tribals are based on agriculture and common property resources (CPRs). Prior to the displacement, tribals were protector to forests and using the forest products sustainably. Moreover, it was found that after the displacement, report of liquor consumption has increased in the locality and as a result of it, domestic violence is escalating. The major factor behind it is frustration due to the loss of only source of livelihood i.e. forest.

Garikipati(2002) examined the different aspects of Government's resettlement plans taking into account the resettlement sites of Sardar Sarovar Project. He criticised the monopoly of government authority on resettlement of displaced people in respect of proper evolution

of cost occurred by the affected parties. The involuntary approach of resettlement damages the welfare of settlers and it should be made more people oriented. In the process he found that involvement of project affected in planning process of resettlement is necessary in order to give justice to project affected.

In a study Dharmadhikary(2001) focused on the impact of large dam on society, environment and livelihood. A group of people who do not lose their physical asset but only depend upon the CPR are not treated as project affected people by present R & R policy of India. This is not justified since in many cases that is the only source of survival for the people. Similarly irrigation dam changes the pattern of agriculture in the periphery of the project. Adoption of chemical agriculture is one of the outcomes of Irrigation dam projects. As a result of the chemical agriculture the quality of land is degrading. The best use of land can be made through participation of people at grass roots level to take the decision regarding any developmental projects.

Parasuraman(1996) studied on the outcomes of displacement on the displaced in upper Krishna irrigation project. In the study he found that people who were left with some land and invested the compensation money in land purchase, agricultural improvement, and irrigation, were able to recover in their standards of living after displacement. The landless people and the tribal, who owned very little land, suffered more after the displacement. They could not buy land due to a lack of resources and were eventually pushed into the category of migrant labourers and construction workers. As a result of displacement they were trapped under poverty.

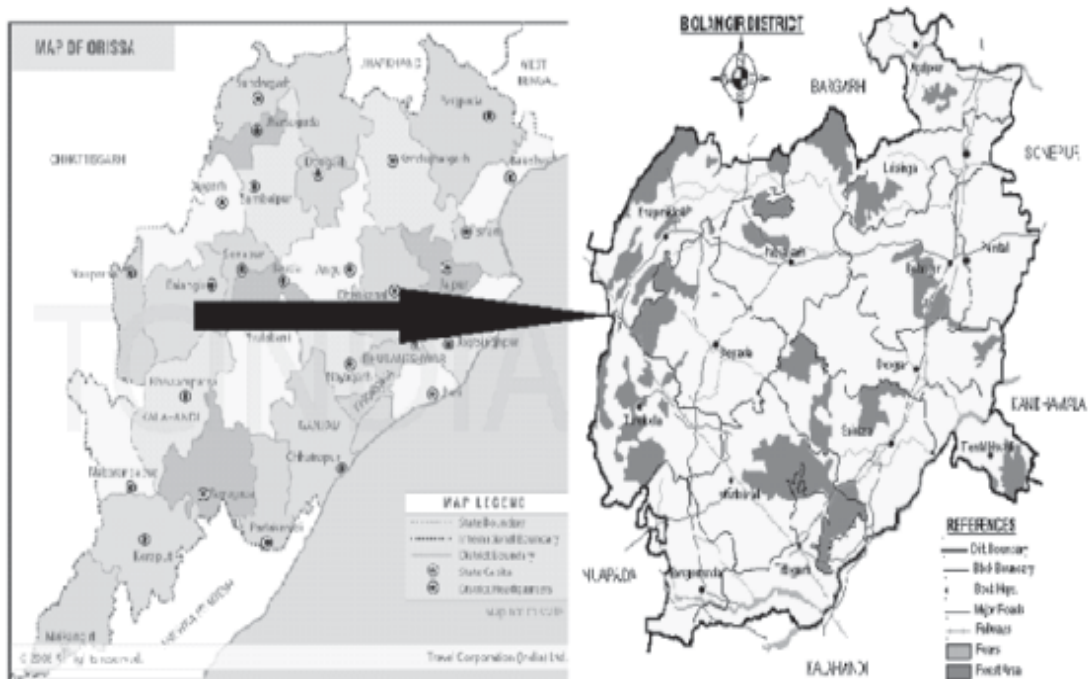
After reviewing the existing literature on resettlement and rehabilitation, it is found that the issues related to displacement are many and need to be investigated carefully by adopting suitable measures. The next section deals with the area profile of Bolangir district and lower Suktel project area.

### **3. Project Area Profile**

Agriculture is the main source of income in Bolangir district but irrigation facility is very poor and drought is a common phenomenon. As per the District Statistical Handbook (2009), Bolangir is having a total cultivated land area of 345475 hectares and from that only 42000 hectares of land are irrigated through major and minor sources of irrigation. So the total irrigated area is only 12 percent of total cultivable area of Bolangir district. In order to irrigate some parts of Bolangir district as well as Subarnapur, Government of Odisha has planned to set up an irrigation dam project in the Suktel river of Bolangir district. The irrigation project is named as lower Suktel irrigation project and a proposal

for the project has been given since the late 1990s. The proposed irrigation dam will be set up between the Jhareidungri hill and Budalagen hill near the village Magurbeda. It has been assessed that 29,146 hectares of land in Bolangir district and 2,684 hectares of land in Subarnapur district can be brought under irrigation through the Lower Suktel irrigation project. The initial cost estimate for the dam at 1996 prices was Rs. 217 crore. In 2004, it was revised to Rs. 584 crore, and further in 2008, the estimate escalated to Rs. 934 crore. It will submerge 16 villages wholly and 10 villages partially. As a result of which nearly 4160 families will be displaced including 1222 families belonging to the scheduled tribes. Although the project has been planned to be completed by 2013, the project is yet to start due to problems relating to land acquisition, resettlement and the payment of compensation. The project site can be located from the given map.

**Figure-1 : Map of Proposed Lower Suktel Irrigation Dam Project Area**



Source: [www.mapofindia.com](http://www.mapofindia.com)

**Proposed Lower Suktel  
Irrigation Project Site**

Although Bolangir does not have a very large forest cover it is one of the most important districts of the state in terms of production of NTFPs. As per the Forest status report (2000) the district has a forest cover of 1543 sq. km, amounting to about 16.1 % of the total area of the district.

The proposed site is thickly covered by forest and enriched with trees from various species. Among the different trees *Mahul*, *Sal*, *Char* and *Kendu* are mostly seen in the area. *Kendu* and *Sal* leaves are good sources of income of the local inhabitants. Bolangir district is the largest producer of *Kendu Leaves* in the state. The district produces roughly 15% of the state total. However due to the better quality of leaves in the district Bolangir's contribution to the total sales revenue of the state is roughly 25%.

#### 4. Methodology

The study is based on an intensive primary survey and interview with ninety three households from two villages which are going to be completely submerged in lower Suktel irrigation project. The two selected villages, i.e. Pardhiapali and Kaindapali are chosen randomly from the twenty six villages which are to be displaced in the wake of Lower Suktel irrigation project. Both of the selected villages will be completely submerged, if the project will be undertaken in the specified area of the project. Primary data on problems and prospect of lower Suktel project on the local inhabitants were collected with the help of pre-designed interview schedule through door-to-door survey and personal interviews. The secondary source of information on lower Suktel project has been collected from various government departments and internet sources which are also used in the study.

#### 5. Results and Discussion

Lower Suktel project is one of the major steps by the Government for the development of Bolangir and Subarnapur districts and protecting the area from the ever present drought problems. People are having a very low income level in the specified area of the district. Similarly in educational attainment, the project area is not upto the mark. Although the literacy level in the project area is not so worse but still it is not impressive. The following table reflects the educational attainment in category wise in the project area.

**Table-1 : Caste wise Educational Attainment in the Project Area.**

Caste Category	Literacy Rate	% of Population Below 6 years of Schooling	% of Population (6-10) Years of Schooling	% of Population Above 10 Years of Schooling
ST	64.61	36.92	24.61	3.07
SC	49.23	18.27	26.39	4.56
OBC	66.07	26.00	30.39	11.01
General	50.00	16.66	22.22	11.11

Source: Field Survey, November 2012

The per capita income of our sample household was estimated to be Rs. 17,528 as compared to Rs. 32,814 for the entire state of Odisha. However, the per capita income for the sample

households is widely dispersed. The range varies from a minimum Rs. 3,125 to a maximum of Rs. 1, 05,000. The standard deviation of the per capita income for our sample households is as high as 17,914 indicating the presence of high income disparity in the area. The asset holding status will explain a little to the economic position of the people in the study area. The following table provides information on caste wise holding of land and non-land asset of people in the study area.

**Table 2: Caste-wise Asset Holding in Study Area**

<b>Caste Category</b>	<b>Mean land holding (Acres)</b>	<b>Mean value of non-land Asset (in Rupees)</b>	<b>Mean Land value (in Rupees)</b>
ST	1.18	114800	197273
SC	0.73	98061	110556
OBC	1.83	185210	304186
General	2.33	364767	266667

*Source: Field Survey, November 2012*

The mean household holding of agricultural land in case of SC category is 0.73 acre which is lowest among the categories whereas it is highest in case of general category with 2.33 acres. In addition, the per capita household holdings of land in case of ST category and OBC category are 1.18 acres and 1.83 acres respectively. Beside the asset holding, income source and their relative contribution to the total income of a household reflects the dependence of the household. In the following table the caste wise source of income can be located.

**Table-3: Caste Wise Sources of Income**

**(Figure in Rupees)**

<b>Category</b>	<b>Mean Farming Income</b>	<b>Mean Income from Forest</b>	<b>Mean Income from other Sources</b>	<b>Mean Total Income</b>
ST	Rs.12572 (20%)	Rs.42746 (68%)	Rs.7543 (12%)	Rs.62862
SC	Rs.18826 (27%)	Rs.37652 (54%)	Rs.13248 (19%)	Rs.69727
OBC	Rs.47416 (41%)	Rs.33538 (29%)	Rs.34695 (30%)	Rs.115650
GENERAL	Rs.70679 (36%)	Rs.43192 (22%)	Rs.82459 (42%)	Rs.196331

*Source: Field Survey, November 2012*

The mean total income consisted of 51 % from farming sources and 49 % from nonfarm sources. In the sample, farming source of income includes only the income from cultivation. The income earned from selling the non timber forest product comes under the income from forest sources. Since the income from these two sources are not very high, they desire some other sources of income. In case of ST category, 68% of their income is from

forest sources where as for SC category it is 54% of their total income. The forest sources of income of SC and ST category is highest among all the categories representing that they are highly dependent on forest resources to support their livelihood pattern. The mean incomes from farming sources of OBC and general categories are higher than those for ST and SC people. Details of sources of income for different categories of households are given in table 3.

It is also found that forest is the main source of livelihood mainly for land less population in the project area. The area is enriched with various medicinal trees as well as non medicinal trees. The Non-Timber Forest Products (NTFPs) such as *Mahul flower*, *Sal leaf*, *Kendu leaves*, *Char seeds and broom stick* are collected by the local inhabitants from the nearest forest. The local people produce leaf plates from *Sal leaves* and sell these in the local market. More than 70 % of scheduled caste and scheduled tribe families, do the business of leaf plate making.

### 5.1 Survey and Compensation Issues

In the proposed project area almost all villages are already surveyed for the disbursement of compensation since 2001. The compensation for the loss of property has been provided in a phased manner to all those affected villages. Although partial payment of compensation is going on in all villages, in the two villages i.e. Khuntapali & Magurbedha, compensation has been disbursed in full. Valuation of the asset especially for land and mangrove are not accepted by the inhabitants. In the survey area 84 % of total households reported that they are not satisfied with the present valuation rates. The valuation of land has been done according to the types of land i.e. upland, low land and middle land. The government fixed compensation rate as a low level. And so there was great difference between government compensation rate and the expected rate of people. In the study area people reported that, they are unable to find new land with the limited amount of compensation provided by the government. The following table provides information on rate of compensation on land.

**Table 4: Land Type and Compensation**

(Figure in Rupees)

Land Type	Fixed Compensation Rate of Government (Per Acre)	Expected Rate of Compensation of People (Per Acre)	Difference (Per Acre)
Low land	Rs. 84,000	Rs. 2,00,000	Rs. 1,16,000
Upland	Rs. 60,000	Rs. 1,50,000	Rs. 90,000
Middle Land	Rs. 45,000	Rs. 1,00,000	Rs. 55,000

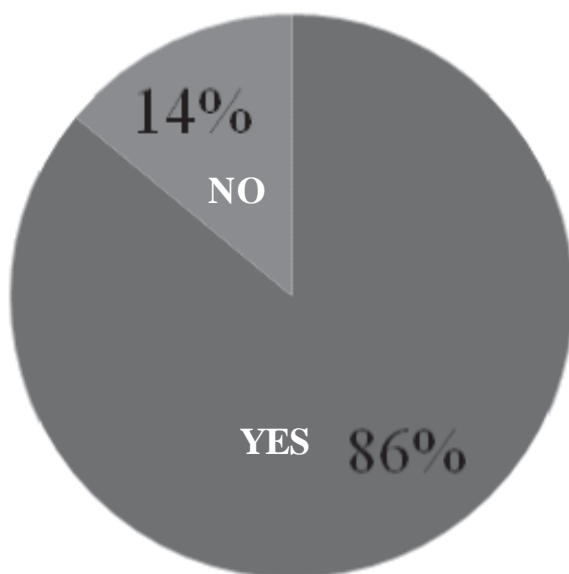
Source: Field Survey, November 2012

The above table reveals that there is existence of high differences between the expected amount of compensation and the actual amount of compensation they received from the authority. Among the different types of land low land exhibits highest difference in land valuation with a difference of Rs. 116,000 followed by up land and middle land with a difference of Rs.90,000 and Rs. 55,000 respectively. They are unable to purchase any new land as with the received amount of compensation in the location, they are demanding land for land. Since the valuation has been made before 12 years, the amount received is much less than the present market rate and local people have not been involved in the valuation process.

## **5.2 Harassment Issues**

During the construction period of developmental projects harassment is a common phenomenon. Not only during the construction of project but also after the successful completion, such problems continue with developmental projects. Administrative harassment regarding compensation payment is very common in the project area. People reported that they were harassed from the time of survey of asset to compensation payment. From the total population 86% stated that they were harassed by the administrative officials regarding compensation payment.

**Figure-2: Harassment by Officials**



*Source: Field Survey, November 2012*

Among the different categories of households, harassment of scheduled tribes is the highest . Nearly 91% of total households from scheduled tribes have been subjected to harassment by the government officials. Since the tribal people are educationally as well as economically challenged they cannot protest to such activities. Besides the scheduled tribes, 88% of households in the Other Backward Castes(OBC) category which is 41% of total population, have been harassed by the officials. The details are provided in the table below.

**Table-5 : Caste Wise Harassment**

Category of Household	Harassment by Officials	% of the Category	% of Total Population
<b>SC</b>	Yes	83.3%	32.3%
	No	16.7%	6.5%
<b>ST</b>	Yes	90.9%	10.8%
	No	9.1%	1.1%
<b>OBC</b>	Yes	88.4%	40.9%
	No	11.6%	5.4%
<b>GENERAL</b>	Yes	100%	3.2%
	No	0%	0%

Source: Field Survey, November 2012

The compensation for the loss of property is disbursed in the office of Land Officer, lower Suktel Irrigation project situated in Bolangir. The place is nearly 30 kilometres away from the surveyed village. After the declaration of compensation amount, people have to collect the compensation amount from the concerned office in terms of cheque. Among the total population nearly 80 % of households reported that they visited many times to collect the cheque. In each time of their visit, they were cheated by the officials and after running for many times they got their cheque. The details on this issue are as given below.

**Table 6: Compensation Collection Visit**

Visit	Number of Person	Percent
One Time	2	2.2
Two Times	3	3.2
Three Times	14	15.1
Many Times	74	79.6
Total	93	100.0

Source: Field Survey, November 2012

## **6. Conclusion**

This paper highlights the conflict that exists between local people and government regarding dam construction. It tries to show the different problems the local inhabitants face in relation to the Lower Suktel project. Among the different problems, the valuation of asset is one such problem. The families dispossessed of land insist on a price which is prevailing in the market at the time of acquiring of land. Since the cost of losing ancestral land cannot be compensated through monetary compensation the only solution for this problem is a land for land programme.

The construction of an irrigation dam project requires huge amount of land for setting up the project. While taking decision for an irrigation dam project, there should be proper evaluation of cost-benefit so that it may not create difficulty for the land owner. One of the possible ways to solve such a problem is to replace large irrigation dam projects with check dams, which will check the huge loss of land resource as well as sustain the ecology.

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## The New Land Acquisition Bill, 2011: A Historical And Gender Perspective

Mitali Chinara<sup>1</sup>

### Abstract

*Land is an essential requirement to accelerate the pace of industrialization especially based on manufacturing and to expand the infrastructural facility to support the accompanying inevitable urbanization. Government also needs land for a variety of public purposes. Experiences in the recent past have shown that land acquisition in India has been marked by unprecedented protests, violence and even loss of life. So far land acquisition in the country has been guided by the Land Acquisition Act 1894, which has been amended from time to time, but evidently has become too archaic in the present context. The government has therefore introduced the Land Acquisition and Rehabilitation and Resettlement Bill, 2011 which in the meantime has got the green signal from the cabinet and a new name too(Right to fair compensation and transparency in land acquisition, resettlement and rehabilitation bill), based on the concept that land acquisition and the process of rehabilitation and resettlement need to be seen necessarily as two sides of the same coin. This paper in its first part shall look at the need for a new policy from a historical angle and in the second part shall focus on the lack of a gender perspective in the Act. It is common knowledge that women are the most efficient users of resources and they also bear the greatest brunt of land acquisition and consequent displacement. Displacement has multidimensional impact on women, affecting their security, health and standard of living and through them percolates down to the children, the next generation. Hence there is a need to introduce provisions in the Act to make sure that the voices of women and children are heard and they too become a part of the decision making process.*

### 1. Introduction

The colonial governments in India asserted the state's indisputable ultimate right over land, among other natural resources, as the basic framework for further legislation and statecraft. Accordingly, a 'welter of rights' was created, detailing amidst many confounding provisions numerous layer of rights – with the state enjoying the paramount ownership of land. The occupants, landlords being the most prominent among them were given the right to hold

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1. Utkal University, Bhubaneswar. Email: mitalichinara@yahoo.co.in

and harness produce from land but not sell or transfer land. With times, these notions have broken down. State started recognizing due share of occupants in the use and utilization of land.

Underlining the primordial importance of land in any project ('public purpose' or otherwise), Minister of Rural Development Shri Jairam Ramesh in a reply to social activist Ms Medha Patkar stated that land was the only input that was in-substitutable, and hence processes of land acquisition were a necessity. A fair amount of debates might ensue on this topic, but India (at least the government) firmly believes in the Hon'ble Minister's assertion – or so it seems. As a consequence, there has been a lot of heat and sound over the legislations governing the much-fretted process of land acquisition. Land is an essential requirement to accelerate the pace of industrialization especially based on manufacturing and to expand the infrastructural facility to support the accompanying inevitable urbanization. Government also needs land for a variety of public purposes. Experiences in the recent past have shown that land acquisition in India has been marked by unprecedented protests, violence and even loss of life. So far land acquisition in the country has been guided by the Land Acquisition Act 1894, which has been amended from time to time, but evidently it has become too archaic in the present context. The Supreme Court too made the observation regarding the 'outdated' nature of LAA 1894 the need for 'a fair, reasonable and rational enactment in tune with constitutional provisions, particularly Article 300A of the Constitution' (which states that persons are not to be deprived of property save by authority of law). The government has there fore introduced the Land Acquisition and Rehabilitation and Resettlement Bill, 2011, which in the meantime has got the Cabinet approval and has been rechristened as the Right to Fair Compensation, Transparency in Land Acquisition, Resettlement and Rehabilitation Bill, based on the concept that land acquisition and the process of rehabilitation and resettlement need to be seen necessarily as two sides of the same coin.

This paper in its first part shall look at the need for a new policy from a historical perspective and then shall focus on the necessity and lack of a gender perspective in the Act.

## **2. Historical Perspective of Land Acquisition Act**

A careful study of land-centered legislations help form a good perspective on the approach followed in different times of the past in instituting such laws. Even before the overarching 'draconian' legislation of 1894 was enacted, numerous provincial acts in the period between 1824 and 1857 aided the state and administrators in easy acquisition of land for public purposes – roads, canals, garrisons, offices; with the quantum of compensation left to the discretion of arbitrators designated for the purpose. As is the usual characteristic of a primarily backward, agrarian economic system, land was seen as the greatest revenue

base and hence laws were laid down to strengthen the state's hands to forcefully take-over and utilize publicly occupied lands to augment the revenue generating capacity of the same. It won't be surprising to witness the absence of mechanism to accommodate/honour opposition to the process; however provisions of appeal against the amount of compensation were allowed. The row of compensation has always been flammable – because the definition of 'market value' has been as debatable as 'public purpose'.

The Land Acquisition Act of 1894 was legislated to impart uniformity to the provisions for acquiring land for public purposes as well as by companies. It also fixed the amount of compensation to be paid out in the case of such change of ownership. This act was meant to govern issues concerning land and its use in the entire country, reinforcing the importance of land as a resource and revenue there of, a major component of government's income. The lack of an opportunity to raise an objection was remedied to an extent only in 1923 as nationalists assumed reins of the local government –by means of an amendment of Section 5A to the 1894 Act – however the scope was severely limited. The clause was merely a façade, it was not binding on the state to enquire into the authenticity of the objections and it (the state) was powerful enough to overrule the same. Clearly, the road to the aim of extracting the greatest possible revenues from land was to be bereft of any obstacles – the laws were tailored to be benign to that end.

Post independence, land acquisition was warranted by the creation of new cities (Bhilai, Jamshedpur, Chandigarh inter alia) and expansion of the industrial base of India, coupled with the associated infrastructural installations. While the basic structure of the land acquisition law did not change significantly, periodic amendments were inserted in tune with the changed socio-political environment of the nation – it was a sovereign government, and had established a set of basic rights to citizens. While the Constitution empowered both the State and Central governments to frame laws connected with requisition and acquisition of immovable property (land acquisition being a subject in the Concurrent List), the same had bestowed property rights on all its citizens. Hence a clash between intentions and interests was forthcoming. The first sparks that flew in 1951 (Kameshwar Singh's case) led to a fire that was attempted to be doused through means of a 'basic structure' instrument, that would apply in cases of conflict of administration of justice on the above opposing grounds. The Forty-Fourth Amendment in 1978 was promulgated to this effect – it changed the 'right to property' from being a fundamental right to a legal one, thus implying that acquisition of private property was no longer a contravention of fundamental rights.

As can be inferred, the 1894 law in most of its essence continued to govern the process of land acquisition, the definition of 'public purpose' and determination of 'compensation'

kept solely at the dispensation of the state. With the society and government growing more complex, and, as experience shows, state conniving with corporate to stifle voices of dissent and utilize public lands for private gains, there was the gradual breakdown of the government's traditional paternalist and welfare-oriented image – its interpretation of notions of development started arousing reasonable doubts.

In modern times, as democracy in India gets redefined and deepened, a variety of voices and actors have emerged – viz. marginalized classes, civil society, interest groups and regional welfare collectives. In a political scenario where coalition politics is the order of the day, governments have to appease and bow down to demands of several such aforementioned parties. Despite all such occurrences, one aspect that has been at the focus of all controversy about land acquisition is the State's role as a facilitator in acquisition of land by private concerns for 'public purpose' – and as arbiter in pegging of the 'compensation' to be offered in lieu of land. This phenomenon is not of recent origin, but dates back to the colonial period – when the State aided private companies in acquiring lands for railways and irrigation (under the respective guarantee systems). Although this provision applies only when there is the possibility of larger public benefit ('public purpose') in the project, the definition of the same has been cloudy. With the evolution of varied opinion and under the influence of experience, there has emerged a multiplicity of opinion on what constitutes public purpose and what not. Arguments that earlier seemed vacuous, or at least far fetched, no longer seem so (for example the taxation and redistribution argument in the light of developments like the Goods and Services Tax which links tax revenue to land use). On the other hand, concerns have been raised about maintaining ecological balance even as the state succeeds in convincing project affected people about the public welfare that it might generate. This has called for a more holistic approach towards the question of land acquisition – covering within its broadest possible canvas issues like resettlement and rehabilitation, ecological balance and social impact assessment. Plus, there is always the question of taking the opinion of displaced peoples on board while deciding the use of land they sacrifice. Against this backdrop the Land Acquisition and Resettlement and Rehabilitation Bill, 2011 has been framed with lofty aspirations as spelt out in its preamble: "to ensure a humane, participatory, informed consultative and transparent process for land acquisition..... with least disturbance to the owners of land and other affected families and provide a just compensation to the affected families whose land has been acquired or proposed to be acquired or is affected by such acquisition and to make adequate provisions for such affected persons for their rehabilitation and resettlement thereof, and for ensuring that the cumulative outcome of compulsory acquisition should be that the affected persons become partners in development leading to an improvement in their post acquisition social and economic status and for matters connected therewith or incidental thereto".

### **3. Need for Land Acquisition**

The economic boom that India witnessed in the 90's and first half of this century following opening up of the economy created an unprecedented demand for space to meet the needs of industrialization, infrastructure building, urban expansion and resource extraction. Finding the way to balance the needs of economic growth, equitable distribution and human rights, rescuing these complex and sometimes conflicting objectives from the demagoguery of single issue advocates (Bardhan, 2011) and political opportunists, is perhaps one of the greatest challenges facing our democracy. Recent times have experienced a lot of unpleasant situations arising out of forced land acquisition. So, the question arises as to whether forced land acquisition should be stopped altogether by legislation. The answer to this is obviously negative since land is an essential resource without any substitute for urbanization, industrialization, infrastructural development and growth. There is an urgent need to shift the population from agriculture. While the share of agriculture and allied sector in GDP has declined substantially from 55% in the 50s to around 18% in recent times, the share of population engaged in agriculture has not come down proportionately. It has come down from around 70% in the 1950s to 57% at present. Hence there are too many hands trying to grab a share of the already too fast shrinking pie, which is the real reason for the often talked about "agrarian crisis". Therefore industrialization will reduce the pressure of population on the farm sector by pulling people out of it. And this necessitates land acquisition. But unfortunately land acquisition has not been fair to the ousted thus far. Many times land owners have been forced to give up land by the state by using the legal power of eminent domain, and sometimes by use of force too. There are various risks involved in the process of involuntary displacement, but the fact remains that these risks are to be minimized, if not eliminated in order to prevent the further marginalization of the economically challenged community. The development projects are undoubtedly needed - as they provide irrigation to thirsty fields, supply energy for the ever-expanding demand, wider roads to improve the infrastructure and so on. But they also cause losses or trauma to a certain group who share only the pain rather than the gains in development. Such inequitable distribution of benefits and losses is neither desirable nor inevitable. These displaced families deserve more than the sympathy or compassion of the development planners and industrial houses and as the current bill espouses should be incorporated into the development process. There are ways to minimize instances of involuntary displacement and their adverse impact on the resettlements. The new bill should be capable of delivering on these scores.

### **4. Impact of Land Acquisition and Displacement on Women and Children**

Land acquisition comes with its accompanying inevitable consequence of displacement. The exhaustive description of displacement is something that requires express elaboration:

destruction of livelihoods, scattering of resident communities, vanishing of a flourishing self-sustaining community leaving in harmony with nature, inter alia. Displacement, with or without resettlement (mostly the latter) has some devastating consequences on displaced populations.

Among all others, the worst hit are the children. Their plight is pitiable, especially when they do not understand the process and effects of it on their lives:

The most painful aspect of displacement for children is their detachment from their neighbourhood and the associated break down of social and cultural practices, the fading of fellow-feeling and brotherhood etc. The shock of being separated from the roots they have extracted their nutrition and other amenities of life from is something they are unable to cope with, and give in to demeaning and asocial practices. For example, youth in New Harsud (a city in Madhya Pradesh which had to bear the brunt of construction of the Indira Sagar Dam on Narmada) are seen to be taking to drugs and flesh trade.

1. When resettled, these communities are unable to get along well with people at their new locations, and this also has harmful ramifications on children. Schools and Anganwadis ostracise and discriminate against children from the new resident community stunting their normal processes of growth and development. An academic oversight that's necessary in these formative years of a child's life is often lacking, for the teachers / ASHAs see them as aliens, develop indifference and insensitivity towards their needs.
2. Often ejected out of such institutions, children commonly are forced into the illegal and dehumanizing practice of child-labour. That's because their parents lose their means of livelihood, and thus at a point when children should be making the most of their childhood are compelled to supplement their declining and insufficient family incomes.

Sorrowfully, the problems of children subjected to displacement hardly find utterance in discussions on effects of displacement. It is as if society feels children's woes are not their own, and are best left unsaid. But in today's times, when children have to be seen as having a mind to think and intellect to reason, they cannot be kept out of the big perspective. Children are beginning to recognize the ill-effects of displacement and begun to raise their voice – the best example that springs to mind is the congregation of school children against the Jaitapur Nuclear Power Project in Maharashtra in recent times.

Any law which aims to deal with the question of displacement must have mechanisms to take on board the opinion of children as it comes from them. No longer should we ignore them because they are excluded from the Panchayat systems by being less than to 18 years

of age. It is their future that gets ultimately affected, and hence their opinion is of utmost importance. No policy maker, however well intentioned, may wield the right to decide what's good for children and what's not. Child Protection Act 1999 may duly be extended to empower children to form their views about the process of land acquisition, and negotiate a better deal that takes the best possible care of their protection, care and security.

Women, agreeably and arguably come next in the line who bear a profound and lasting adverse impact of acquisition and displacement. As performers of 80% of agricultural work in India today and producers of about 50% of all food grown worldwide (FAO estimates), they stand to lose the most when their lands are acquired. When a family is dispossessed of its land, the women lose all their skill, activities and knowledge associated with it. They are bereft of any skills suitable to the new environment. This will inexorably lead to a loss in their economic freedom and thus social dignity and forces them to regress back to the four walls of the house. The male members of the household take the center stage which is not always beneficial for the family as a whole.

This impact is more visible and accentuated in tribal households. Tribal economy is naturally women-centric. Women of the family apart from shouldering all the household responsibilities within the house like cooking, cleaning, maintaining the dwelling unit and bearing and rearing the children, are also involved in a lot of economic activities outside the house for the sustenance of the house and the society at large. They are involved in decision making too. They are actively involved in agriculture, in house construction and collection of forest produce both for consumption and sale in the local market. Land acquisition in such societies for whatever purpose adversely affects the women most.

All the consequential compensation following land acquisition, be it cash or land or homestead or a job, mostly goes to the male member as a matter of right, making him the owner of all economic resources. This makes the women dependent on one hand and more seriously reestablishes and strengthens the patriarchy on the other.

As in the discussion about de-industrialization of India in the late 19<sup>th</sup> and early 20<sup>th</sup> centuries focus on plight of women due to recession in spinning activity has been neglected in popular literature, so does the law seek to downplay the lasting and decisive effects land acquisition can potentially have on women's lives. Surveys and studies have revealed how acquisition-induced displacement has coerced women to migrate and sink deeper into poverty. This hampers their social stature – an agent that loses its income-generating capability and invariably gets deprived of its social position too. What's more alarming and worrying is the further possibility of women being pushed into prostitution and flesh trade as a consequence of losing their traditional economic capacity. Displacement therefore breeds a vicious cycle of poverty, deprivation and insecurity for women ejected out of their

conventional setting. As a result, maternal mortality also rises.

Moreover, children get affected by any misfortune or debilitating impact on mothers' lives. There's an unambiguous link between health and status of women and well-being and nutrition of children. Thus, according women the attention they deserve partially mitigates the impact of displacement on children.

## **5. Gender Concerns in the LARR Bill, 2011**

The well intentioned bill which will be applicable through out India (except Jammu & Kashmir) has the twin objectives of facilitating developmental projects without much hurdles and the welfare of project affected people. The first objective is met by "facilitating land acquisition for industrialization, development of essential infrastructure facilities and urbanization" and the second is realized by "comprehensively defining and identifying project affected persons and families to ensure that they are provided with a just compensation and rehabilitation and resettlement package, sensitive to the aspirations, culture, community, natural resource base and skill base of the affected people". The bill also intends to make the affected people partners in development. But to utter dismay the bill is totally silent about the most vulnerable section of the displaced populace – the women and the children. Thus far no displacement and rehabilitation policy had any specific provision for this group. The draft present bill is also guilty on the same account, while much of research has unequivocally established that the adverse impacts of displacement are more pronounced for the women and children. The bill brushes the gender issues under the carpet by being silent and negligent on the following issues:

**First**, the notion of family is in forefront while calculating the compensation and other benefits, but gradually it becomes individual-centric. An adult male emerges at the front as the head of the family. As per the bill, the compensation and R & R assistance is to be deposited in the bank account of the head of the family(usually a male), an account newly created for the purpose. The compensation amount is to be determined by the collector on the basis of the market value of the land to be acquired including the value of all other assets attached to the land and is to be paid to the land owner, who is usually a male. Besides, the family is entitled to R & R amount, a homestead and land, a one time subsistence allowance, mandatory employment annuities, transportation allowance etc many of which is in the form of cash. The bills sets out that the land or house allotted 'may' be in the joint names of the husband and wife of the affected family. Thus without the mandatory clause 'must', it is left to the discretion of the appropriate government officials to decide whether the asset will be in the joint names of both the spouses or the male member becomes the sole owner of it. Though individual entitlements are preferred to joint titles, the later is better than no entitlements for women. Hence, starting with the spirit of 'affected family'

initially, the bill ultimately unwittingly leaves aside the 'women' as productive individuals in their own right by identifying an 'individual' male member as the recipient of all the benefits because the land acquired will mostly be in their names. One can therefore say that this new bill instead of trying to reduce patriarchy by granting property rights to women, is a step in the direction of reinforcing it.

There is one common skepticism often expressed that in India, women in rural areas do not have access to bank and financial markets because of low levels of education and consequent ignorance and male dominance. And in this context, merely opening the bank account and transferring the compensation to women's account may not improve their asset holdings position unless we educate and empower them. However contemporary international experience may belie such skepticism. For example, the nutritional status of girl children in poor households in Brazil improved substantially when direct benefit transfers were made to mother's – illiterate or otherwise – banks accounts rather than the fathers'. Closer home, unlettered and erstwhile male dominated women from the remotest villages of Maharashtra and states with successful SHG movements have become globetrotters when their entrepreneurial ventures clicked. These prove that literacy and education *may not* be a necessity for women to take on new positions of responsibility and thereby improve their lot. Perhaps the above get reflected positively in recent policies of Indian polity – The Ministry of Women and Child Development is finalizing a law that will entitle wives to get a definite proportion of their husbands' incomes, irrespective of their educational status; also, pilot projects in Direct Benefit Transfer in Alwar district of Rajasthan and others in Delhi have included remitting the due monetary privileges to bank accounts of women – illiterate or otherwise. Education is beyond doubt a potent power in opening new horizons for women, but it is neither sufficient nor necessary. Creating financial incentives and products is generally a sufficient condition to achieve that end.

Apart from this, the very definition of family in section 3 (i) of R & R is that it includes spouse, minor sons, unmarried daughters, minor brothers, unmarried sisters, father, mother and other members residing with him and dependent on him for their livelihood. This definition is unfair to an adult woman who is clubbed with the head of the household whereas adult males are counted as separate units in their own right. Very often and more frequently in rural and semi-urban areas households have single adult women with or without children. They may be widows with or without children, or women deserted by their husband for some reason or other, or unmarried spinsters. Even when these women have some income of their own, they prefer to stay as a part of their in-law's or parent's family because of security concerns. If they are clubbed with the head of the household, they will be deprived of their rightful due. In order to ensure that these individuals, who are already saddled with the dual disadvantage of gender and of not being independent –

economically, socially or psychologically – get their due, family should rather be defined as a nuclear family, which means every major adult member, his (her) spouse, along with minor children below age of 18 years. The amended version of the bill which has got the nod from the cabinet has taken due cognizance of this aspect and makes single women-divorced/ widowed/ abandoned – entitled for separate compensation.

**Secondly**, the bill states that land can be acquired only if 80% of the affected people give their consent. But nowhere does it make any mention of taking the consent of women members of these affected families. In a way it denigrates the role of women and attempts to brush aside the fact that it is the women who are victimized to a greater extent by acquisition and displacement than the men. And hence it should be their consent which should be given priority and attached a higher weight. Just because men are the natural owners of land and other productive resources, the voices of women should not be silenced by design. Hence consent of 80% of women of project affected families should be made mandatory.

**Thirdly**, the bill has made provisions for mandatory Social Impact Assessment (SIA) in cases where area to be acquired is equal to or more than 100 acres for public purpose in consultation with Gram Sabha at habitation level or equivalent body in urban areas, in such manner and within such time as may be prescribed. The Social Impact Assessment study shall include assessment of:

- Nature of public purpose.
- Estimation of loss of affected families.
- Socio economic impact of those families left behind.
- Whether extent of land proposed for acquisition is the absolute bare minimum needed for the project.
- “Whether less non-displacing alternatives” have been exhausted.

Under the Panchayati Raj Act, the Gram Sabha must have presence and participation of at least a third of the village population for any decision making and only those above 18 years are eligible to become its member. This implies that children are excluded from its ambit and have no scope to voice their opinions. Besides, the SIA does not have the mandate to make an assessment of the impact of acquisition and displacement on women and children specifically. The bill only proposes the provision of anganwadis and schools under infrastructural development in the form of addressing concerns for children. But, are these provisions adequate to mitigate the social, cultural and psychological shock that displacement subjects children to? India is a signatory to UN’s Convention on Rights of the Child (1989) which gives children the right to be active participants in the society. One

effective way of making children a part of decision making process and hearing their opinion is to bring the women explicitly into the process of acquisition, for it is the women who can understand and feel the problems of children the best. So the Gram Sabha should necessarily have at least 50% of women at the time of SIA for land acquisition.

## **6. Suggestions**

In view of the above analysis, the following suggestions are offered which may be incorporated into the LARR Bill, 2011 to render it more gender sensitive and enable it to address the gender concerns more effectively. To minimize the discrimination against women on the basis of class, caste and gender, women should have access to resources. An IFAD report of the UN figures that women own less than 1% of world resources. Lack of assets enhances their vulnerability and promotes violence against them. Studies in Indian context have clearly shown that ownership of property has significantly reduced violence against women. While keeping it in mind that there is always a gap between law and practice and between ownership and control, the first decisive step would be to put in place gender sensitive law. There should be mandatory provision of land for land for the project affected persons dependent on agriculture, scheduled tribes and dalit families and the land titles should be given in the name of the oldest adult woman in the nuclear family except when the household does not have any living adult woman member.

1. Family should be defined as a nuclear family, which means every major adult member, his (her) spouse, along with minor children below age of 18 years.
2. Social Impact Assessment should specifically focus on the impact of acquisition and displacement on women and children and should require the presence and participation of at least 50% of women belonging to the project affected families.
3. Rehabilitation and resettlement package should include provisions to ensure the health, protection and right to livelihood of women.
4. Consent of 80% of project affected women should be made compulsory for any land acquisition.
5. The National Commission for Protection of Child Rights (NCPCR) and the State Commission for Protection of Child Rights should be made the designated authorities to define the role of children in land acquisition process and to safe guard their interest.

In conclusion one can say that the LARR Bill, 2011 is an attempt to put in place a legal framework to ensure coherence and clarity in the process of land acquisition and tries to incorporate sufficient checks and balances. But if we are attempting to frame a new legislation to replace the archaic one, we should try to be forward looking and avoid the

mistakes of the past. To enshrine the objective of making the displaced people partners in development is commendable no doubt, but in order to put it to practice the bill needs to be gender responsive and gender sensitive.

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## Land Acquisition, Rehabilitation, and Resettlement Policy In India: A Case Study Of Dhamara Port In Odisha

Kartik Prasad Jena<sup>1</sup>

Rajkishore Ray<sup>2</sup>

### Abstract

*The objective of this paper is to examine the performance, challenges and perspective of the implementation of land acquisition, rehabilitation and resettlement policy of India with special reference to Odisha in terms of an empirical study of displaced families of Dhamara Port in Bhadrak District. Large-scale private land acquisition by the central or state governments for various development and industrial projects has always been projected by economists as essential for economic development and, therefore, eradication of poverty. In present-day India, the process of land acquisition by the government for the above purposes has triggered many controversies and popular protests, whether in the forested heartland of the country, the bauxite and iron-ore rich areas of Odisha or the agricultural hinterlands of West-Bengal. While the displaced families of land acquisition have been protesting against ill-implementation or inadequate rehabilitation, resettlement and compensation provisions for the loss of agricultural land and livelihood; the industrialists, those getting the acquired land, are no less unhappy due to delays in land acquisition. Therefore, the issues of land acquisition require an immediate and wise intervention for recognizing those who surrender land as investors in the development process, but not as victims of it. The present paper is the outcome of a micro empirical field study of the development induced displacement case of affected families and villages of 'Dhamara Port Project' in Bhadrak District of Odisha. The study found that the economic standard of living and the income level of the displaced families have been improved due to port project and the provision of employment opportunities facilitated by the port authorities. There is a horizontal shift of the occupational activities among the affected families from cultivation to industry and service sectors. The land values of the project area have been escalated and the money income of the affected as well as of displaced*

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1. Reader in Economics, Bhadrak Autonomous College, Bhadrak  
Email: jenakartikprasad@yahoo.com

2. Research Scholar and Guest Lecturer in Economics, Fakir Mohan University, Balasore.

*families has increased. But there is a gross deterioration of the social sector like loss of educational institutions and health center due to displacement. The study reveals that there has been poor performance and dismal record of the State in rehabilitating and resettling the displaced families by not establishing resettlement colonies for the displaced victims nor making any steps for restoring the physical and social infrastructure facilities and basic social amenities lost such as educational institutions, health centers, provision of posts and telegraphs services, drinking water in the study area due to lack of political will and bureaucratic negligence as reported. To prevent homelessness and to counteract the loss of social overhead capitals it is suggested to establish re-settlement colony and re-build community assets like educational and health institutions and social network within the time bound period. A well-intended, liberal and comprehensive resettlement and rehabilitation policy is therefore required not only to protect the interests of the displaced or adversely affected people but also in the public interest to ensure quick acquisition and faster access to such acquired land for the sake of public welfare.*

**Key Words:** *Agricultural Land, Compensation, Displaced Family, Project, Project Area,*

## **1. Introduction**

Necessity and welfare of public are so connected with land that no development is possible without it. Land is the basic raw material to any development. In India for the welfare of growing population, lands are being acquired for various development and industrial projects like dams, high-ways, thermal power stations, steel plants and ports etc. The compulsory acquisition of private land for public purposes and for public sector or private sector companies displaces people, forcing them to give up their home, assets, means of livelihood and vocation and to reside elsewhere and restart life once again. It has been an important reason for the pauperization of affected families, sometimes leading them to a state of shelter-less and asset-less destitution. The presumption that displacement as an inevitable consequence of all development efforts needs to be reassessed in the light of the enormous cost of human sufferings of such projects. The need to avoid such large-scale displacement, particularly of tribal people, and in cases of unavoidable displacement, their comprehensive resettlement and rehabilitation (R&R), has become one of the central issues of the developmental process itself. Today, project-affected people are no longer in a mood to suffer passively. Consequently, there has been growing protest and militancy leading to tensions, conflict and violence as evinced at places like Kalinga Nagar and Paradip for Tata and Posco Steel Plants projects respectively in Odisha and at Nandigram and Singur for Nano Project in West Bengal. While the displaced victims of land acquisition have been protesting against ill-implementation of rehabilitation, resettlement and compensation policies for the loss of land and livelihood, those getting the acquired land, are no less unhappy due to delays in land acquisition.

The present paper is the outcome of a micro empirical field study of the development induced displacement case of affected families and villages of 'Dhamara Port Project' in Bhadrak District of Odisha. The land has been acquired by the Government of Odisha and delivered to the Requisitioning Authority, i.e. the Odisha 'Industrial Infrastructure Development Corporation' (IDCO) for construction of a port at Dhamara by the Dhamara Port Company Limited (DPCL), a joint venture of L & T and Tata Steel. It makes an attempt to examine the impact of displacement on the livelihood and the social set up of the displaced communities. It also analyses the performance of the State Government in rehabilitating and resettling the displaced victims in the process of acquisition of private land. A well-intended, liberal and comprehensive resettlement and rehabilitation policy is therefore required to protect the interests of the displaced or adversely affected people.

Accordingly, the paper is organized with six sections. After introduction in Section-I, Section-II contains the study objectives and methodology; Section-III highlights issues, challenges of the Land Acquisition Act and the key provisions of Orissa Resettlement and Rehabilitation Policy, 2006, Section-IV explains the socio-economic and demographic profile of the study area, Section-V brings out the major findings, Section-VI deals with the conclusion and policy suggestions.

## **2. Study Objectives and Methodology**

### **2.1 Objectives**

The major objectives of the paper are:

- i) to highlight the basic issues and challenges of the Land Acquisition Act, 1894 of India and the prime objectives of Odisha Resettlement and Rehabilitation Policy, 2006 and their implementation in the project affected area;
- ii) to analyse the socio-economic and demographic status and to enumerate the physical /social infrastructures of the project affected villages;
- iii) to examine the impact of displacement on the livelihood and the social set up of the displaced communities.
- iv) to suggest policy measures for implementation of strategies to address the displacement issues.

### **2.2 Methodology**

This study is primarily based on primary data collected from the field survey conducted in project area during the period 2011-2012. The secondary data related to project affected families and villages have been collected from the Special Land Acquisition Office, Dhamara Port Project, District Collectorate, Bhadrak. The Dhamara Port Project

affects as many as 74 villages spreading over 3 Tahasils namely Chandbali, Bhadrak, Tihidi of Bhadrak District in Odisha. The quantitative primary data on socio-economic and demographic profile of displaced families have been collected from the sample village, **Dosinga**, mostly by random sampling method through close-ended structured questionnaire called Household Schedule. The profile of the project-affected villages has been collected through Village Schedule. A pre-post Project analysis method is adopted to assess the socio-economic variables of the displaced families.

### **3. Issues and Challenges of Land Acquisition Act 1894 and Key Provisions of Odisha R & R Policy, 2006**

#### **3.1 Issues and Challenges of Land Acquisition Act-1894**

Experiences of displacement and rehabilitation in India have revealed a long history of lack of rehabilitation or ill-planned, or badly executed or inadequate and inappropriate rehabilitation policies. According to a government of India estimate, only 29 per cent of the affected people has been rehabilitated, leaving almost 13.2 million uprooted from their homes. Following are the overarching issues and challenges of Land Acquisition Act, 1894 which cause pauperization and impoverishment risk of victims due to displacement.

**Landlessness:** Loss of land by affected people due to land acquisition leads to decline of family income. This causes the process of impoverishment and pauperization. Once people lose their lands for project purposes, it becomes extremely difficult for them to own land again.

**Joblessness:** Due to displacement, people from both rural and urban areas lose wage employment. Joblessness affects landless labourers, enterprise or service workers, artisans, small businessmen, and other wage earners adversely. Like land, job too is a scarce commodity, and for re-settlers to find jobs is not easy.

**Homelessness:** Displacement makes affected families homeless. Loss of house and shelter is a major risk, particularly in urban development projects. The risk of homelessness may be of a temporary kind, but for many people living again in a proper house of their own remains a mere dream.

**Marginalization:** Marginalization occurs when displaced families lose confidence, economic power and begin on a downward path. For example middle-income farmers becoming small farmers able to manage holdings much small in size than what they had held before; flourishing shopkeepers losing their previous clients and restarting business in a modest way; and many people finding that their previous earning skills do not get them far enough in new surroundings.

**Increased Morbidity and Mortality:** There is an empirical evidence of increase in morbidity and also mortality due to displacement. Social stress, insecurity and psychological trauma associated with displacement lead to immediate deterioration in health standards as well as living conditions.

**Food Insecurity:** As a consequence of displacement, people involuntarily move to a different location often face an imminent risk of food insecurity. The self-reliance disrupts due to loss of agricultural land.

**Loss of Access to Common Property Resources:** Often, people with no land or other means of making a living depend on common property resources such as, forests, rivers and grazing lands. Tribal people and women are among those who mostly depend on such resources. Displacement causes loss of such common properties.

**Social Disarticulation:** Displacement destabilizes the existing social organization. Previously established social over-head capital institutions like community centers, schools, hospitals etc. get disappeared, once lands in those localities are acquired for a project. The capacity for collective action, referred to as social capital, is lost when due to relocation informal social networks, local voluntary associations, and mutual help groups are dispersed and rendered dormant.

The above issues require immediate and wise intervention. The focus should be on development, recognizing those who surrender land as investors in the development process, not as victims of it.

### **3.2 Orissa Resettlement and Rehabilitation Policy-2006**

Government of Orissa has framed a comprehensive 'Orissa Resettlement and Rehabilitation Policy-2006' which came in to effect from 14<sup>th</sup> May 2006 with the following objectives:

1. to avoid displacement wherever possible and minimize it exercising available options otherwise,
2. to recognize voices of displaced families and communities emphasizing the needs of the indigenous communities and vulnerable sections,
3. to ensure environmental sustainability through participatory and transparent process; and
4. to help guiding the process of developing institutional mechanism for implementation, monitoring, resolving conflicts and redressing grievances.

Besides, Government of Odisha have framed the Consent Award Rules, 2010 on 05.10.2012 to lay down the procedure for seeking the consent of the land owners on the amount of compensation to be awarded.

#### 4. Socio-economic and Demographic Profile of the Study Area

For the construction of Dhamra Port in Chandabali block in the Bhadrak district of Odisha, an area of 2973.80 acres of land has been acquired from three Tahasils namely Bhadrak (26%), Tihid (27%) and Chandabali (47%) of Bhadrak district. Out of total 2973.80 acres of land 879.80 acres of land have been acquired for port purpose and 2094.00 acres for construction of railway corridor Table-1. Tahasil-wise number of villages and area of land acquired have been presented in Table-2.

**Table-1: Total Land Acquired by DPCL**

S.L. No	Purpose	Pvt. Land	Govt.Land	Total
1	Port	63.68	816.12	879.80
2	Railway Corridor	1898.18	195.82	2094.00
3	Total	1961.86	1011.94	2973.80

Source: Special Land Acquisition Office,  
Dhamara Port Project, Collectorate, Bhadrak 20 11-12

**Table-2:Tahasil -wise Village & Land Acquired by DPCL**

S.L. No	Name of the Tahasil	No. of Village	Total Area Acquired
1	Bhadrak	13	546.17
2	Tihid	28	571.47
3	Chandabali	33	976.36
	Total	74	2094.00

Source: Special Land Acquisition Office, Dhamara Port Project, Bhadrak 2011-12

**Table-3: Rehabilitation & Resettlement Status of DPCL Affected Regions**

S.L. No	Category	No. of Families Displaced	No. of Families not received R&R Asst.	Shifted
1	No.of Families Considered as R&R Benefit	314	8	314
2	Private Encroachers	39	2	39
3	Govt. Encroachers	31	1	31
	Grand Total	384	11	384

Source: Special Land Acquisition Office, Dhamara Port Project, Bhadrak 2011-12

Largest area of land (47%) has been acquired from Chandabali Tahasil. A total of 384 number of families have been displaced and shifted. The total number of families considered as entitled to rehabilitation and resettlement benefits is 314, out of which 8 numbers of families have not received R&R assistance as illustrated in Table No.3. The number of private encroacher families displaced and shifted is 39. Number of government families displaced and shifted is 31.

We have taken Dosinga village where the port is constructed, as sample village in our study. Dosinga under Chandabali Tahasil is located on the seashore and primarily inhabited by the fishing community. It is the only village in the Project Area which is fully affected with displacement of all the families. Now, they are living scattered at different places of the locality. The village is reported to have lost 22.44 acres of land out of the total 38.7 acres of land. The sample village Dosinga has total 250 number of households (families) and has total 501 number of population out of which 255 are male (50.9%) and 246 are female (49.1%). Out of 501 population 97 (21.8%) are illiterate and 404 (78.2%) are literate.

In Dosinga, majority (48%) of population belongs to Other Backward Caste (OBC), followed by General Caste (32%), and Scheduled Caste (20%). Of the total population, 99% belongs to Hindu, and 1% Muslim community. Out of the total farming community big farmers constitute 12%, Small farmers 20%, marginal farmers 18% and landless 48%. Out of the total land, 81% is non-irrigated, 18% is irrigated by lift irrigation points of deep tube-wells, and 10% is non-cultivated land. The source of irrigation is lifting ground water through deep tube-wells. Wage rate is Rs.75/- per day. Village has 1 tractor and 35 pump-sets. Occupationally about 2/3<sup>rd</sup> (57%) of the total population of Dosinga village belongs to wage earning labour force, 14% belongs to self-employed farming community, 23% non-farm self-employed persons and 6% salaried group. Before the Project, Dosinga village has one primary school, one middle and one High school, one Anganwadi Centre, one PDS ration shop, one post Office and GP Office. It had no electricity facility.

## **5. Major Findings**

To know the impact of displacement on the livelihood and the social set up of the displaced communities due to the Dhamara Port Project, the following socio-economic variables of the sample village have been analyzed and the findings thereof have been detailed below in Table-4:

**Table-4 : Descriptive statistics of socio-economic variables (Pre & Post) of sample families indicating the impact of displacement due to Dhamara Port**

Sl.No	Indicators	Variables		Impact
		Pre	Post	Negative/Positive
<b>A</b>	<b>Occupation (Figures In % term)</b>			
I	Farm	25.30	6.02	Negative
II	Non-Farm	33.73	10.84	Negative
III	Wage Labour	28.31	30.12	Positive
IV	Small Business	9.04	16.87	Positive
V	Company Job	0.00	30.12	Positive
VI	Govt. Job	3.61	6.02	Positive
VII	Total	100.00	100.00	
<b>B</b>	<b>Income (Average Value)</b>			
I	Farm	7131	12640	Positive
II	Non-Farm	7240	19760	Positive
III	Wage Labour	4845	7581	Positive
IV	Small Business	8560	18790	Positive
V	Company Job	0	5500	Positive
VI	Govt. Job	10500	32000	Positive
VII	Total	10157	11941	
<b>C</b>	<b>Poverty Estimation (Figures In % term)</b>			
I	Non-Poor	21.88	34.38	Negative
II	Not- So-Poor	25.00	26.56	Negative
III	Poor	20.31	23.44	Negative
IV	Chronic Poor/Ultra Poor	32.81	15.63	Positive
v	Total	100.00	100.00	
<b>D</b>	<b>Social Organisatin &amp; Ifrastructures(Figures in Number)</b>			
I	School (No)	1	nil	Negative
II	Primary	1	nil	Negative
III	M.E.	1	nil	Negative
IV	High School	0	nil	Negative
v	College	0	nil	Negative
VI	Road (in k.m.)	1.5	nil	Negative
VII	Pucca	0	nil	Negative
VIII	Kutchha	1.5	nil	Negative
IX	DrInking Water (no.)	3	nil	Negative

Source: Figures computed from primary data-2012-13

### 5.1 Loss of Properties

On account of acquisition of land for Dhamara Port Project, the displaced families of sample village Dosinga are found to have lost their immovable properties like homestead land, dwelling houses with living rooms, cowsheds, standing trees, ponds, orchards, irrigated and non-irrigated land etc. The average number of living rooms per family reported to have been displaced is 3. The houses are predominantly of kutchha make with mud walls

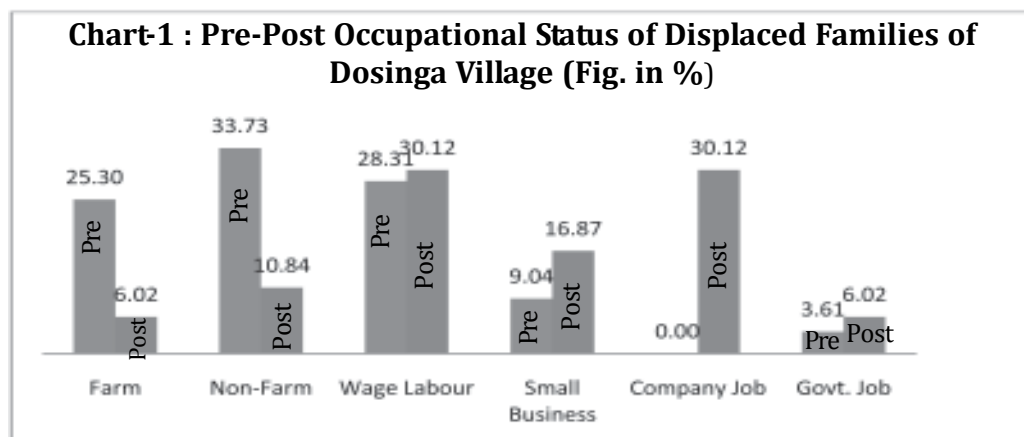
and thatched roof. Out of the total living rooms as many as 289 rooms are being lost in the village.

## 5.2 Opinion Regarding Compensation

The study surprisingly reveals that, over 60% of the families are unaware of the government's compensation policy of awarding Rs.2.36 lakhs to each affected and displaced family. Over 83% of the displaced families are found dissatisfied with this compensation policy. A significant 10% of the families are found confused. Only 7% of the families have reported their satisfaction with the compensation provision of Rs.2.36 lakhs.

## 5.3 Shift of Occupation

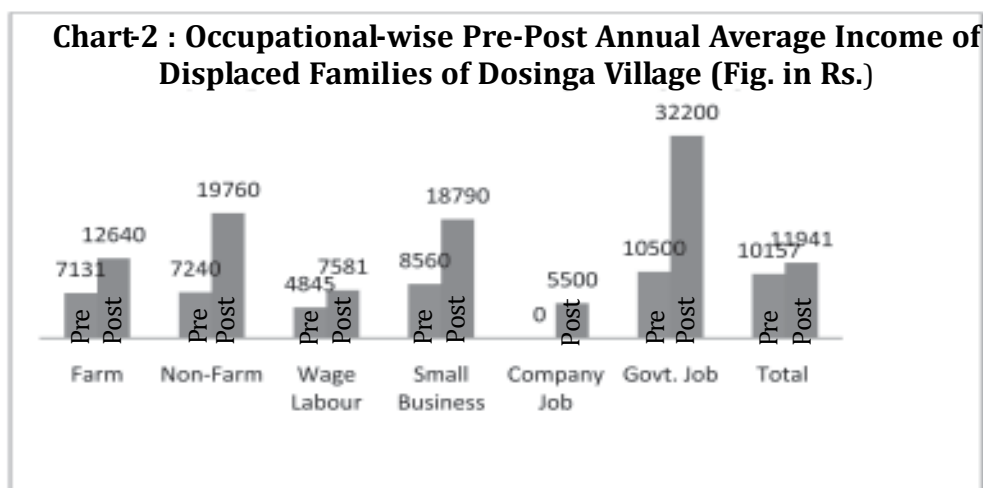
A comparative analysis of pre-post occupational status of the displaced families reveals a remarkable horizontal shift of occupation from farming and non-farming self-employment activities to small business, company job, wage labour and government job activities as illustrated in *Chart-1*. The percentage of people dependent on farming has decreased from 25.30% during pre-port project period to 6.02% during post-port project period. Likewise percentage of families dependent on non-farm self-employment category has decreased from 33.73% during pre-project period to 10.84% during post-project period. But in all other occupations such as in wage labour category their percentage has increased from 28.31% during pre-project period to 30.12%, in small business category from 9.04% to 16.87% and in government job from 3.61% to 6.02% during post-project period. But percentage of families dependent on company job appears to have become 30.12 during post-project period which was reported to have been absent during pre-project period. All this shift might have taken place due to the resettlement and rehabilitation measures taken by the government as well by the employment opportunities facilitated by the Port Company. Secondly, it might have been due to the incidence of urbanization or expansion of township after the establishment of port and railway corridor.



Source: Figures computed from field survey Data, 2011-12

#### 5.4 Change of Household Income

Further, a comparative analysis of the pre-post annual average income and expenditure status of the displaced families reveals an increase in their income earning level as well as expenditure habit (*Chart-2*). When the pre- project annual average income of the displaced farming families was Rs.7,131/-, it has gone up to Rs.12,640/- during the post project period. It might be due to rise in the land value and input cost after the establishment of port.



Source: Figures computed from field survey Data, 2011-12

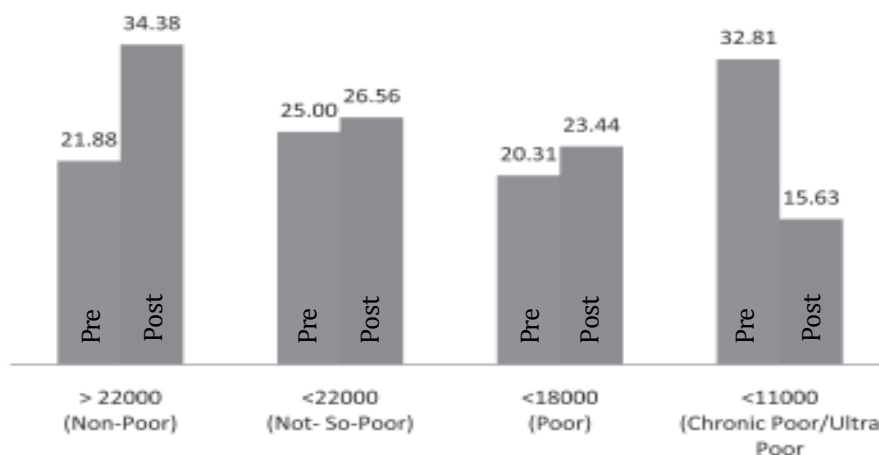
Annual average income of displaced families in non-farm activities has increased from Rs.7,240/- in pre-project period to Rs.19,760/- in post-project period. Surprisingly, there has been a substantial increase of annual average income among the wage earning labour class from Rs.4,845/- to Rs.7,581/- and that of small business families from Rs.8,560 to Rs.18,790 and of families in government jobs from Rs.10,500 to Rs.32,200 during the same period. Average income of families engaged in company job, which was nil before port makes an appearance to the tune of Rs.5,500 after establishment of port.

#### 5.5 Poverty Estimation

A pre-post comparative study of poverty estimation shows a sharp decline of poverty and an improvement of standard of living displaced families (*Chart-3*). When the percentage of families falling under chronic poor or ultra poor category having income < 11,000 rupees has shown a sharp decline from 32.81 % during pre-project period to 15.63% during post-project period, the percentage of families falling under non-poor or higher bracket income group having income >22,000 Rupees has shown a remarkable rise from 21.88% during pre-project period to 34.38% during post project

period But the percentage of medium category families falling between income level >18,000 and <22,000 rupees has shown a moderate increase only.

**Chart-3 : Poverty Estimation of Displaced Families of Dosinga Village (Fig. in %)**

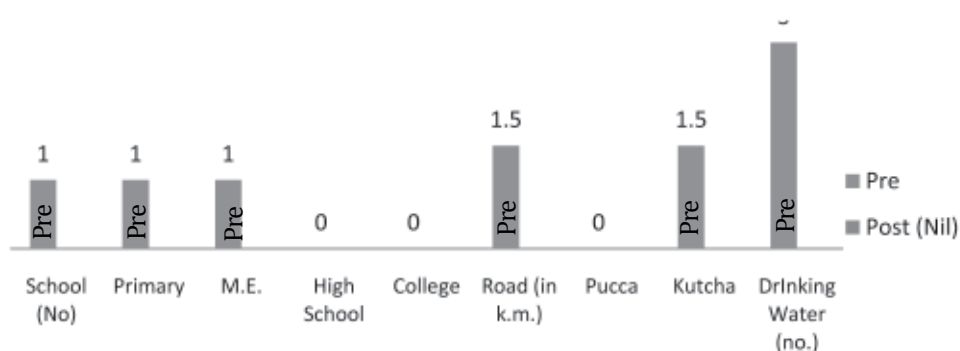


\*Source: Figures computed from field survey Data, 2011-12

## 5.6 Change of Social Organization & Infrastructure

A pre-post analysis of physical or social infrastructural facilities shows an adverse situation in the sample village due to port project (Chart-4). When there were one primary school, one M.E. School, one High School, one Anganwadi Centre, roads of both kacha & pucca make and drinking water facilities before project, all these facilities appear to be absent after project due to displacement. This is the most peculiar finding from our study and the most adverse impact of displacement.

**Chart-4 : Pre-Post Infrastructural Facilities availed by Displaced Families (Fig. in No.)**



Source: Figures computed from field survey Data, 2011-12

## **6. Conclusion and Policy Suggestions**

### **6.1 Conclusion**

It is concluded that the economic standard of living and the income level of the displaced families have definitely been improved due to port project and the provision of employment opportunities facilitated by the port authorities. There is a horizontal shift of the occupational activities among the affected families from cultivation to industry and service sectors. The land values of the project area have been escalated and the money income of the affected as well as of displaced families has increased. But there is a gross deterioration of the social sector like loss of educational institutions and health center due to displacement. From the study it has been revealed that there has been poor performance and dismal record of the State in rehabilitating and resettling the displaced families and providing physical and social infrastructure facilities such as education institutions, health centers, provision of posts, telegraphs services, drinking water and most important in establishing resettlement colonies for the displaced victims of the study area due to lack of political will and bureaucratic negligence as reported.

### **6.2 Policy Suggestions**

The issues of land acquisition require an immediate and wise intervention for recognizing those who surrender land as investors in the development process, but not as victims of it. A well-intended, liberal and comprehensive resettlement and rehabilitation policy is therefore required not only to protect the interests of the displaced or adversely affected people but also in the public interest to ensure quick acquisition and faster access to such acquired land for the sake of public welfare. Following policy suggestions are made to resolve the issues and over-come the challenges of land acquisition:

- i) There should be time-bound and effective measures by the State in rehabilitating and resettling displaced families and restoring physical and social infrastructure;
- ii) To prevent landlessness, there should be land based settlement preferably land for land solutions;
- iii) To prevent homelessness, re-settlement colony or project colony should be constructed by the concerned companies or government;
- iv) There should be targeted re-employment provisions to mitigate the problem of joblessness;
- v) To counteract the loss of social overhead capital like education and health institution, there should be the provision of re-building such community assets and social network within the time bound period.

Note: As per Prof.S. D. Tendulkar Report the all India poverty line for Rural is Rs 446.68, the average monthly per capita Expenditure.

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## Changing Dimensions of Land Acquisition and their Impact on Rehabilitation & Resettlement

Binayak Rath<sup>1</sup>

### Abstract

*In this paper an attempt is made to investigate the present policy of land acquisition, distortion associated with it and its impact on rehabilitation and resettlement of the PAPs. With the help of our post evaluation and retrofit SES studies of NTPC project sites, appraisal of the EIA policy of a number of mining companies and few River Valley Projects, we have critically examined the various issues and challenges associated with R&R, cases of multiple displacements and the lacuna involved in the present practice of fixation and disbursement of compensation payments under the Land Acquisition Act of 1894 including the rationale of compensation payments to regain the lost economic status of the land oustees. We have also analysed the implications of various provisions proposed in the draft "LA RR Bill, 2011" to overcome the problems of the PAPs. Finally, we have suggested some modifications in the proposed bill as a result of which the PAPs could be suitably rehabilitated so as to regain their lost economic status. It is concluded that any serious effort in rebuilding the lost livelihoods of the PAPs by the Project Authorities with the help of RAPs and CSR activities should be based on a participatory system of governance of the stakeholders so as to induce the PAPs to play a greater participatory role in the process of execution of the project without disruption. On the basis of our post evaluation and retrofit SES studies dealing with the Rengali Multi-Purpose River Valley Project in Orissa and the NTPC project sites in Uttar Pradesh respectively, we have noted that proper execution of a comprehensive and well designed Rehabilitation & Resettlement (R&R) policy can minimize the hostile attitude of the people towards the projects.*

### 1. Introduction

With the publication of the report of Independent Commission (also known as Morse Commission) in 1992, there was a new awakening in the world. The members of the Commission were not only critical towards the policy of World Bank, they criticized the method of evaluation of impact of large dam projects as well as their R&R policies. With

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1. Visiting Professor of Economics,  
National Institute of Science Education and Research, Bhubaneswar

adoption of the report, the World Bank not only withdrew its support for Narmada project, but insisted that all its earlier bank funded projects be reviewed by independent professional and on the basis of the report remedial R&R action plans be drawn for the benefit of the project affected persons. The World bank and its associates further insisted that all proposed projects should undertake EIA studies and draw remedial action plans before hand and more particularly should review the land acquisition policies and ensure social justice for the PAPs. In tune with such directives, the National Thermal Power Corporation Ltd (NTPC), which had received funds from the World Bank not only drew a R&R policy of its own but also in tune with its policy commissioned a number of research studies to different organisations to undertake post evaluation as well as EIA studies. Few such studies were commissioned to us at IIT Kanpur at different periods of time and on the basis of those studies, we have drawn the broad issues and challenges associated with NTPC projects sites and have identified some controversies that need suitable economic policies for conflict resolution. But before discussing those controversies and conflicts, it would be prudent to throw light on the broad issues, philosophies and theoretical economic rationality of R&R and compensation policies.

## **2. Issues & Challenges associated with Rehabilitation and Resettlement**

In recent years the R&R issues have become more prominent due to public awareness regarding their rights which are generally propagated through the activists/ NGOs, social scientists and above all, by the international organisations. Specially, after the new awakening regarding preservation and regeneration of the environment in the 1970s (e.g. UN Declaration, 1972 and UNEP,1975) and with growing disenchantment towards the concept of DEVELOPMENT, a great debate has been initiated ***“how to bring harmony between the physical, social, economic and political environment”***. In this debate, many controversial issues are raised in terms of involuntary displacement and its consequences. It has brought the issue of rehabilitation and resettlement to the fore- front. Further, owing to un-coordinated designing and planning of projects when the affected people face multiple displacement, the owes of the affected groups are multiplied and the issues of R&R get complicated. The best example of such displacement is found from Rihand-Singrauli region of eastern U.P., where the poor tribal people have faced eviction from their settlement for three times during a period of five decades.

Although the basic philosophy of the present R&R policies draw heavily from welfare economics, environmental economics, public good economics, community psychology, and sociology, the planners / policy makers had often neglected these aspects in project analysis. Traditionally, the social anthropologists, and sociologists were investigating the R&R problems. But little attention was paid by them to the economic and financial underpinning of R&R. As mentioned by M.Cernea (1998) *“this lack of integration has deprived*

*many settlement projects of the economic analytical tools and financial means necessary to success”.*

One of the consequences of our development projects and its associated activities has been the loss of cultivable land in the rural areas and more so a great amount of CPRs like forest land. The loss of land coupled with heavy population pressure in the developing countries has accelerated the existing poverty and intensification of the existing miseries of the rural poor. Sometimes the Government programmes have even led to immiserisation of the poor (Rath,1985<sup>1</sup>). In order to overcome these problems, many affected persons move to the urban conglomerations in search of alternative occupations. After initial hurdles to adjust with city lives and with hard struggles, many succeed in getting opportunities in pursuing some economic activities available to them. But, by and large, many of them lead a miserable life due to lack of dwelling, lack of sanitary facilities, lack of safe drinking water, lack of health care measures, and lack of fuel. Many of them become slum dwellers and squatters, who occupy the public space earmarked for public usage like roads, parks, bus and railway stations, and even the sides of rail tracks. Many urban slums are developed by illegal means. On the other hand, those who are allured to city life and come to the city with a great hope, when do not succeed in getting jobs or any avenues of earning their sustenance, they quite often join the criminal or social offending activities. In order to reduce social offences, all those persons need to be rehabilitated and resettled by the state. By undertaking a critical analysis the policies of the Government/ project authorities, with the help of results from our field studies we have identified the following broad issues associated with rehabilitation and resettlement.

- Is displacement an inevitable “price of our progress” towards economic development?
- Involuntary displacement is generally associated with land acquisition by the state for different development projects in the name of “Public Purposes”. The definition of “public purpose” is itself a controversial issue in R & R.
- The valuation of land and the norms used in payment of compensation as well as the forms of compensation payment raise a number of controversies.
- When peoples’ access to common property resource (CPR), which has been an important source of income generation for a number of groups of population, is reduced due to land acquisition, whether all those dependants should be rehabilitated or not?

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<sup>1</sup> “Study on Financing of Dairy Animals and Bullocks/Bullock Carts Under IRDP in UP”, Report Submitted to NABARD, Bombay, 1985

- Since involuntary displacement imposes major economic and social risks upon the project affected people and groups, how to reduce or avoid project-induced social disruption and impoverishment?
- How to plan and execute the rehabilitation and resettlement schemes to mitigate the socio-economic losses arising out of involuntary displacement?
- Is there any scope for participation of the people?
- How best the Remedial Action Plans (RAPs) be implemented and monitored?
- What should be the fundamental goals of the R&R policies:- either to reduce displacement or to promote the livelihood of the project affected persons (PAPs) in the new environment? How to identify the PAPs or who is a PAP?
- How to resolve the problems when resettlement leads to conflict with the host community where settlement colonies are set up by the Government?
- What should be the role of the Government, bureaucracy, jurists, economists, anthropologists, sociologists, NGOs/ activists and above all, that of the PAPs in tackling the problems of R&R?
- How can the PAPs have easy access to the judiciary or legal framework?
- Since the technical persons involved in designing the project usually focus on efficiency and neglect the equity and social justice aspects, the technical feasibility analysis of the project often neglects R&R aspects. So the issue is how to sensitise the technical persons to the problems of R&R?
- Since planning and execution of R&R policies lack human values, the authorities always render lip services towards the pains of PAPs. How to inculcate human values in them? and
- How to maintain sustainable development in the region along side the involuntary displacement?

These are some of the important issues, which have dominated the discussion on rehabilitation and resettlement in different parts of the world including our country. In order to get satisfactory solutions to these issues, one should learn about the basic philosophies and foundations of rehabilitation and resettlement.

### **3. Principles of Rehabilitation & Resettlement**

The underlying principles of 'rehabilitation and resettlement and more particularly, the need for compensation payments are drawn from the theories and concepts of the 'Welfare Economics'. Though the fundamental principles of welfare economics advocate that the

welfare of the 'State' is the ultimate goal of any economic policy, but it also attempts to recognize the individual or private welfare in an explicit way. The welfare foundation of economics interprets a situation as 'increase in welfare', where at least few people bear the loss but more people stand to gain due to any policy change.

In view of this new debate and also due to growth of applied welfare economics in the form of project economics and subsequently EIA, the economists have started investigating the R&R problems. They have started examining the various theoretical principles and policy implications. An analysis of the economic aspects shows that the underlying economic principles of R&R are drawn from the classical, neo-classical and modern welfare economics where the welfare of the individual is well recognised in policies made by the state. Though social welfare gets priority over private welfare in such policy making, the individual interests should not be totally overlooked and accordingly it is enunciated that the loser must be compensated for his losses. Welfare economists have further maintained that in policy making both efficiency and equity considerations must play their respective lead roles. In this regard Prof. J.R. Hicks (1939) had advocated that "if a community were organised on the principles of making all alterations which were improvements (in the efficiency sense), then although we could not say that all the inhabitants of that community would be necessarily better-off than they would have been if the community would have been organised on some different principle, never the less, there would be a strong probability that almost all of them would be better off after a lapse of sufficient length of time". Prof. Hicks along with Prof. Kaldor had later enunciated their economic theory of compensation, which has a lot of bearing for the present policy of R&R due to involuntary displacement. Further, with the growth of applied welfare economics in terms of project economics (otherwise known as benefit cost analysis) and the subsequent environmental economics as well as environmental impact analysis (EIA), the economists have started taking interest in project design, project planning, financial and economic analysis as well as monitoring of the projects. Moreover, the **new development paradigm** calls for a "comprehensive development framework" with orientation towards inclusion of social and human dimensions of development. Of course, the inclusion of human and social dimensions is loaded towards the philosophical and psychological factors which are not easily measurable. Thus, the foundations of R & R are primarily drawn from the anthropological, social, philosophical, political and economic studies

Involuntary displacement of human population due to land acquisition for construction of dams and canals, industrial development, mining, infrastructure development as well as consequent urbanisation and slum clearance is increasing year after year. A study of the World Bank, 1994 had estimated that about 10 million people annually enter the cycle of

forced displacement and relocation just in sectors like dam construction, urban development and consequent transport development. To add to it, an estimate of the United Nations High Commissioner for Refugees had established that there are 15-20 million people world-wide have become refugees due to war and natural disasters. Further, a study of the UNICEF had estimated that nearly 50 million persons were displaced due to development projects by 1997.

Likewise forced displacement has become a common phenomenon in India due to execution of many development projects. A conservative estimate had established that nearly 16.5 million people had been displaced in India over the years as a consequence of land acquisition for different types of projects, out of which around 25% only have been rehabilitated.

#### **4. Policy of Land Acquisition in India and the Distortions therein**

The State Governments generally acquire land for the developmental projects under the Land Acquisition Act of 1894 by paying compensation to the landowners (LOs). But the system of payment of compensation by the Governments has very often brought a number of controversies, as it is not able to guarantee the constitutional commitment of social justice to the project affected persons (PAPS), who are dependent on land and its allied activities. The LOs are invariably dissatisfied by the payment of compensation, which is much less than the market value of land. Further, they complain that the present system of payment of compensation is rampant with corruptible practices. However, on the other hand, some of the senior officials of the Revenue Department boast that they are paying adequate amount of compensation and thereby they are capable of guaranteeing social justice to the PAPS. Due to these controversies, of late, many activists, NGOs, economists and social scientists have studied the socioeconomic impact of loss of land among the PAPS. With the help of the results and findings of those investigations, they have upheld the causes of the people and pleaded for enhancement of the compensation payment to various categories of PAPS. Even they organise the LOs & PAPS to demonstrate and create obstructions for the project to commence its work. In view of these problems associated with land acquisition, many projects get delayed and often result in cost escalations. One such best example is the stalling of the POSCO project in Odisha over last seven years. This proposed integrated steel plant near Paradeep with mini port facility ( the biggest FDI project for India) is yet to start its production activities owing to a host of conflicts.

The present policy of land acquisition, the rationality of deciding the amount of compensation, modes of compensation payment, utilisation of the funds by the LOs, the weaknesses associated with it were being investigated by us through field studies at different project sites. Moreover, the lacuna in revenue record keeping that complicates the problems and the weaknesses associated with the present practice of fixation and

disbursement of compensation payments and the extent to which the compensation amount could regain the lost economic status of the LOs have been examined. Finally, we have suggested some changes in the present policies of compensation payment by which the LOs could be suitably rehabilitated and thereby the execution of the projects will not be obstructed

The loss of land in turn brings miseries for the PAPs in terms of loss of economic opportunities to earn livelihood, displacement from original habitats, loss of common property resources, and destruction of the socio-cultural environment. This process further causes greater damages in the backward areas / regions, which are largely characterized as predominantly agrarian. The people of those regions who generally bear the burden of development projects being illiterate, poor and basically having conservative and traditional outlooks, experience an uphill task to face and fight against the new socio-cultural and economic environment that emerge from the new projects. These disruptive effects of the modern developmental process undermine the over all socio-economic welfare prospect, and also violate the principles of equity and social justice. The best examples of such cases are the plight of land oustees of Narmada and Bagri Dam Projects in Madhya Pradesh, Hirakud and Rengali Dam Projects in Orissa, Tehri Dam Project in U.P., where the people are uprooted from their traditional hearths and occupation. It is established that the economic conditions of most of the LOs as well as PAPs have been deteriorated.

It is further established that the process of development involving large-scale industrialization and promotion of infrastructure projects creates a hostile atmosphere by inflicting upon compulsory sacrifice on the part of the LOs and PAPs. In this regard we have always argued on the basis of our studies dealing with the NTPC project sites and the Rengali Multi-Purpose River Valley Project in Orissa<sup>2</sup> that a comprehensive and well designed Rehabilitation & Resettlement (R&R) policy can minimize the hostile attitude of the people towards the projects. Any serious effort in rebuilding the lost livelihoods of the people by the Project Authorities would help in inducing them to play a greater participatory role in the process of the economic development of the region associated with the project.

With regard to the controversies and conflicts let me liberally quote from my study<sup>3</sup> covering few project sites of National Thermal Power Corporation Ltd<sup>4</sup>.

<sup>2</sup> B.Rath (1980), "Social Benefit Cost Analysis of the Rengali Multi Purpose Project, Orissa" IIT Kanpur (mimeo)

<sup>3</sup> B. Rath (2006) "Land Acquisition for Infrastructure Projects: The Process and Distortions Therein". In B.Rath (Ed) "Rehabilitation and Resettlement in India: Issues, Approaches, Policies and Remedial Action Plans". (mimeo)

<sup>4</sup> The projects covered were the Auraiya Gas Power Project (AuGPP), Dibiapur, Etawah, U.P, the National Capital Power Project (NCPP), Dadri, U. P, the Feroze Gandhi Unchahar Thermal Power Project (FGUTPP), Stage-I, Unchahar, Raiberaly, U.P., and the Faridabad Gas-Based Power Project (FGBPP), Faridabad, Haryana,.

The summary of findings of these studies are highlighted below:

- The Revenue Administration of the district usually adheres to a rudimentary and bureaucratic approach and policy in determining the rates of compensation, which neither reflects the dynamic changes in the socioeconomic structure nor the economic rationality of theory of compensation. As per the provisions contained in the LAA of 1894 and its subsequent amendments, the compensation amount is calculated on the basis of the market price of land prevailing in the area at the time of notification of acquisition. The Collector/District Revenue Authority determines the market price on the basis of the 'Official Sale Price' of land traded in that area where the land is to be acquired. First of all, the revenue officials are supposed to identify the quality of the land earmarked for acquisition. On the basis of the quality (mentioned in the revenue records) lands are being divided into different categories. Then category-wise average official sale prices of last 3 years are arrived at on the basis of the figures obtained from the registration records. Finally the average price per acre of land is estimated and the same figure is considered as the rate of compensation for each category of land that is to be acquired by the Government for public purposes. Any other losses, like loss of crops and trees, loss and damage to movable and immovable properties are also calculated by the concerned Government departments after taking into account the depreciation costs of those assets. All other components of the compensation amount like solatium, interests payable to the Los are being calculated as per the provisions of the LA Act.
- Except for the emergency cases, the total compensation amount thus calculated for each LO is generally paid in four/five installments after the lands are acquired. In most of the case disbursement of the total amount of compensation to the LOs took three/four years after their lands are physically acquired.
- In spite of the amendments incorporated into LAA, the present system of determination of the compensation amount has not been accepted by most of the LOs because they feel that the rates determined by the Revenue Authorities are far behind the existing market price prevailing in the area. In reviewing the R&R aspects of Bagri Dam, the National Human Rights Commission (NHRC) has also acknowledged this shortcoming. The NHRC has suggested the Central and State Governments to amend their rules, regulations and practices relating to acquisition of land for economic development projects.
- In view of low compensation amount received by the LOs, they are not able to buy equal amount of land in that area to sustain their loss of agricultural income. The hopelessly inadequate compensation paid to them does not permit any meaningful rehabilitation. On the other hand, since the views and voices of the LOs are not

heard by the Revenue Authorities, most of them take the shelter of the Court of Law to get justice. But the inordinate delay and financial burdens associated with settlement of the cases by the Courts force many poor LOs to withdraw their cases from the Court of Law<sup>5</sup>.

- With the help of the empirical data and analysis, it is established that the present practice of determining the compensation amount is very much limited and the compensation amount paid to the LOs does not mitigate the loss they suffer from land acquisition. Further, the lengthy and weak system of payment of compensation amount in cash and by instalments do not help most of the LOs to rehabilitate themselves. The norms and principles adopted clearly defy the spirit of the law as well as the principle of equity and social justice. Due to absence of any clear cut principle for determination and distribution of so called “market price” of land in the Land Acquisition Act, the LOs who move to the court of law for re-determination of the compensation amount have to wait for years to get justice. The PAPs being disillusioned and frustrated sometimes resort to strikes, violence, and stoppage of the project work as a means of pressurising the project authorities to provide livelihood to them. All these developments and their concomitant effects lead to loss of production and productivity of the projects, and thereby incur a net loss to the society. These national losses may nullify the net gain anticipated from the development projects from a welfare point of view. In order to overcome some of these weaknesses, alternative method for determining the rate of compensation has been suggested which is loaded towards the economic rationality of compensation principle so as to attain the goal of equity and social justice. The suggested methodology further aims at fulfilling the social needs in terms of **Samata** (*egalitarian distribution of wealth and income*), **Sadsi** (*thrifty style of the whole population*) and **Swabalamban** (*sovereignty and self-reliance of the people*). The proposed method will takes care of the loss of productivity and net income that a person would incur by sacrificing his land for ‘public purposes’. Further, the method and mode of payment of compensation should aim at restricting wasteful non-commercial expenditures by the LOs. The money should be utilised by the LOs in viable commercial ventures, for which he needs advices and if need, training from the project authorities and banks so that they can regain their lost economic statuses. On the basis of our analysis, it is suggested that the procedures and principle of

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<sup>5</sup> The inordinate delay in finalizing compensation disputes can very well be judged by a news report published in the “Times of India, July 8, 1997” under the heading “Land case settled after 53 years”, where the revised compensation to LO of TISCO, Jamsedpur was paid to his grandson after a lapse of 53 years.

compensation payment be based on potential net productivity loss for at least 25 years and be paid in the form of cash and fixed deposit with a locking period for 25-30 years. Further it is suggested that the partition of people in managing CSR activities with transparency will induce the PAPs to take an active role in the project so as to avoid the ensuing conflicts. In this regard, constitution of voluntary groups to interact with the PAPs in the proposed project-sites from very beginning of the proposal will help in building faith among all concerns.

## **5. Concluding Remarks**

The above discussions have established that in the contemporary world of development the concept of “growth with sustainability” has taken centre-stage in all discussions of the political economy. The new concepts like “sustainable development” (with its three dimensions of economic, social and physical as well as “rehabilitation and resettlement” issues to tackle poverty have dominated all discussions at the policy planning and project management. However, at the policy planning and project management levels, one is confronted with the problem of how to bring a balance between economic efficiency and the goal of equity and social justice alongside sustainable development. Thus, at the project level, the greatest challenge for the General Manager/ Project Director is how to acquire land without any conflict, how to have a viable R&R action plan so as to ensure lost economic status of the PAPs, how to co-ordinate with the major stakeholders of the project. In order to get answers to these questions, he has to rely on professionals like economists and social scientists, who should undertake field studies and draw action plans based on economic rationality, whose base is in economic theory. A balance has to be brought between quantitative and qualitative analysis. Further, to resolve the possible conflicts it is suggested that the project authorities should be sensitive to the local issues and show a concern for the problems of the PAPs. He/ she should focus on an integrated management approach, i.e. rather than focusing on his productive efficiency, should involve all stakeholders to tackle the R&R problems with a human face<sup>6</sup> so as to move towards a path of ‘sustainable development’.

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## Land Acquisition: Imperative of Striking A Balance

Santosh Kumar Mohapatra<sup>1</sup>

### Abstract

*Undoubtedly, development efforts of the government require huge amount of lands today. But land is nowadays starting to become a much sought after and a very scarce resource not in the hands of the corporates but in the hands of the farmers. If in the name of industrialisation, urbanisation, growth, and development land is acquired indiscriminately, quantum of arable land will decline and may reach nadir where India's dream of food security will be a chimera. Not to forget the danger it will pose to environment. Everybody knows that in India more than 72 per cent of the population still lives in the rural area depending on agriculture and minor forest produce for its livelihood. For this chunk of population the loss of land and forest means loss of livelihood and starvation. However, total industrialisation cannot be ignored. But the imperative is to strike a balance between demands for lands for accelerated industrialisation in one hand and the need to pay fair compensation and address the problems of dwindling of arable land, on the other hand. Hence, in view of above, any land acquisition must be based on prior informed consent, better competition, and appropriate rehabilitation and resettlement measures. Jobs for all land losers and share in enhanced income due to change in land use must be ensured. Minimum fertile land should be acquired and as a last resort. Acquisition of arable Land for estate should be fully discouraged. Land is national wealth. Problems related to, density of population, status of village and farmers are some of the criteria which will have to be taken into account while acquiring land. The approval of village 'gram sabha' should be sought before going ahead with any development project. Such a policy should take into consideration the provisions of food security, preservation of biological diversity and promotion of the well-being and solidarity of all whose livelihoods depend on land. Land is limited and as much cannot be used to justify forcible acquisition. Government should not acquire land for private projects or corporate organisation except in some exceptional cases. One should not be allowed to construct so many houses for personal residential purpose. The companies wanting land for their ventures should deal directly with the farmers. The Government should treat the right to property as a human right as observed by Supreme Court in regard to (Laxman Lal (dead) vs State of Rajasthan). Effort should be made to control population growth as more land needed to provide shelter to ever escalating population. Measurement of growth should be made through not GDP but Green GDP which takes in to account the depletion of natural and mineral resources and environmental degradation. The obsession with the concept of economic growth should be replaced by the concept of human happiness or human development*

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1. Financial Columnist (English/Odiya) Cuttack, Odisha, Email : skmohapatra67@gmail

**Keywords:** *Land acquisition, Livelihood losers, Public purpose, Rehabilitation Policy*

## **1. Introduction**

The long-pending controversial Land Acquisition, Rehabilitation and Resettlement Bill, 2011, slated to be taken up for passing in the second half of Parliament's Budget Session beginning on April 22, after the government managed to evolve a broad consensus by accepting most of the changes suggested by the BJP could not be placed. One of the BJP's major demands was a provision for leasing, instead of acquiring; land so that the ownership of land remains with the landowners who can earn regular annual income from the leases. It is said that the government has agreed to leave it to individual states to decide on it, as leasing of land comes under the purview of state governments. The preamble to the draft Land Acquisition, Resettlement and Rehabilitation (LARR) Bill as proposed by the Ministry of Rural Development also talks about a "humane, informed, consultative and transparent process for land acquisition for industrialization, development of essential infrastructural facilities and urbanization with the least disturbance to the owners of the land and other affected families and provide just and fair compensation to the affected families whose lands have been acquired. But the opponents of the Bill argue that the above Bill is an attempt to outwit the impediments before acquisition, such as rehabilitation of land losers, without much escalating the cost of land. There is a lot of dilution from the original Bill and Bill has been drafted in such a way that it will speed up large scale acquisition of land for real estate speculation. Even in its original form it failed, to a great extent, to tackle the fundamental issues that led to a lot of disgruntlement over land acquisition and rehabilitation in the first place. The Bill is now heading even further away from that objective as there is a dogged attempt to amend it and make it more corporate or investor friendly. Attempt has also been made to compromise in the consent, rehabilitation and compensation clauses provided for in the original Bill. The paradox of the Bill is that the civil society is unhappy with the Bill for not being progressive enough; industry is unhappy with the Bill for being too progressive.

## **2. Historical Prospective of Land Acquisition in India**

Land Acquisition in India refers to the process of land acquisition by the central or state government of India for various infrastructure and economic growth initiatives. Land acquisition in India is currently practiced under the Land Acquisition Act, 1894. Formulated during the British Raj, this draconian Act allows the government to forcibly acquire land from private landholders for projects of public purpose which is excessively and most iniquitously pro-government and pro-industry. Even Government used to favour certain capitalists to control over land. Controversies, protests and violence have marred land acquisition for projects in India. Quite often governments are accused of acquiring land for private firms by plotting eviction of land owners and rob them of their meagre resources,

transfer the land to corporates in the name of development and then compel them to beg for rehabilitation. The tragedy is that land owners have not been adequately compensated and land losers and livelihood losers have to battle for their own survival. In India since the era of Independence, over millions of people have been displaced with heavy scale projects like dams, canals, thermal plants, sanctuaries, industries and mining which is being categorized as 'development-related displacement. On a rough account, almost one in ten Indian tribal's is a displaced person. Projects that comprise of dams have displaced close to a million adivasis. The stories of displaced dalits are even harsher to know. The 'Walter Fernandes of the Indian Social Institute' have made a remark that 40 per-cent displaced people are of tribal origins.

In the past the state acquires land for the public sector or public purpose to construct roads, to build primary health care centres, schools and colleges and there has not been much of an opposition for the state acquiring land for public interest. But there has been intense opposition when the state acquires land for the corporate sector. The problem assumed gargantuan proportion ever since the country took to the market economy. Land has come to be commercialised. Traders and business-men with the sole intention of making as much money as possible in as little time have poured in large funds into the real estate leading to a speculative boom. This has led to not only commercialisation of land but its commodification as well. Land also has been acquired at throwaway prices by state governments, and then sold at exorbitant mark-ups to industries, or given cheap to political cronies. One of the most abused provisions in the land acquisition law is the emergency power granted to the state to take over land without giving any opportunity to the owner to file objection. Much land ostensibly acquired for industry was diverted to real estate. Real estate is a business promoted by politicians and business groups to acquire as much prime land as possible even with assistance from the anti-social elements. When the poor refuse to give up their land they are forcibly evicted by government machinery. If eviction becomes difficult, murders and killings are resorted to. In the prominent metros of the country, there are frequent incidents of violence and killings on issues of land sale and deeds. This sparked accentuation of conflicts and major agitations against acquisition that has now forced Government to draft a new Land Acquisition Bill.

The NDA regime, in 2003, brought a Rehabilitation and Resettlement Bill but, it lapsed. Two Bills -the Land Acquisition (Amendment) Bill, 2007 and the Rehabilitation and resettlement Bill, 2007-on similar lines were introduced in Lok Sabha by the UPA government in 2007. These Bills lapsed with the dissolution of the 14th Lok Sabha. The reincarnation of the 2007 Bill known as the Land Acquisition, Rehabilitation and Resettlement Bill, 2011, is also known as LARR Bill 2011, was introduced in Parliament in September 7, 2011. But it was plagued by various objections from different quarters before the final version came and referred to a Parliamentary Standing Committee led by BJP MP Sumitra Mahajan. The panel's

report was submitted in May, 2012, following which the Rural Development Ministry re-wrote the Bill to incorporate many of its recommendations, renamed it as “Right to Fair Compensation, Resettlement, Rehabilitation and Transparency in Land Acquisition Bill, 2012”. As certain stake holders Miniseries— mostly from infrastructure ministries — expressed concerns about provisions in the Bill, resulting in further postponement as the matter was left to a specially constituted Group of Ministers’ (GoM), headed by Union Agriculture Minister Sharad pawar to look into touchy and contentious issues.

The newly christened Right to Fair Compensation in Land Acquisition, Resettlement and Rehabilitation Bill, 2012- that emerged in the context of increasing disputes over land acquisition and rehabilitation were cleared by the Union Cabinet on December 13, 2012. This Bill requires 154 amendments in LARR Bill 2011 from which almost a hundred are typographical errors, nomenclature changes and definitional changes. Some 28 amendments are minor ones, procedural in nature. Twenty-six amendments are what one may call substantive amendments affecting the basic structure. Of these, 12 are those that have been suggested by the Standing Committee and 14 are the result of Group of Ministers’ deliberations. However, the revised Land Acquisition Bill incorporating recommendations of the Parliamentary Standing Committee and Group of Ministers’ is proposed to be introduced in Lok Sabha in winter session has been deferred to the Budget session with members pleading for more time to discuss the various aspects of the land acquisition Bill. This will replace and rectify the failings of the archaic Land Acquisition Act 1894 (LAA) and will be central legislation in India for the rehabilitation and resettlement of families affected by land acquisitions.

### **3. Danger of Widening the Ambit of Public Purpose**

The original Bill defined public purpose in broad terms, which included acquiring land for for-profit private companies. The Parliament’s Standing Committee on Rural Development had expressed concerns about widening the definition of public purpose and in fact had argued for narrowing the definition. It has also suggested that there should be no acquisition of land for private sector or PPP projects. Unfortunately, the Group of Ministers, headed by Union Agriculture Minister Sharad Pawar, has instead accepted further widening of the definition of public purpose to facilitate the trend so that industries grab land and public resource easily. When government declares public purpose and shall control the land directly, consent of the land owner shall not be required.

Public purpose in the original Bill included apart from defence projects, “land for railways, highways, ports, and power and irrigation purposes for use by the government and public sector companies”. The new amendments now introduce the gamut of manufacturing and infrastructure projects under the head of public purpose, without any requirement for consent of the landowners. Public purpose would also include acquiring land for the National Investment and Manufacturing Zones and industrial corridors in Delhi and Mumbai. Thus,

instead of restricting land acquisition by the state to defined public purpose and infrastructure projects, the Bill throws the doors wide open for any kind of land acquisition by the state for companies, whether these be state enterprises, private enterprises or public-private partnerships. This is in sharp contrast to the noble objectives as ingrained in preamble of land acquisition Bill.

Ms Medha Patkar, noted environmentalist, made scathing attack on the above Bill and said that while even the British restricted acquisition to government projects termed as “public purpose”, our elected governments amended the Act of 1894 to legitimise acquisition for private companies and public-private partnership projects. In the new Bill Public purpose has been poorly defined “in a manner worse than in the British Act”. Actually, the Bill permits the virtual conversion of public purpose into private benefit by not questioning the public-private partnership mode of implementation of infrastructure projects. One fails to understand why the state should buy land for private enterprise. Even if there is a public-private partnership, the state should not intervene on matters of land from the people as acquiring land for corporate or for profit purpose is not done in foreign countries such as US Canada, Japan, Australia and European Union. Although the Land Acquisition Act means acquiring land for some public purpose by the government as authorised by the law, activists complain that a number of projects, which have no public purpose, as in the case of Special Economic Zones (SEZs), usurped land from property owners at cheap rates, misusing the Land Acquisition Act. India has the highest number of SEZs in the world despite widespread protests against the land-grabbing exercise

#### **4. Ignoring Affected Losers**

Land acquisition involves three elements such as the land seekers and the landowners, and livelihood losers. But interests of livelihood losers are never taken in to consideration which is also evident in recent Bill drafted by the Ministry of Rural Development. What is most worrisome is that revised Bill ignores the consent of affected losers in the process of acquisition. When the government acquires the land on behalf of public sector companies or for private companies, LARR 2011 proposes that the consent of at least 80% of the project affected families – both land losers and livelihood losers- shall be obtained through a prior informed process before government uses its power to acquire the remaining land for public good. But tragically, new Bill ignores the reservation of Standing Committee’s in this regard due to investor’s lobbies. In the revised Bill, in the case the public-private partnerships (PPP) projects, consent has been reduced from 80 per cent to 70 per cent and only the consent of the landowners not all land losers including those dependent on land, such as agricultural workers, wage labourers, artisans and landless peasants. This is a ridiculous provision, inhuman in nature. To state that if 70 per cent of people agree to hand over land and 30 per cent resist, such land can be taken over is a fascist attitude. Even, demand made by the Ministry of Commerce and industry, that private entities be included

in the PPP mode in the provision of urban sites and planned development undertaken by the government, was accepted by the GoM. The state has no business to deny individuals their right over property. Should the minority be made to suffer for the greed of the corporates or the state?

## **5. Peril of Acquiring Multi-cropped Land**

The other major compromise to industry has been that a plea to remove caps on the acquisition of multi-cropped irrigated land district wise was also accepted. Though Government clarifies that acquisition of multi-cropped land will be done as a last resort, the GoM conceded that the caps on acquisition of irrigated multi-cropped land and agricultural land had been left to the discretion of State governments. State has every chance to utilise it in favour of private companies. Ms Medha Patkar argues that since capital and labour are not acquired forcefully then neither should land. Citing the Standing Committee report, she justifies no acquisition of agricultural land and advocates for a complete ban on the acquisition of agricultural land without distinctions as to single or multi-crop. She also quotes the report of the all-party committee on the Bill which supports the idea of no forcible acquisition for private or PPP projects; no acquisition of agricultural land — one crop or multiple crop; and bringing under the purview of this Act, all Central Acts used for land acquisition in sector such as mining, highways, railways, ports etc. Even in original Bill acquisition of land for multi-crop land was also opposed. Earlier, the extent of multi-cropped irrigated land that could be acquired had been capped at 5 per cent. A cap was also placed on the extent of net sown area that could be acquired.

But Jairam Ramesh, Minister for Rural Development says the argument seems valid on the face of it but land, unlike capital and labour, is not fungible. In other words, land is finite and immovable. Land for local needs cannot be substituted by the acquisition of land elsewhere. To illustrate; if a road has to be built to connect two towns then land at another location cannot be acquired for this purpose. To take such decisions the State, which is the ultimate arbitrator of public good, has to be vested with the power of eminent domain. The State must have a role in acquisition given that land markets are highly imperfect in India and given that there are huge power and information asymmetries between the buyers and sellers of land. Again this is not a feasible suggestion as such a sweeping provision will create insurmountable obstructions to growth and development particularly in rural areas. However, another compromise is that the exemption of as many as 16 pieces of legislation listed in the fourth schedule of the Bill—such as the Atomic Energy Act, the Land Acquisition (Mines) Act, the Special Economic Zones Act, the Coal Bearing Areas Acquisition and Development Act, the Electricity Act, and the Railways Act—and giving powers to the government to add on any other legislation keeping it out of the purview of the Bill has not been taken up seriously. There was a demand from the Ministry of Commerce and Industry to exempt the SEZ Act from the list of excluded Acts. The Act has now been removed though the GoM had argued that the LARR Bill should apply to the establishment of SEZs

## **6. Unfair Compensation**

Acquisition of land, however, has faced increasing difficulties in the form of resistance from the losers or their demand for compensation commensurate with the gains accruing to the ultimate acquirers of that land. The monetary compensation being claimed by the land-owners have been fairly low, as the price-level for basic commodities have been escalating day by day. There has been no provision for a compulsory Social Impact Assessment and lastly no recognition of indigenous rights. The rehabilitation provided by the Bill is certainly not fair, nor adequate for an alternative livelihood. Cash being no option, land for land as provided in the 2007 policy is also not in the amended bill. Even cash was offered by the British as well. Surprisingly the original policy had suggested a formula for a six-time higher compensation at the minimum which has been reduced to a four- time higher compensation times in rural areas and only two times in urban areas in revised Bill. It may be noted that the Parliamentary Standing Committee suggests a compensation formula providing roughly four times the average sale price registered in the last three years. However, this hike in compensation is not encouraging and is skimpy in view of rapid escalation in the prices of land and speculation involved in it.

One of dangerous aspect is that the Bill will apply prospectively, not retrospectively, for new acquisitions. Earlier, the Bill was to apply retrospectively, that is, to ongoing land acquisitions where the award has not been made or possession not taken. Now a minor concession has been made in that the Bill will apply with retrospective effect but only under certain conditions. The overall changes that have been introduced mark a significant shift from the original Bill and the report of the Standing Committee on Rural Development. The only problem is not the quantum of compensation but how quickly, it is delivered. Actually people always get delayed compensation .According to Supreme Court“ Compensation delayed is livelihood deprived’ and inordinate delay in payment of compensation to farmers for land amounts to deprivation of livelihood, which is a violation of Article 21 (right to life) of the Constitution. A welfare state governed by the rule of law cannot arrogate to itself a status beyond one that is provided by the Constitution. Statutory authorities are not only bound to pay adequate compensation but there is also a legal obligation upon them to rehabilitate such persons.

## **7. Need to Strike a Balance**

In brief it can be concluded that the present Bill falls far short of what is required to protect natural and human resource-based communities and uphold truly democratic development planning. While on the face of it, the Bill sounds progressive and pro-people, objections raised earlier by several sections have not been addressed, even though investor interests seem to have been factored in. The revised Bill is unjust, unfair to land owners but iniquitously pro-industry. The Bill described by Government as the Bill for the people while in reality the Bill rightly does the biddings of his invisible masters, the neo-liberals

and clings on to a colonial legacy. It is also alleged that some of these terms and conditions embedded in the LARR Bill 2011 conforms to A Policy Document of the World Bank, for instance ("India: Land Policies for Growth and Poverty Reduction," Report No. 38298-IN, July 9, 2007.) To swathe up the veiled agenda of selling the country to transnational and multinational corporations, there are certain clauses in the Bill which sound revolutionary and yet when analysed are found empty and even anti-people. The Bill caters to the interests of the corporate sector rather than taking into account the serious criticisms that have come from organisations representing the interests of farmers and others whose livelihood is linked to land. The interests of the losers in land acquisition do not count for a lot in such a context. Ultimately, it is the poor who has to pay the price for development.

Undoubtedly, development efforts of the government require huge amount of lands today. But land is nowadays starting to become a much sought after and a very scarce resources not in the hands of the corporates but in the hands of the farmers. If in the name of industrialisation, urbanisation, growth, and development land is acquired indiscriminately, quantum of arable land will decline and may reach nadir where India's dream of food security will be a chimera. Not to forget the danger it will pose to environment. Everybody knows that in India more than 72 per cent of the population still lives in the rural area depending on agriculture and minor forest produce for its livelihood. For this chunk of population the loss of land and forest means loss of livelihood and starvation. However, total industrialisation cannot be ignored. But the imperative is to strike a balance between demands for lands for accelerated industrialisation in one hand and the need to pay fair compensation and address the problems of dwindling of arable land, on the other hand.

## **8. Conclusion**

Hence, in view of above, any land acquisition must be based on prior informed consent, better competition, and appropriate rehabilitation and resettlement measures. Job for all land losers and share in enhanced income due to change in land use must be ensured. Minimum fertile land should be acquired and as last resort. Acquisition of arable Land for estate should be fully discouraged. Land is national wealth. Problems related to, density of population, status of village and farmers are some of the criteria which will have to be taken into account while acquiring land. The approval of village 'gram sabha' should be sought before going ahead with any development project. Such a policy should take into consideration the provisions of food security, preservation of biological diversity and promotion of the well-being and solidarity of all whose livelihoods depend on land. Land is finite and cannot be used to justify forcible acquisition. Government should not acquire land for private projects or corporate except in some exceptional cases. One should not be allowed to construct so many houses for personal shelter. The companies wanting land for their ventures should be allowed to deal directly with the farmers. The Government should treat the right to property as a human right as observed by Supreme Court in regard to

(Laxman Lal (dead) vs State of Rajasthan.) Effort should be made to control population growth as more land needed to provide shelter to ever escalating population. Measurement of growth should be made through not GDP but Green GDP which takes in to account the depletion of natural and mineral resources and environment degradation. The obsession with concept economic growth should be replaced by concept of human happiness or human development.

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## Land Acquisition & Special Economic Zones in India

Sudhakar Patra<sup>1</sup>

### Abstract

*The objective of this paper is to analyse and compare the land acquisition policy for Special economic Zones in India. The study is based on secondary data and information collected from SEZ reports, Ministry of Industry, Government of India. Total Land Area in India is 2973190 sq km out of which agricultural area is 54.5% (1620388 sq km) and Non Agricultural area is 45.5% (1352802 sq km) as per 2011 figures. Approximately 531 SEZs have been formally approved in India which covers 676 sq km but 143 SEZs have been approved in-principle which acquired 1209 sq km. Total Area (incl. IP approvals) covered by SEZs is 1885 sq km which is 0.063% of total land area and 0.116% of Agricultural land. The rehabilitation and resettlement of land losers for SEZs have been quite inadequate in India.*

### 1. Introduction

Land acquisition and rehabilitation of displaced people are hot topics of academic interest in every country. India has established Special Economic Zones (SEZs) for industrial development in 2005. The SEZ Act was passed by the Parliament in 2005 with the view that it would create growth by increased exports, jobs for youth and thus lead us on the path of development. This law has extended substantial tax benefits and subsidies to SEZ developers apart from providing cheap land for developing SEZs. The main objectives of the SEZ Act in India are: (a) Generation of additional economic activity, (b) Promotion of exports of goods and services, (c) Promotion of investment from domestic and foreign sources, (d) Creation of employment opportunities, and (e) Development of infrastructure facilities. Since then, a number of SEZs have come up across many states attracted by the tax benefits offered. It needs about 50,000 hectares of agricultural land. Farmers are resisting for land acquisition because it leads to their deprivation, joblessness, rehabilitation problem and other miseries. The key issues involved are fixation of compensation for acquisition of land from the farmers, displacement of families and their rehabilitation at secured places and employment of farmers in case of loss of land. These are the issues

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1. Head, PG Department of Economics, Ravenshaw University, Cuttack, Odisha  
Email: sudhakarpatra65@gmail.com

which are still creating troubles for proper settlement. As per the existing findings of various case studies it has been observed that farmers do not wish to give land and oppose the SEZs. In reality, those who gain and lose are different sets of people. Losers are those who are displaced by these SEZs and beneficiaries are generally urban and skilled workers who get employment in them. Farmers and others who sacrifice their land for this development derive little benefits from them because jobs created generally require high skilled which they are not equipped to do. If, at all, they get some jobs, these tend to be low skills. Since the new and modern enterprises are bound to be much more capital intensive than agriculture or nonfarm rural activities, they would create fewer jobs.

The extent of commercialization of natural resources like land is very high. Availing cheap land in abundance is the most lucrative concession to the developers of SEZs. In many cases, the land allotted is in excess of the requirement of the industries. This implies that land is treated as an investment in real estate where profits can be derived in future. In this context, the objective of this paper is to analyse the land acquisition policy for Special economic Zones in India. The study is based on secondary data and information collected from SEZ reports, Ministry of Industry, Government of India.

## **2. Land Requirements for Special Economic Zones**

The total land requirement for the formal approvals granted till date is approximately 67,772 hectares out of which about 109 approvals are for State Industrial Development Corporations/State Government Ventures which account for over 20,893 hectares. In these cases, the land already available with the State Governments or SIDCs or with private companies has been utilized for setting up SEZ. The land for the 260 notified SEZs where operations have since commenced involved is approximately over 29,953 hectares. Out of the total land area of 29,73,190 sq km in India, total agricultural land is of the order of 16,20,388sq km (54.5 per cent). Out of this total land area, the land in possession of the 260 SEZs notified amounts to approximately over 299 sq km only. The formal approvals granted also works out to only around 677sq km. Table -1 shows total SEZs approved and notified in different states in India.

**Table-1: Number of SEZ approved, Notified & Operational in States of India up to March, 2012**

<b>State</b>	<b>Formal Approval</b>	<b>Notified</b>	<b>SEZs Operational</b>
Andhra Pradesh	109	75	36
Chandigarh	2	1	0
Delhi	3	0	0

Dadra & Nagar Haveli	3	1	0
Goa	7	3	0
Gujrat	45	29	13
Haryana	46	35	3
Jharkhand	1	1	0
Karnataka	58	36	20
Kerala	28	20	7
Madhya Pradesh	15	6	1
Maharastra	104	63	18
Nagaland	2	1	0
Odisha	10	1	0
Pondichery	1	0	0
Punjab	8	2	0
Rajasthan	10	9	4
Tamil Nadu	71	57	28
Uttar Pradesh	34	21	6
West Bengal	22	12	5
Total	583	381	143

Source: Ministry of Commerce and Industry, Government of India, New Delhi

Andhra Pradesh has highest number of SEZ approvals(109) and operational(36). The less developed states of India have less SEZ approvals in India. But total land allotment to SEZ in Maharastra is 47,225 Sq Km which is 28.89 % of total land allotted for SEZ. Kerala has allotted only 977 Sq Km which is lowest & 0.60 % of total land.

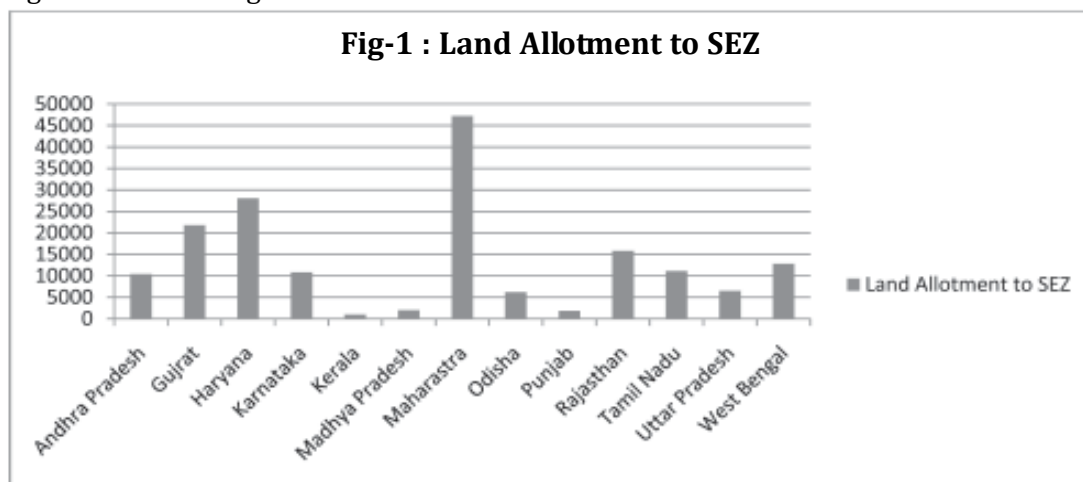
**Table-2 : State Wise Land Allotment to SEZ March, 2012**

Sl No	State	Land Allotment to SEZ( Sq Km)	Percentage
1	Andhra Pradesh	10417	6.37
2	Gujrat	21800	13.34
3	Haryana	28052	17.16
4	Karnataka	10824	6.62
5	Kerala	977	0.60
6	Madhya Pradesh	2025	1.24
7	Maharastra	47225	28.89
8	Odisha	6199	3.79

9	Punjab	1845	1.13
10	Rajasthan	15819	9.68
11	Tamil Nadu	11124	6.81
12	Uttar Pradesh	6509	3.98
13	West Bengal	12812	7.84
14	Total	163430	100
15	Grand Total( UT & others)		196656

*Source: Ministry of Commerce and Industry, Government of India, New Delhi*

Fig-1 shows bar diagram of land allotment in different states in India.



### 3. The Land acquisition Problem in India for SEZ

The most important natural resource, upon which all human activity is based since time immemorial is land. Land continues to have enormous economic, social and symbolic relevance. How access to land can be obtained, and how ownership of land can be documented are questions essential to the livelihoods of the large majority of the poor, especially in the rural and tribal areas. Land policy and administration are critical determinants of the transactions costs associated with accessing and transferring land, both for business and residential use. Land continues to be a major source of Government revenue and is a key element in implementing a wide range of government programmes. Land policies and institutions will have a far-reaching impact on the country's ability to sustain high rates of growth, on the degree that economic growth benefits the poor. Land acquisition refers to the process by which the government forcibly acquires private property for a public purpose without the consent of the land owner, which is different from a market purchase of land. The land acquisition for SEZ is not voluntary but forceful

in nature. At the heart of the problem is the fact that the establishment of an SEZ generally requires the forced acquisition of land and the eviction of its previous users. This is possible for Indian states under the Land Acquisition Act of 1894 for “public purposes”. The states in which the SEZs have been approved are facing intense protests, from the farming community, accusing the Government of forcibly snatching fertile land from them, at heavily discounted prices as against the prevailing prices in the commercial real estate industry. There is huge protest by the land owners for forceful occupying their land in the name of public purpose for development. Total Land Area in India is 2973190sq km out of which agricultural area is 54.5% (1620388 sq km) and Non Agricultural area is 45.5% (1352802 sq km). Approximately 531 SEZs have been formally approved in India which covers 676 sq km but 143 SEZs have been approved in-principle which acquired 1209 sq km. Total Area (incl. IP approvals) covered by SEZs is 1885 sq km which is 0.063% of total land area and 0.116% of Agricultural land. Farmers are resisting for land acquisition because it leads to their deprivation, joblessness, rehabilitation problem and other miseries. There is a consensus that no development can be accepted at the cost of social equity. The establishment of SEZs has created a number of problems and the most important among them is the rehabilitation of those displaced persons. Displaced persons holding agricultural land lose their bread provider through their land which was the only occupation known to them. Further, compensation given for acquiring their precious land to which they are traditionally attached has been meager in the present rate of economy. Displaced persons have to go in search of employment after they are thrown out of the land. Further, they have to struggle a longer period of time even to get their compensation on the one hand and livelihood on the other hand.

#### **4. Inadequate Compensation and Rehabilitation**

Since independence, India has pursued a policy of industrial development and set up large industries or industrial estates and projects like mines, dams, ports, and expansion of the road and rail network. Each one of them has displaced people in large numbers. There has also been the experience of setting up Export Zones and Electronic Zones. In most of the cases, the displaced people have found little new employment in these projects while the educated elite, the 5 per cent of the workforce in the organized sectors, have benefited substantially. The compensation required under the Land Acquisition Act focuses entirely on the market value of the land asset. It assumes that land is the only thing that is lost and that formal landowners are the only ones to lose. Rehabilitation policy implicitly assumes the existence of homogeneous labour, which can migrate anywhere to get work. That is not true for the agriculturists. For them it is an interdependent life and kinship is crucial. This displacement is very painful since it breaks the family and neighbourhood bonds that are not easy to establish in a new setting. The bonds may be between the labourer and the

farmer or the farmer and the carpenter or the blacksmith, and so on. From past experiences of displacement it is clear that the rehabilitation of farmers, as it is done now, does not work (Fernandes, W. and S.A. Raj, 1992). It is not that those displaced did not receive any compensation at all. However, most of them did not know the modern institutions and practices. They did not know what to do with the compensation received. Often money was blown up in drinks and conspicuous consumption. Another important point is that the landless who will not receive any compensation and those performing non-farm activities like the potters, herdsman, carpenters, and so on, who are traditionally integrated into the farm economy, are left without any redress for the severe disruption to their livelihoods that they face. In fact, the ones worst affected will be the share-croppers and labourers, the petty traders and service providers. These landless people do not even have a legal basis for compensation.

Another major criticism of forced land acquisition is that it often discriminates against the most vulnerable sections of society, particularly scheduled castes and tribal peoples. Vulnerable groups are also the most likely to suffer from malpractice in the distribution of compensation or other rehabilitation benefits. In recognition of the inadequacy of the current situation, the Rehabilitation and Resettlement Bill, 2007 has been proposed (Government of India, 2007). The following are the rehabilitation and resettlement benefits proposed under the bill:

1. Allotment of agricultural land.
2. Financial assistance related to loss of cattle sheds.
3. Transportation cost.
4. Employment and Skill Development Opportunities.
5. Options for allotment of shares of the companies placed in the SEZ areas.
6. Substance Allowances.
7. Option for lump sum payment in lieu of benefits given.
8. Special provisions for the rehabilitation of the members of the Schedule Castes and Scheduled Tribes.
9. Housing Benefits

The current functional statutory provision for rehabilitation and resettlement of the SEZ displaced people is inadequate.

## **5. Rehabilitation Policy of 2009 under SEZ**

The provisions of the Land Acquisition Act and the Resettlement and Rehabilitation Policy

as framed by the Ministry of Rural Development will be applicable for acquisition of land for SEZ too (<http://allindiantaxes.com/sez-instructions65.php> ). However, while identifying the location for setting up of Special Economic Zones, the promoter may keep in view the following aspects:

- (i) As far as possible, SEZs may be located outside an urban agglomeration/ municipal limit.
- (ii) Sufficient land and water resources for the population envisaged in the SEZ should be available.
- (iii) Cultivable land should be considered only if adequate quantum of other land is not available. First preference should be for acquisition of waste and barren land, followed by single crop land and double crop land necessary to meet the contiguity requirements.
- (iv) Site shall have potential for development as a self-contained entity along with environmental sustainability.
- (v) As far as possible SEZs shall be self-contained with respect to basic facilities and requirements.

## **6. Suggestions for improvement of Compensation for displaced people**

The compensation for displaced people can follow following principles.

- (i) Project Affected Families (PAFs) can make a choice in the way compensation is offered- a) as a lump-sum amount; b) 30% as a lumpsum amount, and the rest as an annuity at the rate of 12% interest escalating every year for 33 years; or c) The total value as an annuity at the rate of 12% interest escalating every year, for 33 years.
- (ii) Share-croppers, landless labourers, artisans et al should receive ten days' minimum wage per month for thirty three years when land is acquired by the State for 'public purposes'.
- (iii) For such persons, there would be additional provisions for homestead land, training and employment rehabilitation in the rehabilitation and resettlement package.
- (iv) The NAC has emphasized that lawfully recorded tenants and sharecroppers should be compensated for the parcels of land that they are losing, on an 80%:20% basis with the landowner being given 20%, which should not be less than four times their current income.
- (v) A minimum of 5% shares should be distributed (equitably) free of cost to PAFs (increased by 5% for every additional 100 acres acquired). If the Government is

allowed to acquire land, then land owners and non-land owners who depended on that land should enjoy four times their present monthly income after acquisition.

- (vi) The NAC has proposed that compensation for those who lose land will be six times the registered sale deed value including solariums.

## **7. Suggestions on Rehabilitation and Resettlement**

Rehabilitation and resettlement is not adequate in India. The people protest the present mode of land acquisition and resettlement policy of our country. It can be improved in many ways for the benefit of displaced people. The following suggestions are forwarded for improving R & R policy of our country.

- (i) Land acquisition should not be forceful but by consent of people. Public consulting and prior informed consent during the process of land acquisition should be mandatory in all kinds of land acquisition.
- (ii) The Project Affected Families (PAFs) should be provided legal rights to challenge the entitlement which has been withdrawn under R&R Bill, 2009. Rehabilitation & Resettlement for all affected persons must be completed at least 6 months before taking possession of land.
- (iii) land for land, housing, employment and training opportunities, should be compulsorily offered to all PAFs irrespective of size of acquisition so that they will not be worse off than before. Compulsory provisions for land for land are non-negotiable in case of all tribal and dalit families and all irrigation projects.
- (iv) Basic amenities like roads, safe drinking water, hygiene, educational facilities, community hall, and basic irrigation facilities should be present at resettlement sites instead of the Government notifying the amenities to be provided in resettlement sites as per the Section 30 of the R&R 2009 Bill. Each displaced family should be provided a built house and homestead land title.
- (v) The government should take consent of more than 50 percent of the affected families in a gram sabha before acquisition. A National Commission for Land Acquisition, Resettlement and Rehabilitation (NCLRR) may be established to properly assess extent of displacement based on the Social Impact Assessment (SIA).

## **8. Conclusion**

The SEZs basically violates the right to life and livelihood of the people who are forcibly displaced for the implementation of The SEZ. It also creates the conflict of land based livelihood of the peasants. The role of gram sabhas is not recognized, nor is the legal process fully and fairly followed. It is not just land but habitat after habitat, even generation's old,

common property resources, such as water bodies as also tree and forest cover, that is snatched away, resulting in the poor being deprived of their livelihoods and uprooted from their socio- cultural milieu. Compensation of all this loss with acceptable alternative livelihoods and a share in the benefit, rarely come true for decades, even generations. People resist the resultant trauma and fight for survival with right to life and livelihood within our constitutional framework. There is need of proper rehabilitation and resettlement to correct the wrong headed policies of successive governments.

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# Land Acquisition for Mining : The Problem of Livelihood Loss With Special Reference to Keonjhar District of Odisha

Minati Sahoo<sup>1</sup>

## Abstract

*The present paper attempts to study the impact of acquisition of land for mining on livelihood of inhabitants of mining area of Odisha. Things have changed in recent years with the need for land acquisition having increased, particularly after the Special Economic Zones (SEZs) and mining and large development projects started coming up in a big way. So the extent of diversion of forest land to mining in Odisha Vis a Vis with other states has been highlighted. Endowed with vast mineral deposits, Odisha occupies a prominent place in the minerals map of the country both in term of deposits and production and Keonjhar District is considered to be the mining belt of Odisha. In this backdrop the paper discusses problems on the inhabitants due to acquisition of land for mining. It has been found out that diversion of forest land has been mostly towards mining activities in India and in Odisha. Mining accounts for more than one third of diversion of forest land in Odisha. Further the benefits from the mining industry in the region accrue to its workforce, deprives the rest of the population in the locality. These populations bear only the cost that is the cost of deprivation from livelihood system, while the provision of benefit is uneven. The paper concludes that the enactment of Land Acquisition, Rehabilitation and Resettlement Bill (LARR Bill), 2011 was a much needed step in the right direction, but fails on many fronts to address some of the vexed issues on land acquisition related to mining.*

**Keywords:** Land Acquisition, Livelihood, Mining

## 1. Introduction

Minerals constitute an important source of raw materials for most of the basic industries necessitating their exploration from earth. They represent the wealth of a region where they exist and open up wide vistas for the prosperity of the region. Odisha is a very rich mineral bearing state of India. Odisha is the leading producer of chromites, graphite, bauxite, manganese ore, iron ore, sillimanite, quartzite, pyroxenite and dolomite.

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1. Assistant Professor in Economics, School of Development Studies,  
Central University of Odisha, Email : minati.sahoo@gmail.com

The mining and quarrying sector has been contributing about 7.5 percent towards Odisha real GSDP at 2004-05 prices (Economic survey of Odisha, 2012-13). This is also a source of revenue to the state exchequer in terms of royalty collected from the lease holders. State government earns Rs 1029 million in 2010-11 as royalty collection in minerals (Indian Bureau of mines). In terms of value of output of minerals, Odisha ranks highest enjoying 11.89 percentage share of total value of mineral output in India in 2010-11 (Economic Survey of Odisha, 2011-12).

Within the State, coal constitutes the lion's share (87%) of all mineral deposits, followed by iron ore and bauxite, about 47 percent of coal has been extracted in Angul district and the rest from Jharsuguda, Sundargarh and Sambalpur districts. Iron ore extraction is mostly confined to Keonjhar district which accounts for 63.8 percent of total extraction, followed by Sundargarh (34.3%). Most bauxite mining takes place in Koraput district. Iron ore is the most important mineral in the export basket of all minerals. Its share in total exports of minerals stood at 96.2 percent in 2011-12. The employment has touched 51,877 by the end of 2010-11 showing an increase of 18.7% over 2009-10. But it decreases by 7.01 percent that is 48,239 in 2011-12. Further nearly 70 percent of people in mining sector are engaged in the iron ore and coal mine. Iron ore extraction is mostly confined to Keonjhar district which is considered to be the mining belt of Odisha accounting for 68.4 percent of total extraction. It is having second highest extraction rate of 1.63 percent after chromites having the highest extraction rate of 2.33 percent (Economic survey of Odisha, 2012-13).

Apart from direct employment benefits from mining activity, there has been also a realization of benefits in the form of a number of indirect employment opportunities like running workshop cum garage, shops, provision of stores and other allied activities. Thus the district which contributes a sizeable percentage of iron ore produced in Odisha has had fortune of imparting a string of benefits to its people – thanks to mining. The per capita income in the district is just above the state average. Human Development Index (HDI) along with the income takes into account education and health aspect of the people. Keonjhar district though enjoys a high per capita income but is ranked 24th among the thirty districts in Odisha according to HDI (Odisha Human Development Report, 2004). Thus the issue that cries for attention is the price that these people have to pay for the benefits of mining. This raises a pertinent question whether economic benefit generated from mining in the district is higher than the external cost the people have to pay for it?

Additionally Mining cannot be done without degrading land and without disturbing the existing environment. Degradation of environment has not left the lives of people untouched. Damage to river, field, well, flora and fauna in one way or other has badly affected the people themselves (Monjezi M. et al, 2008; Ezeaku P I, 2012). Developing regions with large mineral deposits confront a challenge in striking the right balance between

exploiting the mineral resources for economic prosperity and safeguarding environmental stability and social welfare. The state of Odisha in India faces this challenge as a major reform program with the mining sector taking center stage in the growth process. Most of mineral deposits of Odisha are in forests that are inhabited by tribal population rich biodiversity. Mineral extraction therefore has disproportionately affected forest ecosystems and the forest dwelling population. However, the mineral sector is perceived to have failed to alleviate poverty for these people. Thus, the impact of mines upon natural ecosystems, biodiversity and tribal livelihoods has become a key concern and source of conflict in Odisha. The state government believes that the vast mineral reserves offer potential not only for overall economic growth, but also for creating local employment opportunities. Accordingly, plans are being developed to expand mining output but have been criticized by environmentalists and social activists who are concerned about the potential loss of forests and displacement of villages as the mines increase in number and size of operation which is bound to have a significant impact on the livelihood of the people and Keonjhar district which is the hub of iron ore mining is not an exception. So an attempt has been made in this paper to find out the acquisition of land for mining which results in diversion of forest land to mining in Odisha. It also highlights the impact of the diversion of forest land and agricultural land for mining on the livelihood of inhabitants of Keonjhar district of Odisha and analyses New Land Acquisition Act 2011 as the savior of this situation. The above objectives are discussed in the subsequent sections.

## **2. Extent of Forest Lands Loss Due to Mining**

Almost all of India's minerals are in the same regions that hold its greenest forests and most abundant river systems. These lands are also largely inhabited by India's poorest and most marginalized people – the scheduled tribes and scheduled castes – who depend on the very same forests and watersheds for their survival' (Bhusan C, Hazra M Z, 2008). Table 1 reveals total forest cover in mineral producing states where Madhya Pradesh has the highest forest cover (11 percent), followed by Odisha (7 percent), and Andhra Pradesh (6.7 percent). Keonjhar district which is having a geographical area of 8303 sq km, has a forest cover of 3097.1 sq km (38%) as in 2009-10.

**Table-1: State-Wise forest covers in India in 2011**

State	Geographical Area(in km <sup>2</sup> )	Total Forest(in km <sup>2</sup> )	%
Andhra Pradesh	275069	46389	6.70
Assam	78438	27673	4.00
Bihar	94163	6845	0.99
Chhattisgarh	135191	55674	8.05

Goa	3702	2219	0.32
Gujarat	196022	14619	2.11
Himachal Pradesh	55673	14679	2.12
Jharkhand	79714	22977	3.32
Karnataka	191791	36194	5.23
Madhya Pradesh	308245	77700	11.23
Maharashtra	307713	50646	7.32
Meghalaya	22429	17275	2.50
Odisha	155707	48903	7.07
Rajasthan	342239	16087	2.32
Tamil Nadu	130058	23625	3.41
Tripura	10486	7977	1.15
Uttarakhand	53483	24496	3.54
West Bengal	88752	12995	1.88
<b>India</b>	<b>3287263</b>	<b>692027</b>	<b>100.00</b>

source:<http://www.indiastat.com/table/forestandwildlife/13/forestcover19872011/450042/619342/data.aspx> as assessed on time: 1.30pm, date: 27/2/2013

The total forest land diverted for mining in India from 1980 to 2012 has been estimated to be as high as 144690.35ha (Table 2). Chhattisgarh (20.69%) tops the list, followed by Odisha (15.09 %) and Andhra Pradesh (14.76%).

**Table-2: State-Wise total Forest Land Diverted for Mining in India from 25.10.1980 to 09.05.2012**

States	Total forest land diverted for mining(area in Ha)	Percentage
Andhra Pradesh	<b>21362.7</b>	<b>14.76</b>
Assam	168.88	0.12
Bihar	418.17	0.29
Chhattisgarh	<b>29934.76</b>	<b>20.69</b>
Goa	1944.66	1.34
Gujarat	9927.11	6.86
Himachal Pradesh	1660.98	1.15

Jharkhand	15589.66	10.77
Karnataka	12059.72	8.33
Madhya Pradesh	16096.95	11.13
Maharashtra	3815.07	2.64
Meghalaya	116.59	0.08
Odisha	<b>21829.18</b>	<b>15.09</b>
Rajasthan	6638.86	4.59
Tamil Nadu	380.34	0.26
Tripura	31.88	0.02
Uttarakhand	274.17	0.19
West Bengal	281.8	0.19
India	<b>144690.35</b>	<b>100.00</b>

source:<http://www.indiastat.com/table/forestandwildlife/13/diversionofforestlandand19802012/678277/599984/data.aspx> as assessed on time: 4.08 date:25/2/13

**Table-3:Category-wise Forest Land Diverted to non forest use in India  
(01.01.1995 to 01.05.2013)**

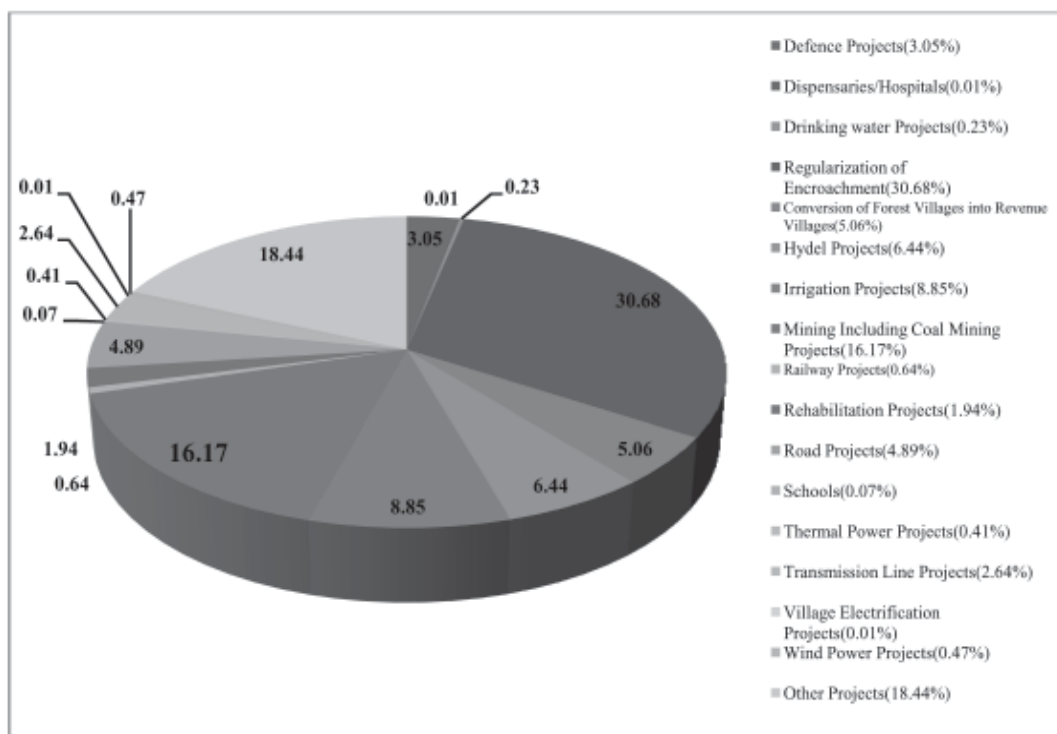
Category	Area of Forest Land Diverted(In Hectare)	% to total forest land diverted
Defence Projects	24858	3.1
Dispensaries/Hospitals	108	0.0
Drinking water Projects	1904	0.2
Regularization of Encroachment	249744	30.7
Conversion of Forest Villages into Revenue Villages	41170	5.1
Hydel Projects	52433	6.4
Irrigation Projects	72053	8.9
Mining Including Coal Mining Projects	131646	16.2
Railway Projects	5234	0.6
Rehabilitation Projects	15788	1.9
Road Projects	39773	4.9
Schools	532	0.1

Thermal Power Projects	3331	0.4
Transmission Line Projects	21503	2.6
Village Electrification Projects	21	0.0
Wind Power Projects	3848	0.5
Other Projects	150108	18.4
<b>Total</b>	<b>814054</b>	<b>100.0</b>

source:<http://www.indiastat.com/table/forestandwildlife/13/diversionofforestland19802012/678277/640650/data.aspx> as assessed on time: 4:14, date: 25/2/2013

Table 3 shows diversion of forest land to non forest use categories wise over a period from 1995 to 2012, where out of 814054 ha of forest land 131646 ha ( 16.2 %) of land has been diverted for mining activity. Diversion of forest land for mining stands third highest after Regularization of Encroachment (30.7%) and Other Projects (18.4%) as seen in figure 1.

**Figure-1: Category-wise Forest Land Diverted to non forest use in India (01.01.1995 to 01.05.2012)**

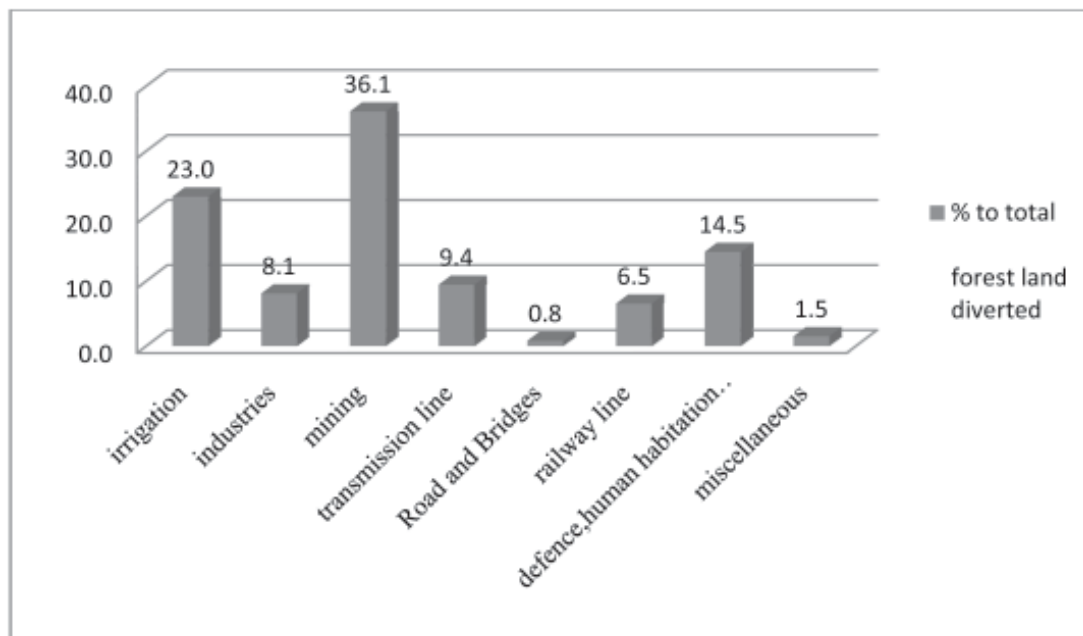


source:<http://www.indiastat.com/table/forestandwildlife/13/diversionofforestland19802012/678277/640650/data.aspx> as assessed on time: 4:14, date: 25/2/2013

**Table-4 : Diversion of average forest land to non forest use by categories wise in Odisha during 2000-01 to 2011-12**

Categories	Average forest land diverted (in ha)	% to total average forest land diverted
Irrigation	2308	23
Industries	815.6	8.1
Mining	3610.1	36.1
Transmission Line	939	9.4
Road And Bridges	81.3	0.8
Railway Line	650.7	6.5
Defence, Human Habitation And Others	1454	14.5
Miscellaneous	155	1.5
Total	10013.7	100

Source: compiled by author

**Figure-2 : Percentage of diversion of forest land to non forest use by categories during 2000-01 to 2011-12**

Source: compiled by author

It can be seen from Table-4 and Figure-2 that diversion of forest land has been mostly towards mining activities in India and in Odisha. In Odisha acquisition of land has been always favoured for mining activity. Mining accounts for more than one third of diversion of forest land. More than 70 per cent of the population still lives in the rural area depending on agriculture and minor forest produce for its livelihood. For this chunk of population the loss of land and forest means loss of livelihood and starvation. Expansion of mining activity which is due to diversion of forest land results in potential loss of forests and displacement of villages. Thus this diversion is bound to have a significant impact on the livelihood of the people of Odisha and Keonjhar district which is the hub of mining. So the impact of mining on livelihood of inhabitants of Keonjhar district of Odisha is discussed in next section.

### **3. Impact of Mining on Livelihood of Inhabitants of Keonjhar District**

Livelihood is a means of gaining a living and comprises the capabilities, assets and activities required for a means of living. A livelihood is sustainable which can cope with and recover from stress and shocks, maintain or enhance its capabilities and assets, and provide sustainable livelihood opportunities for the next generation and which contributes net benefits to other livelihoods at the local and global levels and in the short and long term (Chambers and Conway 1992). Ellis (2000) defines livelihood as that which comprises "...the assets (natural, physical, human, social and financial capital), the activities, and the access to these that together determine the living gained by the individual or household". Mining is a highly significant livelihood activity within mining communities whose settlements and economies have grown up and developed with an expansion in mining activities. Income from mining is a more regular source of income than from other livelihood sources, such as agriculture, and it has been instrumental in reducing household food shortages (Mwaipopo R, 2004). A.G.N. Kitula(2006) shows that mining activities have created a multitude of income opportunities for the inhabitants of Geita District of Tanzania. It significantly contributes to the incomes of local people employed in agriculture by providing markets to their agricultural products.

Mineral resources development is an essential condition for successful economic development of an economy (Bogdetsky V,Ibraev K,Abdyrakhmanova J,2005; Ofosu-Mensah E.A,2011).It generates employment opportunities to the people, income to state exchequer and foreign exchange to the mineral producing country (Akabzaa T and Darimani A,2001; Bogdetsky V,Ibraev K,Abdyrakhmanova J,2005;Ofosu-Mensah E.A,2011).Thus mining contributes significantly to the development of the mining region and the entire nation(Ofosu-Mensah E.A,2011).

Mineral development can create new communities and bring wealth to those already in existences, but it can also cause considerable disruption. New projects can bring jobs, business activities, roads, schools, and health clinics to remote and previously impoverished areas, but the benefits may be unevenly shared, and for some they may be poor recompense for the loss of existing livelihoods and the damage to their environment and culture (The Mining, Minerals and Sustainable Development Project, 2000). It is one such activity that has highly adverse consequences not only on natural ecosystem but also on the local communities dependent on them (Vagholikar N et al, 2003). The impact of mining on the livelihoods of the local communities is largely neglected. Often, all the benefits accrue to the mining industry and its workforce, depriving the rest of the population in the locality. These populations bear only the costs, while the provision of benefit is lopsided. In India, most tribes inhabit forest lands that are mineral rich. Their livelihood and economy are closely intertwined with the fate of forests and water sources. Forest degradation due to mining in addition to other development projects has significantly depleted the ecosystem, rendering the tribal population more socially and economically vulnerable. In the name of development, many mining companies started extracting mineral resources found mostly in tribal areas of the country, displacing nearly 40 lakh people, mostly tribal. Those who owned land became wage laborers. With the advent of mechanization and modernization, these jobs were lost too. Iron, coal, uranium, manganese and petroleum were extracted in large quantities for industrial growth without heeding to the life and livelihood of the local communities (Sarangi 2004). Endowed with vast mineral deposits, Odisha occupies a prominent place in the minerals map of the country both in term of deposits and production and Keonjhar District is considered to be the mining belt of Odisha. The District of Keonjhar accounts for 4.3% of total population of Odisha. It is also having sex ratio of 987 in 2011 which is higher than the state average of 978. Even a great improvement is noticed in literacy rate increasing to 69 percent in 2011 from 59 percent in 2001 but less than state average of 73.45 percent. Comparing the economic performance of different districts of Odisha in terms of Per capita DDP, it could be seen that Keonjhar is the fifth highest district among thirty having Per capita DDP of Rs 30462 in 2009-10 at 2004-05 prices. It has registered a growth of 22 % in Per capita DDP over a period of five years from 2004-05 to 2009-10.

Keonjhar district in Odisha is a part of the iron ore belt of the country, which has the largest iron ore mines in Asia. The South Asian steel giant POSCO (Pohang Steel Company) has signed a MoU with the Odisha government to set up a steel plant in Jagatsinghpur and for mining iron ore from Keonjhar. The proposed area for mining is covered with dense forests,

inhabited by a wide variety of wildlife as well as flora. The tribal communities, which form 74 percent of the population in the surrounding area, are completely dependent on these forests for fuel, fodder, fruits and medicinal plants. The water spring in the area provides water for drinking as well as irrigation. This area was home to several indigenous tribal communities like the Bhumiyas and the Juangs, but many of them disappeared after the mining operations were started. Their whereabouts are not known, and is assumed that they had to move away after being robbed of their land and forests (Asher 2006). Mining projects can displace local communities by limiting their access to or use of traditional lands and forests. This has led to loss of knowledge related to biodiversity and traditional healing systems, which has been handed down from generations. For many communities, the livelihoods which depended upon sustainable biodiversity based on extraction of renewable resources from the forest, such as Minor Forest Produce (MFPs), were replaced by a mining-related job. This positive impact of mine development turns destroys the top soil and water shed system of the locality, thus affecting the livelihood of the farming community in the area. The displaced people who lose their land are usually compensated by cash instead of some other cultivable land. Furthermore, mining cannot provide employment to all the affected throughout the year (Development Initiative 2001). The Government's moves towards diversion of land for mining have been strongly opposed by environmentalists and local people, especially tribals to save their lands and livelihoods. Though mining needs to be continued in a sustainable manner, critical ecosystems like forests should not be sacrificed, for short-term gains.

A World Bank study shows the clear picture of degradation of agricultural land in mine infested Joda area which is depicted in Table-6 given below.

**Table-5: Mining and Land Use in Joda block of Keonjhar district**

Land Use	Land use Area during 1989 (in Ha)	Area during 2004 ( in ha)
Habitat	1466.27	1644.45
Forest	36191.82	24501.17
Waste land	8294.82	18540.86
Mining	1646.41	2807.11
Agriculture	22128.61	21520.57

Source:[http://vasundharaodisha.org/Research%20Reports/Impact% 20of% 20Mining% 20in% 20Scheduled%20Area%20of%20Orissa.pdf](http://vasundharaodisha.org/Research%20Reports/Impact%20of%20Mining%20in%20Scheduled%20Area%20of%20Orissa.pdf) as retrieve on 27/02/2013

A study made by Environment and Development team, Vasundhara, 2008 reveals that agriculture is no longer the major source of livelihood for the people of the Banspal block of Keonjhar district though the climatic conditions are conducive for agriculture & presence of a good farming community in the study area. It was found out that the average income level of most of the households living in this area has been reduced at present with comparison to pre-mining period. More than 75% of surveyed households shows a gross reduction in their annual income. All most all the households of this area were cultivating crops like maize, raggi, bajra, on the hill slopes and maintained their livelihood. However, in the post mining period, loss of fertility of soil and water pollution have drastically affected their livelihood. The smallholding of agriculture land that they still hold has become waste land. 76% of the farmers told that reduction in natural water resources has affected their livelihood. It was found in the study that one of the major impacts of mining activity on the local tribal people is loss of forest resources. During pre-mining period, this area was full of forests of sal tree. A patch of teak forest was also found in this area. A majority of villagers mostly Paudi Bhuiyan and Juanga was dependent on the forest resources for earning their livelihood. They were collecting various forest products like firewood, timber, mahul, toal, mushroom, resin which used to supplement their family income. But this gross reduction in forest land due to mining and associated activities has led to reduction in collection of the above forest product. In Keonjhar district villages closer to mines are reported to have poor health and education and reduced production assets. These impacts are likely due to the impact of mines on forest quality. However, proximity to mines is associated with reduced forest quality. Non-availability/meagre collection of Non Timber Forest Products in these blocks by and large reported to have reduced food nutrition of the tribal in a big way (Mallik, 2012)

A study in the Iron ore mining district of Keonjhar, Odisha shows that both forest stock and forest diversity proxy by 'percent forest around village' and 'percent of forest species collected', respectively, are significantly correlated with the distance to iron ore mines. Households farther from mines obtain more benefits from forests compared to those living closer to the mines (Miller J et al, 2006). Another study in Keonjhar district shows that the land use patterns surrounding the mines area are changing rapidly. The major sufferers of this change are forest, agricultural land. Apart from the above two, there is sharp increase in wasteland which is putting negative implication on livelihood of tribal. The activities relating to agriculture, forest produces and traditional occupations (fishery) are on the verge of collapse (Environment & Development Team, Vasundhara, 2008). The growing/recurring deforestation in the Joda block of Keonjhar district has deteriorated the livelihood base of forest dependent tribal due to mining and developmental activities. This has not only resulted in damaging environmental security, but also, quality of land, water and air

leading to ill health, malnourishment, extinction of precious species, loss of flora and fauna, etc(Mallik R M,2012). While households closer to mines report higher income from wage employment and better access to infrastructure, they experience higher incidences of many illnesses, rank lower on indicators of human development and own less land and assets for agricultural production. They also derive fewer benefits from the forest, possibly an outcome of the degradation and reduced access to forest reported in villages closer to mines. This is the findings of a study based on the data of 600 households in twenty villages in the mining district of Keonjhar in Odisha (Pattanayak S et al, 2010).

Different studies show that there are both positive and negative outcomes to the rural households following the operations of mines in the communities. Mines certainly bring some benefits, such as employment opportunities for the local population. Associated infrastructural development following establishment of mines improves the access of villages to markets. However, the list of benefits from mines does not run long. Villages closer to mines have poorer health, education and production assets. Further benefits from the mining industry in the region accrue to its workforce, deprives the rest of the population in the locality. These populations bear only the cost that is the cost of deprivation from the livelihood system, while the provision of benefit is lopsided. Thus acquisition of land for mining has resulted in loss of forest land and agricultural land which adversely affect livelihood of inhabitants of mining area.

## **5. Conclusion**

Acquisition of land for expansion of nonfarm sectors and infrastructure development has emerged as a critical issue in developing country like India. Present study shows that diversion of forest land has been mostly towards mining activities in India and in Odisha .Further exploration of minerals is an essential condition for successful economic development of an economy. Mines certainly bring some benefits, such as employment opportunities for the local population. Associated infrastructural development following establishment of mines improve village access to markets. However, the list of benefits from mines does not run long. Villages closer to mines have poorer health, education and production assets. Further benefits from the mining industry in the region accrue to its workforce, deprives the rest of the population in the locality. These populations bear only the cost that is the cost of deprivation from livelihood system, while the provision of benefit is lopsided. Once mining stops, what will happen to these villages? They will not have their jobs and their agricultural lands will not be in a cultivable condition. Therefore benefits should be distributed in an equitable manner so that there is a positive effect on the livelihoods of the poor people. It should make an attempt to minimize environmental degradation by introducing new technology. Healthcare and other infrastructural facilities should be provided to all the nearby communities in addition to the employees' families.

Lastly, the government should take the responsibility to ensure that the local communities too gain from the development that is taking place on their land. LARR bill is an institutional attempt to bring about legal coherence and an improved version of the erstwhile Act of 1894 as it seeks to strengthen the rights of landowners and potential livelihood losers. Although this Bill is a much needed step in the right direction, the proposed legislation fails on many fronts to address some of the vexed issues on land acquisition related to mining. Further the enactment of law can never solve the problems unless the mindset of the investors changes. We also cannot expect the attitude of the personnel handling the issues related to acquisition to change overnight. But a sympathetic approach with humane mind will definitely make the path easy and acceptable to all.

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## Land Acquisition Policy And Its Relevance To Odisha: An Analysis

Bibhuti Bhusan Patro<sup>1</sup>

Santanu Kumar Das<sup>2</sup>

### Abstract

*With the increasing pressures on land due to urbanization, rapid economic development, increasing infrastructure requirements etc., especially in a fast growing economy like India, the acquisition of land by the Government has increased for which land and homes have become a routine element in development-caused displacements. In order to overcome the difficulties of such displacement the Government of India has presented Land Acquisition Act, 2011 in Parliament which has been subject to many controversies and fierce debate inspite a few amendments. Undoubtedly, the proposed land acquisition bill 2011 is a much improved version of the erstwhile 1894 Land Acquisition Act but the absence of a comprehensive law covering the issues of resettlement; rehabilitation and compensation of livelihoods has put land acquisition law at the heart of the debate in India. It has failed to address some important issues associated with land acquisition particularly forcible acquisitions, definition of public purpose, widespread misuse the of urgency clause, compensation, lack of transparency in the acquisition process, participation of communities whose land is being acquired and virtually no rehabilitation and resettlement package. The issue regarding state intervention for private acquisition has not been correctly appreciated by the Standing Committee. Further the symbiotic relationship between land grabbing, mafia-political-bureaucratic nexus and corruption on the ground are going to complicate the matters. Hence it is high time to modify substantially some of the key features to ensure social justice and land acquisition to become fair, equitable and transparent within the overall context of economic growth. The new law must define and lay down procedures to establish public purpose and the need to acquire and displace people in public interest, secure land rights and livelihood of the natural resource-based communities and ensure protection of those directly or indirectly affected by such projects. In this context,*

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1. Associate Professor, Kalam Institute of Technology, Berhampur, Ganjam, Odisha,  
E-mail: b\_patro@rediffmail.com
  2. Assistant Professor, Kalam Institute of Technology, Berhampur, Ganjam, Odisha,  
Email : santanu.das.kumar@gmail.com

*the present paper deals with some of the major challenges and shortcomings of the recent Bill and recommends some suggestions for the betterment of community as a whole.*

**Keywords:** *Development, Rehabilitation, Resettlement, Social Justice.*

## **1. Introduction**

With the large scale industrialization throughout the country, development of infrastructure is imperative for the human welfare. Therefore, large tracks of land are necessary for the development of infrastructure. Especially, after liberalization in the year 1991, large number of industries in the private sector has come up in the name of development. Acquiring land for these activities by displacing the people from their livelihoods becomes essential on part of the government which has become a most vexing problem for policymakers in recent years. More particularly in the state of Odisha which is quite backward in terms of all the development parameters, the relevance and implementation of land acquisition policy are questionable. A number of industries have come up and more than 49 MoUs have been signed by the state government with other government agencies. State government has amended and implemented the Land Acquisition Act in the subsequent period to suit its need, but the main content of the act remains unchanged and some of the important issues of LAA-2011 introduced in Parliament like forcible acquisitions, definition of public purpose, compensation and lack of transparencies are challenged by development thinkers and social activists.

Recently, three multi-crore projects in Odisha have been delayed because of massive resistance movements. Vedantas' plant in Niyamgiri, Tatas' plant in Kalinganagar and the Posco project in Odisha are the latest examples of how the state government manipulated records to show that no one inhabited the land taken over for the project. Will the poor farmers ever get their due? What will this kind of development lead to? Is it justified to take over fertile agricultural land for industrial units? It raises question for the large masses about the effective implementation and its relevance in the backward states like Odisha. In this context the present paper made an attempt to study various issues and challenges confronted by the displaced community.

Odisha, which is quite rich in mineral resources, a number of industries have come up since last two decades. State government has amended and implemented the Land Acquisition Act, to suit its need, but the main content of the act remains unchanged. Recently the Government of India has introduced the Land Acquisition Act, 2011 in Parliament by making certain modifications which have been subjected to many controversies as they have failed to address important issues associated with land acquisition. Some of the issues are forcible acquisitions, definition of public purpose, widespread misuse of urgency clause, compensation, lack of transparency in the acquisition process and participation of communities whose lands are being acquired etc

## **2. Objectives of the Study**

1. The paper attempts to study briefly various aspects of land acquisition act in India and Odisha.
2. Issues and Challenges associated with land acquisition confronted by the state government with reference to Odisha.
3. Evolving appropriate policies and strategies required for the acquisition of land and its development so that the grievances of affected parties are addressed in the best possible manner.
4. Conclusion and Suggestion

## **3. Methodology**

The paper is based on the data collected from secondary sources of state and central government, annual reports of different departments, published articles and reputed journals.

## **4. Land Acquisition Act 1894**

Land Acquisition Act 1894 was enacted by a colonial power assuming that all the lands belong to government. The owners who cultivate the land have been conferred the Rayatiwari rights. Therefore the act envisages that the government can acquire any land under public purpose. The compensation paid for acquisition of land is for taking away the Rayatiwari rights. The act does not recognize the absolute ownership of land by any private individual: This act was framed by the British Government with a view to facilitating acquisition of lands for linking the pre-presidencies located in the three corners of the country i.e. Bombay in the West, Calcutta in the East and Madras in the South by rail, road and sea.

Before the enactment of the act, the three presidencies of East India Company that is Calcutta, Madras and Bombay have their own regulations for acquisition of land for construction of roads, bridges, railway lines, ports etc. In the act of 1894, a provision was made for compulsory acquisition of land for public purpose. The most contentious provision of the original act is "Public Purpose" for which the government is empowered to acquire the land. But unfortunately, public purpose has not been clearly defined. Though there is a provision for acquisition of land for private companies, yet the private industries preferred the government route to get the land.

Though this act had been enforced since more than a century, yet recent incidents of resistance resulting violence in different states of our country clearly bring out the loopholes in the act to meet the democratic aspirations of people (Rao, 1990). The socio-political

situation of 1894 was completely different from that of the present day India. Over the years population has grown geometrically and impoverished nation has emerged as a nation with the largest middle class in the world, an agrarian economy turning into an industrial economy and rapid urbanization have pushed up demand for land.

## **5. Land Acquisition and Rehabilitation and Resettlement Bill-2011: An Overview**

The bill was introduced in Lok Sabha in India on September 2011 consisting 107 clauses with the basic objective for the rehabilitation and resettlement of families affected by land acquisitions. However, it is currently in public domain and under Parliament's review. It seeks to repeal and replace India's Land Acquisition Act, 1894 since there was an absence of a cohesive national law despite many amendments, over the years. The present Bill contains many things such as it defines public purpose, land owner and livelihood loser, limitations on acquisition and compensation etc. Still the bill is not free from drawbacks even though it has some benefits. It seeks to enact a law that will apply when:

- ❖ Government acquires land for its own use, hold and control.
- ❖ Government acquires land with the ultimate purpose to transfer it for the use of private companies for stated public purpose. The purpose of LARR 2011 includes public-private-partnership projects, but excludes land acquired for state or national highway projects.
- ❖ Government acquires land for immediate and declared use by private companies for public purpose.
- ❖ LARR Bill 2011 aims to establish the law on land acquisition, as well as the rehabilitation and resettlement of those directly affected by the land acquisition in India.
- ❖ The scope of LARR 2011 includes all land acquisition whether it is done by the central government of India, or any state government of India, except the state of Jammu & Kashmir.

## **6. Advantage and Disadvantage of the Bill**

If the bill is enacted into law, it is expected not only to affect rural families in India whose primary livelihood is derived from farms but also it will affect urban households in India whose land or property is acquired. As per 2010 report, over 50% of Indian population derived its livelihood from farm lands. The contribution of agriculture to Indian economy's gross domestic product has been steadily decreasing since independence. As of 2009, about 15.7% of India's GDP is derived from agriculture. LARR Bill 2011 will mandate higher

payments for land as well as guaranteed entitlements from India's non-agriculture-derived GDP to the people supported by agriculture-derived GDP. It is expected that the Bill will directly affect 132 million hectares (326 million acres) of rural land in India, over 100 million land owners, with an average land holding of about 3 acres per land owner (Agriculture census report 2010). Families whose livelihood depends on farming land, the number of livelihood-dependent families per acre varies widely from season to season, demands of the land, and the nature of crop. LARR Bill 2011 proposes to compensate rural households – both land owners and livelihood losers. The Bill goes beyond compensation; it mandates guaranteed series of entitlements to rural households affected. The Bill exempts land acquisition for all linear projects such as highways, irrigation canals, railways, ports and others.

## **7. Odisha Resettlement and Rehabilitation Policy 2006: An Overview**

In order to ensure sustained development through a participatory and transparent process, Government has framed a comprehensive resettlement and rehabilitation policy. Basic objectives of the policy are:

- ❖ To avoid displacement wherever possible and minimize it exercising available options otherwise,
- ❖ To recognize voices of displaced communities emphasizing the needs of the indigenous communities and vulnerable sections,
- ❖ To ensure environmental sustainability through participatory and transparent process, and
- ❖ To help guiding the process of developing institutional mechanism for implementation, monitoring, conflict resolution and grievance redressal.

On the basis of these objectives, Government of Odisha has been pursuing various development initiatives to improve the quality of lives. Ensuring social justice being one of the major cornerstones of development, the Government always proactively tries to make sure people's participation in the development process. In spite of Government's intention to bring development to the people, development interventions do at times create undesirable consequences. Displacement due to large development projects is one such phenomenon. The Government of Odisha has been responding to this problem through various projects specific Resettlement & Rehabilitation Policies (Odisha Government Report, 2011). However the fact is, despite several measures through subsequent amendments the state is lagging behind in all respect and the objective is far away from satisfactory level. The so called land acquisition act has been mired in political controversy and failed to address the

issues lying farmers distress (Deshpande, 2006) at the peripheral level.

Thus on the face of it, the Bills for Acquisition and Resettlement are inclusive, exhaustive and have taken into account many aspects which have not been covered in earlier legislative endeavors. But when legislation becomes exhaustive, the implementation becomes challenging on the verge of touching the domain of impossibility. Some such difficulties also arise because the conflict in concepts remains unresolved and in the face of legislative measures the unresolved conflicts become the basis of litigations and prolonged ones. The interpretation of public purpose would come under such a domain (Ghatak & Ghosh, 2011).

## 8. Conclusion

Though this act has been enforced since more than a century, yet recent incidence of resistance resulting violence in various states inside and outside country clearly raises the deficiencies in the act to meet the democratic aspirations of people. The socio-political situation of 1894 was completely different from that of the present day India. Thus while making the law in the context of land acquisition the government in collaboration with the displaced inhabitants should deal the various issues that have discussed earlier must give priority to make the policy effective one. The R&R Policy should be devised on the basis of needs of the displaced people. To sum up, the present act needs to be repealed by a new act with adequate provisions to safeguard the interest of the public but not to promote the interest of the corporate sector.

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## Relocation for the Survival of Wild: Reflection from Similipal Tiger Reserve

Aseema Sahu<sup>1</sup>

Minati Mallick<sup>2</sup>

### Abstract

*The Similipal Forest was brought under Project Tiger and the Similipal Tiger Reserve was established in April 1973. There are 7 revenue villages inside the core area of Similipal Tiger Reserve out of which 3 villages namely Chahala, Daldali and Dhurdhurchampa are un-inhabited. The other 4 villages located in the core area are Jenabil, Jamuna, Kabatghai and Bakua. Initially there were 149 families in these four villages out of which 72 families were relocated at Ambadiha and Kopand Rehabilitation Colonies during the project 1994, 1998 and 2003. National Tiger Conservation Authority, Ministry of Environment and Forests, Government of India proposed a new package for village relocation/rehabilitation in February 2008. Under this scheme 61 families of Jenabil village were relocated at Ambadiha Rehabilitation Colony at the foothill of Similipal in March 2012. The shifting process of villagers of Jenabil started on 09.03.2010 and continued up to 11.03.2010. Rehabilitation benefits were provided to the shifted families which include house plot of Ac 0.08 dec and Ac 2.00 agricultural land to each, temporary sheds, drinking water with two PHED tankers, cooked food for 15 days, Anganwadi Center health checkup, electrification, road, etc. Our study covers the traditional dwellers of Jenabil village under the core area of Similipal forest in Mayurbhanj district of Odisha where successful rehabilitation work was done by the Forest Department and the families are now resettled at Ambadiha Rehabilitation Colony near Udala. Though they faced little problem in adjusting with the new environment, now they are quite happy with their improved standard of living. However, eventhough the first relocation is done successfully, the administration is still facing problems in shifting the other families living inside the core area. Therefore, it is suggested that help of some of the beneficiaries may be taken to convince them.*

**Keywords:** Environment, Sanctuary, Rehabilitation, Relocation

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1. Research Scholar, Department of Economics, North Orissa University

2. Lecturer, Department of Economics, North Orissa University

## **1. Introduction**

Inculcating the spirit of conservation among the tribal people, though challenging, is considered to be a panacea for the looming problem of conservation in any economy. Forest has witnessed all the vagaries that the human being can plan & play, be it the high anthropogenic pressure from the villages within and surrounding the forest or mass hunting of animals by tribal groups in the name of tradition. Government has implemented various projects for wildlife and also adopted innovative measures to curtail man-animal conflict. Realising this, The Wildlife (Protection) Act, 1972 as well as The Scheduled Tribes and other Traditional Dwellers Act, 2006 require that the rights of people (Scheduled Tribes and other traditional forest dwellers) relating to forest areas may be modified. The main motive is to provide inviolate spaces to tigers, elephants and other wild animals and also to conserve the undisturbed forest.

Relocation of Tribals and other forest dwellers, therefore, offers both a challenge and a solution to the conservation problem. The present paper, prepared on the basis of both primary and secondary data, tries to look into the socio-economic scenario of the villages in the core area of Similipal Biosphere Reserve situated in Mayurbhanj district of Odisha where Rehabilitation and Resettlement policy is implemented for the survival of wild and examines how this relocation process has brought about a magnificent balance between the conservation of the wild and the improved socio-economic status of the tribals. The paper is organised in the following manner. Section-2 contains the genesis of the Rehabilitation and Resettlement policy. The relocation process and the present socio-economic status of the displaced households are presented in section-3. The problems faced by both the officials and the displaced people are discussed in section-4 followed by the concluding section.

## **2. Genesis**

The origin of land acquisition in India lies in the *Bengal Regulation Act (1) of 1824*, enacted to promote British commercial interests in the country. Over the better part of the 19<sup>th</sup> century, the British Government enacted several *Land Acquisition Laws* before finally consolidating with the *Land Acquisition Act 1894 (LAA 1894)*. The need of the hour was the acquisition of land swiftly with all minimal compensation payments which were seen as a drain on the exchequer. The end of the colonial rule did not bring about changes to this framework of land acquisition. The Nehru government chose to implement the *Land Acquisition (Amendment) Act, 1962* to allow land to be acquired for a company for public purpose. These were followed by other bills like *Land Acquisition (Amendment) Bill 2009* and *Resettlement and Rehabilitation Bill, 2009*.

Thus India has had a *Land Acquisition Act since 1894* which, over the years, has seen a few amendments. The *Land Acquisition, Rehabilitation and Resettlement, 2011 Bill* seeks to repeal and replace *India's Land Acquisition Act 1894*. It is also known as *LARR Bill 2011*. The Bill aims to establish the law on land acquisition as well as the rehabilitation and resettlement of those directly affected by land acquisition in India.

In Odisha there are two policies for relocation i.e. *The Orissa Rehabilitation and Relocation Policy, 2006* and the guidelines on relocation pronounced by *The National Tiger Conservation Authority (NTCA)* basing on *National Rehabilitation and Relocation Policy 2007*. The contents of both the policies are almost same, excepting the fact that the NTCA offers Rs. 10 Lakh to each adult member of the family to be relocated, whereas the ceiling of assistance in the case of Orissa Rehabilitation and Relocation Policy-2006 is fixed at Rs.4.86 Lakh per family.

The *Orissa Rehabilitation and Relocation Policy 2006* came into force on 15th May 2006 and that of *NTCA Policy* during February 2008. Under *Section 35 of Wild life (Protection) Act, 1972* the displacement practices took place from the notified core area of Similipal Sanctuary following the guidelines of *NTCA based on The National Rehabilitation and Relocation Policy* that was implemented in 2008.

### **3. Relocation Status of Core Area**

Similipal Biosphere Reserve draws the attention of nature lovers, wild lifers and conservationists for its rich and diverse flora, fauna and splendid natural beauty. The meadow at Chahala, magnificent waterfall at Barahipani, the frost prone Nawana Valley, bank of the river Budhabalanga near Jombu, the cascade and scenic vistas at Joranda, the river side retreat at Lulung and the shrine at Deokund attract everyone from far and wide. It is one of the finest and the largest protected area of the state. Situated in Mayurbhanj district of Odisha, the Similipal Biosphere Reserve, the largest one in Asia, covers 5569 square kilometers, almost two thirds of the district. The Similipal forest plays a dominant role in shaping the socio-economic status of tribals and other forest dwellers of the district.

The Similipal Forest was brought under *Project Tiger* and the *Similipal Tiger Reserve* was established in April, 1973. The Government of Odisha vide their Notification No. 30467/FFAH Dt.03-12-1979 considered an area of 2200 sq. km. of Reserve Forest as Similipal Sanctuary out of which 845.70 sq. km. comes under Similipal National Park area. Further the State Government vide Notification No. 20801/F&E Dt.31-12-2007 have declared 1194.75 sq. km. of Similipal Sanctuary as the "Core area of critical Tiger habitat of Similipal Tiger Reserve".

Conservation Policies assumed that protected areas can be maintained without people, as there is no importance of local management and land use practices in sustaining & protecting the bio-diversity. Similipal Tiger Reserve is experiencing such type of resettlement practices from notified core area since 1994.

To carryout village relocation from notified core area the relevant provisions of the *Wildlife (Protection) Act 1972* requires voluntary relocation of people on mutually agreed terms and conditions. This also requires payment of compensation in two ways i.e. (a) rights of resettlement and (b) relocation packages offered .For acquisition of rights in or over the land, the collector is the authority to acquire such land or rights.

There are 7 revenue villages inside the core area of Similipal Tiger Reserve, out of which 3 villages namely Chahala, Daldali and Dhurdhur Champa are un-inhabited. The other four villages are Jamunagarh, Jenabil, Kabatghai and Bakua. Initially there were 177 families in these 4 villages out of which 72 families were relocated at Ambadiha & Kopand during the period from 1994-2003, and the details are given below.

**Table-1 : Relocation Status of the Core Area by 2003**

Village	Area (Acre)	Family	Year-wise break up of Families relocated in the Rehabilitation Colony			
			Year	Kopand	Ambadiha	Total
1	2	3	4	5	6	7
Jamunagarh	1.00	25	1994	11	-	11
Jenabil	184.30	64	1998	-	23	23
Kabatghai	153.49	60	1994	30	-	38
			2003	-	8	
Bakua	80.47	28	-	-	-	-
Total		177		41	31	72

*Source: Office of Similipal Tiger Reserve, Baripada, Odisha*

A glance at the Table-1 reveals that a total number of 72 families from three villages namely Jamunagarh, Jenabil and Kabatghai have been relocated in two rehabilitation colonies i.e. Kopand(41 families) and Ambadiha (31 families).

Prior to introduction of Orissa Resettlement & Rehabilitation Policy 2006, national parks and sanctuaries were not included in any of the Rehabilitation & Resettlement Policies. Shifting of the families of the affected villages was made from 1998 to 2003 in phased manner. As no rehabilitation package was introduced for the oustees, the resettlement & rehabilitation work was done from the side of District Administration and Tiger Reserve Authority.

The following benefits were provided to the shifted families in the Ambadiha, Kopand Rehabilitation Colonies during 1994, 1998 and 2003.

**Table-2 : Rehabilitation Benefits in1994, 1998 and2003**

Sl. No.	Rehabilitation Colony	No. of Families	Home stead land	Household Building Cost	Agricultural Land	Maintenance Allowance @ per month for one year
1	2	3	4	5	6	7
1	Kopand	41	0.10 Acre	Rs. 30,000/-	-	-
2	Ambadiha	31	0.8 Acre	Rs. 30,000/-	2.00 Acre	Rs. 500/-

Source: Office of Similipal Tiger Reserve, Baripada, Odisha

Table-2 shows that the benefits received by families at Kopand is very poor in comparison to that in Ambadiha as only 0.1 acre of homestead land was given to them and no agricultural land has been given while those who shifted to Ambadiha have received 0.8 acre of homestead land along with 2 acres of agricultural land per family.

Based on the recommendations of a professional agency, *National Tiger Conservation Authority and Ministry of Environment and Forests, Government of India* proposed a new package for village relocation during February 2008 with the following two options or norms of relocation while taking into consideration the difficulties/ imperatives involved in relocating the people living in forest areas .

In case of Option-I, a monitoring process involving the District Magistrate of concerned District(s) would be ensured so that the villagers rehabilitate themselves with the package money provided to them. In this regard, a mechanism involving handholding preferably by

any external agencies should also be ensured, while depositing a considerable portion of the amount in the name of the beneficiary in a nationalized bank for obtaining income through interest generated.

**Table-3 : Compensation Package under Option-I**

Type	Amount in Rs.	Percentage
Fixed Deposit	500000	50
Savings Deposit	500000	50
Total	1000000	100

*Source: Office of Similipal Tiger Reserve, Baripada, Odisha*

In case of Option – II, the following package (per family) is proposed at the rate of Rs.10 lakh.

**Table-4 : Compensation Package under Option-II**

Sl. No	Facilities	Amount	Percentage of Total Package
1	Agriculture land procurement (2 hectare) and development	3,50,000	35
2	Settlement of rights	300000	30
3	Homestead land and house construction	200000	20
4	Incentive	50000	5
5	Community facility commuted by the family (access road, irrigation, drinking water, sanitation, electricity, telecommunication, community center, religious places of worship, burial/cremation ground)	100000	10

*Source: Office of Similipal Tiger Reserve, Baripada, Odisha*

## Relocation of 61 Families from Jenabil Village at Ambadiha Rehabilitation Colony

Ambadiha Rehabilitation Colony is situated in Udala block which is 50km away from original village and 3 km away from Udala township. During the year 1998, 23 families were shifted to Ambadiha colony and in March 2010 all remaining 61 families have been shifted to Ambadiha. From among the 61 families, 21 families went for Option-1 while rest 40 families opted for Option-II.

With a view to observing the socioeconomic status of the relocated families a field study was undertaken in the Ambadiha Rehabilitation Colony. Information were elicited through a pretested questionnaire covering all the forty families who opted for second option. The rest 21 families who went for option-I are not living in the rehabilitation colony. All the beneficiaries belong to the "HO" sub-caste of Schedule Tribe. Out of the total 40 families 13 numbers of BPL cards are given and rest are supplied with Antodaya cards ensuring regular supplies of rice and kerosene through PDS. Though they were in an environment of rich natural wealth and contiguous forest with immeasurable ecosystem service values, they were leading a miserable life in half broken mud houses with thatched roofs, even sometimes lived on fruits & roots, with very minimum clothes, believing upon superstition and prayers for health & disease with no education and dark future for survival.

Rehabilitation colony is a model housing designed colony with a cement constructed household area of 0.08 Acs for each family with cowshed, pucca road, electric power supply under Biju Kutira Jyoti Yojana, one tube well, one well, good sanitation facilities (of course they are using nearby pond), Ambadiha Rehabilitation Colony School for children, Anganwadi Center, and many more things.

Table-5 shows that even after two years of resettlement the shifted families are yet to get their burial ground and a place for worship. Provision of drinking water facility is not satisfactory while procurement of agricultural land and provision of transport facilities is partially done.

**Table-5 : Work Done by the Forest Department**

Sl No.	Proposed Work	Performance
1	Agricultural Land (procurement / development)	Partial
2	Transportation	Partial
3	House building	Provided
4	Pasture / woodlot	Satisfactory
5	Access road	Provided

6	Irrigation	Provided
7	Drinking water facility	Provided but not satisfactory
8	Sanitation	Satisfactory
9	Electricity	Satisfactory
10	Telecommunication	Not provided (Using personal mobile phones)
11	Community Centre	Under process
12	Place of worship	Not demarcated
13	Burial / Cremation ground	Not demarcated

*Source : Field Survey*

Table-6 gives a picture of the developmental works taken up by ITDA, Kaptipada at the Ambadiha Resettlement Colony and the fund allocated for the same.

**Table-6 : Works taken up by ITDA, Kaptipada**

Sl. No.	Name of the work	Amount utilized (in Rs)	Remarks
1	2	3	4
1	Construction of Temporary Rest Shed	6,13,600.00	Approved vide Letter No. 374 dt.-12.06.06 of ADM, MBJ
2	Special Repair to Community Centre	73,000.00	
3	Sinking of RCC ring well	45,000.00	SCA
4	Renovation of old damage well	15,000.00	SCA
5	Installation of River lift point through OLIC	20,15,000.00	SCA (IGS) taken by OLIC, MBJ
6	Construction of Concrete Road	4,65,000.00	NFFWP
7	Sinking of RCC Ring well with provision of Hand Pump	60,000.00	Sanctioned vide Letter No-320 dt.-03.04.07, LAO, MBJ

*Source: The Office of Similipal Tiger Reserve, Baripada, Odisha*

Official sources show that rehabilitation works are done with proper care and interest. But it is found that the declared works are not even completed till the end of 2012. The families under option-II have received their compensation package of 10 lakhs each which is deposited in the bank in the form of fixed deposit and savings deposit. 40 families who opted for Option-II have not even received total amount of Rs. 10 Lakhs. Table-7 depicts the compensation amount actually received by them till date.

**Table-7 : Money Received by Families under Option-II**

Sl. No	Purpose	Amount in Rs
1	Agriculture land	Rs. 90,000/-
2	Homestead land/Construction of House	Rs. 2,00,000/-
3	Incentive	Rs. 50,000/-
4	Fixed deposit	Rs. 2,50,000/-
5	Others	Rs. 10,000/-
	<b>Total</b>	<b>Rs. 6,00,000/-</b>

*Source: Field Survey*

Out of the total fund of Rs.3,35,000/- demarcated for agricultural land procurement and its development, Government has retained Rs. 90,000/- as it has provided the agricultural land to the family, Rs 2,50,000/- is kept in the bank in the form of fixed deposit which will get matured in November this year and the rest Rs10,000/- was in SB account which they have already spent. The incentive money was also in the SB account. The Bank was permitting them to withdraw only Rs 2000/- per month. It is found that most of the families have already spent that Rs.50,000/- and Rs.2,00,000 meant for the construction of house is also utilized by the families. Thus in aggregate they have received Rs6, 00,000/- Rs 100000/- sanctioned for provision of community services are also retained by the government. Thus the beneficiaries are yet to get the rest Rs. 3, 00,000/- which is due to them under settlement of rights. As expressed by the beneficiaries, the officials are telling them that Rs, 1, 00,000/- was not sufficient for the provision of community service.

Table-8 represents a comparative analysis of the socio-economic status of the 40 families resettled at Ambadiha Colony before and after the relocation. A cursory glance at the table reveals the fact that the average land holding has been reduced to only 2.08 acres from 8 acres. As revealed by the families their agricultural land inside the forest was much more fertile than the land provided to them. Even though they have been using the spring water for irrigation there were less chance of a crop failure and they were able to harvest on an average 45 quintals of paddy, mustard 01 quintal, mandia- 3 qtls, rasi 50kg, corn 10 qtls and sweet potato- 5tl, kandamul 11 qtl and gunduli 2qtl which has come down to 8 qtls of paddy , corn of 50 kg only. Because of poor irrigation, crop failure is common here. The second important source of their income was rearing of domestic animals like cows, goats and

large number of deshi hens whose present market price is as high as Rs350/- per kilo. In addition to this there was no fear of a theft which is very rampant here now. Only because of this their average annual income has come down to Rs74, 700/- from Rs.1, 23,800/-. The irony is that whatever was produced by them in their original village was used for home consumption only. Now they are happy and not willing to go back as other facilities like housing, education, health, electricity and sanitation along with their access to forest are ensured.

**Table-8 : A Comparative Analysis of Socio-Economic Status of Relocated Families**

Sl. No.	Particulars	Before	After
1	Household Pattern	Thatched mud house with straw roof.	Asbestos with cement brick wall, cement verandah, cow shed.
2	Average land holding	8 Acres	2 Acre 8 Dec. each family Agriculture Land – 2 Acre Homestead land Ac 0.08 dec.,as proposed
3	Occupation	Cultivation	Agricultural Labour, Daily Labour, Cultivation.
4	Types of Production	Paddy, Mustard, Raggi, Corn, Sweet potato, etc.	Paddy, Corn.
5	Average Annual Income	Rs.1,23,800/-	Rs.74,700/-
6	Health Services	Superstition, prayer, traditional practices of using herbal medicines	Udala Hospital, Medicine Stores along with traditional practices
7	Drinking water	Spring Water	Well, Tube well.
8	Educational facilities	No school.	Ambadiha Rehabilitation Colony School, Ashram School.
9	Literacy	Only 3 children of one family admitted in an Ashram School	20 children enrolled in Ambadiha Rehabilitation Colony School, 11 girls and 22 boys have been admitted in Suanpal Sevashram and Angarpada Residential School in the year 2009 .10 girls and 18 boys have been sent to Bahubandha Sevashram and Athanagaon Primary School Hostel in 2010.
10	Sanitation	Spring Water.	Separate bathrooms for Gents & Ladies (Each four)
11	Electricity	No Electricity.	Electricity under Biju Jyoti Yojana.

*Source : Field Survey*

More interestingly, some of the beneficiaries have changed their life style. They do possess now wrist watches, mobile phones, having not less than 8 to 10 pairs of dresses, one or two of them have their own bike, T.V. with DTH Service etc. These were just a dream for them before. Sometimes relocation develops negative attitude towards government as relocated families are distorted from their traditional practices and become jobless and landless. But here people have got a home far away from their native home, a better job searching atmosphere, many more than that available to them in the forest. Apart from this, as all the adult members of a family have been considered as a separate entity and received the compensation package they are feeling themselves wealthier than before. This is having two impacts.i.e. encouraging them to maintaining improved life style on the one hand while discouraging them to pursue hard work and earn more income on the other.

### **JFM & Relocation Policies**

The Concept of people's participation in management of forest is not accepted in case of conservation induced displacement policies. Forest can be maintained without people. By excluding local communities from protected areas, inviolate space may be available for tiger and other wild animals. It is found that families were members of Eco-Development Committee till their relocation. They have received Rs. 25,000/- of financial benefits from the Forest Department for the protection of forest from forest fire, poachers, and also for watching the nearby forest. In return they were allowed to collect honey, lac, fruits & roots, sticks, wood, firewood, sal leaves etc. for their home consumption. Commercial collection of forest products is done generally by Kharia tribe and not by the Ho community. But now they are far away from protection activities and forest involvement as they are not within the core area of Similipal Biosphere reserve.

## **4. Problems Faced**

### **By Forest Department**

The conflict between man and forest personnel is very conspicuous in the landscape, because the people living in the core areas do not want relocation as water and fertile land were available to them. The people residing in buffer area and on the fringes are enjoying all the benefits like collection of NTFP items, use of water courses and forest roads. Above all parting with the ancestral living place is not so easy. That is why the residents of Bakua village have turned down the relocation proposal. The relocation of the villages is a herculean task and the Forest Department has faced a lot of problems.

The Rehabilitation and Resettlement Policy along with the amendment to the Wild Life Protection Act 2006 envisage the consent of Gramasabha of affected persons mandatory

prior to relocation. This creates difficulties in relocating people. The restrictions imposed due to enactment of the Wild Life Protection Act is resisted by people and it is very difficult to persuade them and make them understand how important the conservation of forest and wild life is.

In order to solve these conflicts the forest department has taken certain steps during the relocation process. The entire workforce needed for relocation has been drawn locally. Both human and animal health care has been ensured through health camps. The people are involved in the management through incentives given to them.

### **By Relocated Families**

The families at Ambadiha Colony also have many complaints. According to them- The houses are in bad condition and are not as per the promise made; no further repairing made; no safe drinking water is being provided; provision of one tube well and one well and a half dug pond contradicts the promise of two tube wells and two wells and a pond and the water problem is miserable during summer; no secured livelihood, no forest resource (they have to take permission of nearby VSS units to use the forest), no good co-operation from the host are ensured; the land provided is of poor quality; language was a barrier; no access to bank accounts. Actually they are not permitted to withdraw their money whenever they wish; irrigation is very poor and this year even normal cultivation is not possible due to shortage of water supply;

### **5. Conclusion**

Relocation is the ultimate solution for conservation of forest and wild life. Forest can maintain its own ecological balance without people's participation in Forest Management. Similipal Biosphere Reserve is the witness to it and it has withstood the test of time and proved its great power of resilience. The Jenabil village is now covered with dense forest within two years of displacement. Thus relocation from core area always brings peaceful and harmless space for the wild animals and forest which is highly essential for ecological balance. But at the same time relocation process must have to be planned and scientifically designed for settlement of tribes and must be handled with proper care. Government should provide basic infrastructure, agricultural land, water facilities, houses, market linkage, and common property resources and also ensure all basic amenities at the place of their relocation outside the sanctuary in adequate amount. Above all government should not keep a gap while designing a plan and finally implementing, monitoring and evaluating it upon the tribes for the sake of nature and wild life.

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## Is Minimum Wage In Odisha Running Behind the Reality?

Reenati Mishra<sup>1</sup>

### Abstract

*In a labour surplus economy like India wages could not be left to be determined entirely by the market forces of demand and supply. Fixation wages by the market forces may result in a very low level of wage rate and exploitation of the un-privileged. Keeping this in view, the Minimum Wages Act, 1948 was enacted in India. The purpose of the Act is to provide that no employer can pay to workers at a rate less than the minimum wage prescribed by this notification. This paper explores the implementation of the Minimum wage act and analyzes the requirement and relevance of the Minimum Wage Act in the state of Odisha in general and to Baleswer district in particular. It suggests certain measures that can support the objectives of the minimum wage act to provide social security, justice & safety net to the unprivileged class. The present study has been conducted in two blocks namely Basta and Baliapal of Balasore district. In the study area not only semi-skilled and highly-skilled but also the un-skilled labour are getting much higher wages than the minimum wage rate in the state of Odisha. The result shows that not only semi-skilled and highly-skilled but also the un-skilled labours are getting much higher wages than the minimum wage rate in the state of Odisha.*

**Keywords:** Wage Rate, NREGA, Minimum Wage Act, Odisha

### 1. Introduction

In this age of global labour market countries are eagerly looking for the policy to address the problem of low-wage and poverty. The movement of Minimum wage is paving the path for reducing the prevailing poverty and inequality. The scholars and activists have been arguing that the labour must come with a mandate for employers to pay employees wages high enough to support themselves. It ensures sustainable & inclusive growth through equitable distribution of the national income. In a labour surplus economy like India wages couldn't be left to be determined entirely by the market forces of demand and supply. Fixation of wages by the market forces may result in a very low level of wage rate and

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1. Assistant Professor Economics, KIIT University, Bhubaneswer,  
E-mail- mishra\_reenati@yahoo.co.in

exploitation of the un-privileged. The Minimum Wages Act, 1948 was enacted in India keeping all these issues under consideration. The Act provides for fixation and periodic revision of minimum wages by the appropriate Government, both Central and State in employments where the labour is vulnerable to exploitation. Minimum Wage Fixation implies the fixation of the rates of minimum wages by a process or by invoking the authority. Minimum wage consists of a basic wage and an allowance linked to the cost of living index. The purpose of the Act is to provide that no employer can pay to workers less than the minimum wage prescribed by this act. The statutory minimum wage has the force of law and it becomes obligatory for the employers. The obligation of the employer to pay this wage is absolute. The sole motive behind this act is to prevent exploitation of the labour and helps the employees in getting fair and reasonable wages more particularly in the unorganized sector as according to the NSSO 61st round(2004-05), around 86percent (395 million )out of the total workforce(457 million) constitute the unorganized sector. In reality 7percent of those employed in organized sector has been identified as informal workers raising the work force in informal sector to(422 million )92percent.

## **Objectives**

With this backdrop this paper is an attempt to:

- i. To know the coverage/implementation of the Minimum wage Act in the state like Odisha.
- ii. Analyze the requirement and relevance of the Minimum Wage Act in the state of Odisha in general and in Baleswer district in particular.
- iii. Suggest certain measures that can support the objectives of the minimum wage act to provide social security, justice & safety net to the unprivileged class.

## **Data Sources & Methodology**

For the data we have relied on the field survey, and reference of official records, newspaper, magazine, internet etc.

## **Minimum Wage: The Legal Prospective**

Legislative protection for workers to receive a minimum wage is the hall mark of a progressive nation. In India, the Minimum Wages Act, 1948 provides for fixation and enforcement of minimum wages in respect of scheduled employments. Currently, the number of scheduled employments in the central sphere is 45 whereas in the States sphere the number is 1650 (when all states are counted).

The Hon'ble Supreme Court has classified Wages as of three categories. They are:

1. The Living Wage ( highest standard of wage)
2. The Fair Wage (between living and minimum wage)
3. The Minimum Wage.( it is the lowest standard of wage)

The government is planning to amend the law and make it mandatory across the country to ensure that workers get the minimum stipulated wage. Because the M. W. Act has neither defined minimum wages nor it has laid down any norm for fixing the minimum wages. However, the Indian Labour Conference, in 1957 recommended certain norms for fixing the minimum wage as: 3 consumption units for one earner (2 Adults + 2 Children), minimum food requirements of 2700 calories per adult, rent corresponding to the minimum area provided for under Government's Industrial Housing Scheme, fuel, lighting and other miscellaneous items of expenditure to constitute 20% of the total minimum wage.

The Indian Labour Conference held in November, 1985 expressed the following views- "Till such time a national wage policy does not come into being, it would be desirable to have regional minimum wages in regard to which the Central Government may lay down the guidelines. The Minimum Wages should be revised at regular periodicity and should be linked with rise in the cost of living" Accordingly, the Government issued guidelines in July, 1987 for setting up of Regional Minimum Wages Advisory Committees. These Committees renamed subsequently as Regional Labour Ministers' Conference, made a number of recommendations including reduction in disparities in minimum wages in different states of a region, setting up of inter-state Coordination Council, consultation with neighbouring States while fixing or revising minimum wages etc.

In 1992, the Hon'ble Supreme Court in the historic judgement in the case of Reptakos & Co. Vs. its workers stated that children's education, medical requirement, minimum recreation including festivals or ceremonies, provision for old age, marriage etc. should constitute at least 25% of the minimum wage and be used as a guide for fixation of minimum wages in all relevant employments. Though these norms are need based, they leave some element of subjectivity because they vary from region to region and State to State. As regard non-payment of minimum rates of wages by the employers, presently there is provision (under Section 22 of the Act) of imprisonment for a term up to six months or fine up to Rs.500/- or both. It is proposed to extend the penal provision by incorporating the imprisonment clause for a term up to six months or fine up to Rs.5000/- or both for the first contravention and imprisonment for a term up to one year or fine of Rs.5000/- to Rs.10000/- or both on

subsequent contravention. The penal provision under Section 22 A for contravening any provision of the Act like non-maintenance of registers etc. is fine upto Rs.500/-. It has been proposed to enhance the fine up to Rs.5000/- for the first contravention and Rs.5000/- to Rs.10000/- on subsequent contravention.

## **2. The Mechanism For Minimum Wages**

The implementation of the M. W. Act, 1948, which primarily falls in the State sphere, is regularly pursued by the Ministry of Labour and Employment through discussion, correspondence with the States as well as visits to the States. Minimum wage and an allowance linked to the cost of living index are to be paid in cash, though payment of wages fully in kind or partly in kind may be allowed in certain cases. The minimum rate of wages consists of a basic wage and a special allowance, known as 'Variable Dearness Allowance (VDA)' linked to the Consumer Price Index Number. The Central Government appoints a Central Advisory Board for the purpose of advising the Central and State Governments in the matters of the fixation and revision of minimum rates of wages and for coordinating the work of Advisory Boards. Under the Minimum Wages Act, there are two methods for fixation or revision of minimum wages, namely:-

- Committee method - To enquire and recommend for the fixation and revision of minimum wages committees and subcommittees are appointed as the appropriate Govt.
- Notification method - Under this method, Government proposals are published in the Official Gazette for information of the persons likely to be affected thereby and specify a time of not less than two months from the date of the notification on which the proposals will be taken into consideration.

After considering the advice of the Committees/Sub-committees and all the representations received by the specified date, the appropriate Government, fix/revise the minimum wage in respect of the concerned scheduled employment and it shall come into force on expiry of three months from the date of its issue. The Government may review the minimum rates of wages and revise the minimum rates at intervals not exceeding five years.

In the Central sphere, the Act is enforced through the Central Industrial Relations Machinery (CIRM). CIRM is an attached office of the Ministry of Labour and is also known as the Chief Labour Commissioner (Central) [CLC(C)] Organization. The CIRM is headed by the Chief Labour Commissioner (Central). The State Industrial Relations Machinery ensures the enforcement of the Act at the State level.

In order to protect the minimum wages against inflation, the Central Government introduced the idea of Variable Dearness Allowance (VDA) based on the recommendation of the Labour Ministers' Conference held in 1988. Accordingly, the appropriate Governments are required to revise the minimum rates of wages from time to time to include V.D.A under the Minimum Wages Act, 1948. So far, besides the Central Government, 23 State Governments/Union Territories have adopted the VDA as a component of minimum wage and revise it twice a year or annually as may be applicable taking into account the rise in the Consumer Price Indices. In the Central sphere, the minimum rates of wages are revised effective from 1st April and 1st October every year.

To have a uniform wage structure and to reduce the disparity in minimum wages across the country, the concept of National Floor Level Minimum Wage (NFLMW) was mooted on the basis of the recommendations of the National Commission on Rural Labour (NCRL) in 1991. Keeping in view the recommendation of NCRL and subsequent rise in price indices, the National Floor Level Minimum Wage was fixed/ revised.

In fact, there is wide variation in the minimum wages for the same employment in different States/UTs. This has raised question mark about the efficacy of the Minimum Wages Act itself and there have been persistent demands in various forums to make NFLMW statutory. If introduced, it is expected to reduce disparity in the rates of minimum wages. The ILO Convention No. 131 to include all employments under the Schedule of M. W. Act can be ratified only after NFLMW is made statutory under the Act. Making NFLMW statutory also has financial implications as once the lowest range of the minimum wages in each state is raised to the levels of the NFLMW; actual wages are likely to increase. However, it is important to note that presently a large number of states already have their lowest range of minimum wages equal to or above the current NFLMW. If the NFLMW is made statutory, there will be no extra financial burden borne by the government apart from the costs of enforcement the major financial implications of the suggested policy will be borne by the private sector. Making NFLMW statutory has great consequences for enhancing the standard of living of and reducing poverty among casual workers and in low income states in particular. It is estimated that if the NFLMW is made statutory, even with the given levels of implementation of the Minimum Wages Act, 1948, the overall consumption expenditure in India is likely to increase by approximately 1.5% with much higher increase in case of casual workers and many low income states such as Assam, Orissa, and Andhra Pradesh etc. Accordingly the reduction in poverty is likely to be approximately 2% to 3.5 % at the all-India level. The reduction in poverty in case of casual workers is likely to be in the range

of 4% to 5%. The National Floor Level of Minimum Wage has been revised from time to time as per the requirement of the time. But disparities in wages in states are common as the respective state governments have been empowered to fix minimum wages for themselves. To reduce this problem and bring comparability the Central government has set up five Regional Minimum Wages Advisory Committees.

**Table-1 : Regional Committees in India**

Region	No. of States/UTs covered	States/UTs covered
Eastern Region	6	West Bengal, Orissa, Bihar, Jharkhand, Chhattisgarh and Andaman and Nicobar Islands.
North Eastern Region	8	Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim.
Southern Region	6	Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Puducherry and Lakshadweep.
Northern Region	9	Punjab, Rajasthan, Himachal Pradesh, Jammu and Kashmir, Haryana, Uttar Pradesh, Uttrakhand, Delhi and Chandigarh.
Western Region	6	Maharashtra, Gujarat, Goa, Madhya Pradesh, Dadra and Nagar Haveli and Daman and Diu.

**Table-2 : The National Floor Level Minimum Wage (NFLMW) through the years**

Sl. No.	Year	NFLMW (in Rs.) per day	Remarks	Percentage increased
1.	1991	20/-	NCRL recommended	—
2.	1996	35/-	Central Government mooted the concept	75%
3.	August 1998	40/-	Based on increase in CPI (AL)	14.29%
4.	01.12.1999	45/-	-Do-	12.50%
5.	01.09.2002	50/-	Based on increase in CPI(IW)	11.11%
6.	01.02.2004	66/-	Based on increase in CPI (IW) and Report of the Working Group of the Ministry for the year 2003.	32%
7.	01.09.2007	80/-	Based on increase in CPI(IW)	21.21%
8.	01.11.2009	100/-	-Do-	25%
9.	01.04.2011	115/-	-Do-	15%

*Source: Compiled and estimated by the author*

The table shows that the increase in the NFLMW is highest (75 percent) in the year 1996 in comparison to that in the year 1991. But the increase is lowest in the year 2011 (15

percent) in comparison to that in the year 2009. The change is meagre to meet the inflationary price rise.

### **3. Minimum Wage: The Status in Odisha**

Though there is no uniform and comprehensive wage policy for all sectors of the economy but Wages in the organized sector are determined through negotiations and settlements between employer and employees. In the unorganized sector, the workers are vulnerable to social and economic exploitation due to illiteracy, dispersed nature of operations & processes, low bargaining power, lack of institutional back-up and poor implementation of labour laws. The minimum rates of wages are fixed both by Central and State Governments in the scheduled employments falling within their respective jurisdictions under the provisions of the Minimum Wages Act, 1948. The Act binds the employers to pay to the workers the minimum wages so fixed from time to time. Worried at the prospect of having to match the arbitrary minimum wage rate fixed by the states, the central government is considering changes in the law to specify a separate wage norms for its flagship rural employment guarantee scheme that like MGNRGA & others. The centre has already contested in the Supreme Court a Karnataka High Court interim order directing it to align wage rates under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) with the minimum wages in the state.

The fixation of minimum wages depends on a number of factors such as-

- (a) Level of income
- (b) Paying capacity
- (c) Prices of essential commodities
- (d) Productivity
- (e) Local conditions, etc.

All these factors differ from State to State; the wages accordingly differs from state to state. The Odisha government has increased minimum wages payable to different categories, including agricultural labourers. The new wages will come into immediate effect. The minimum wage for unskilled category has gone up from Rs 90 a day to Rs 150. Similarly, for semi-skilled, skilled and highly skilled groups the daily wage has been fixed at Rs 170, Rs 190 and Rs 205 respectively. Earlier, it was Rs 103, Rs 116 and Rs 129 for semi-skilled, skilled and highly skilled workers respectively. The state government has for the first time decided on minimum wage for agricultural workers. It has been fixed at Rs 126 (non-ploughing) and Rs 150 (ploughing).

**Table-3 : Wage Rate in Odisha: The Changes Over the Time**

Year	Date of Notification	With Effect From	Category	Wage Rate (In Rupees)
1985	6 <sup>th</sup> July 1985	15 <sup>th</sup> July 1985	Un skilled	7.50
			Semi skilled	9.00
			Skilled	12.00
			Highly Skilled	15.00
1986	5 <sup>th</sup> July 1986	15 <sup>th</sup> July 1986	Un skilled	10.00
			Semi skilled	9.00
			Skilled	12.00
			Highly Skilled	15.00
1987	20 <sup>th</sup> Feb 1987	23 <sup>rd</sup> Feb 1987	Un skilled	10.00
			Semi skilled	11.50
			Skilled	14.50
			Highly Skilled	18.00
1989	1 <sup>st</sup> Feb 1989	10 <sup>th</sup> Feb 1989	Un skilled	11.00
			Semi skilled	11.50
			Skilled	14.50
			Highly Skilled	18.00
1990	30 <sup>th</sup> June 1990	1 <sup>st</sup> July 1990	Un skilled	25.00
			Semi skilled	--
			skilled	--
			Highly Skilled	--
1992	4 <sup>th</sup> Dec 1992	4 <sup>th</sup> Dec 1992	Un skilled	25.00
			Semi skilled	--
			skilled	--
			Highly Skilled	--
1993	Amendment on 17 <sup>th</sup> July 1993			
1996	14 <sup>th</sup> Aug 1996	15 <sup>th</sup> Aug 1996	Un skilled	30.00
			Semi skilled	36.00
			skilled	42.00
			Highly Skilled	48.00
2001	29 <sup>th</sup> Dec 2001	1 <sup>st</sup> Jan 2002	Un skilled	50.00
			Semi skilled	60.00
			skilled	70.00
			Highly Skilled	80.00
2007	28 <sup>th</sup> April 2007	1 <sup>st</sup> May 2007	Un skilled	70.00
			Semi skilled	80.00
			Skilled	90.00
			Highly Skilled	100.00
2009	13 <sup>th</sup> July 2009	As per the direction of labour commission, Odisha	Un skilled	90.00
			Semi skilled	103.00
			Skilled	116.00
			Highly Skilled	129.00
2012	6 <sup>th</sup> Oct 2012	10 <sup>th</sup> Oct 2012	Un skilled	150
			Semi skilled	170
			Skilled	190
			Highly skilled	205
			Agricultural workers	126(non-ploughing)
				150 ploughing

Source: Govt. of Oddisha Gazates

**Table-4 : Wage Rate in Odisha : A Comparison**

Category	Wage rate per day(Previous) Rs	Wage rate per day(New) Rs	Change in percentage
Unskilled	90	150	66.67
Semi-skilled	103	170	65.04
Skilled	116	190	63.79
Highly skilled	129	205	58.91
Agricultural workers	---	126 (non-ploughing)	Difference between Pl & non pl. Agri wage rate 19.04
		150 ploughing	

*Source: Compiled and estimated by the author*

The changing Scenario of the wage rate in Odisha shows that the increase in the wages for the unskilled labour is highest (66.67 percent), whereas the increase for the highly skilled labourer is the lowest (58.91 percent). The difference of the wage rate between ploughing and non-ploughing activity is 19.04 percent only.

The minimum wages were revised in tune with recommendations of the Wage Advisory Board. The revision would benefit an estimated 1.2 crore workers engaged in 83 scheduled employments, including those working with contractors. The workers would be entitled to get a special allowance called variable dearness allowance of Rs2.50 a day after every two years or on each 50-point increase in Consumer Price Index. The political leaders and trade unions had been demanding a hike in minimum wages and even some of them had sought that the minimum wage for unskilled category must be made at least Rs 200 daily. The revised minimum wages were notified by the Labour and Employment Department on February 2012. The Government invited public suggestions and objection on the revised wages in two months of the publication of the notice. After taking into consideration the public objections and recommendations of the Odisha State Minimum Wage Board, the Government decided to implement the revised. It was the need of the hour. The Government has taken appropriate decision in favour of daily labourers to enable them to combat the price hike to some extent. The Odisha government has raised the minimum wages for the domestic helps. The minimum wage of such workers has been fixed at the same level as for the unskilled workers. So a domestic help will be entitled to get a basic wage of Rs 2340 per month. Besides, they will be entitled to a special allowance (variable dearness allowance) from the date of fixation of minimum wages at the rate of Rs 20 per day for a block period of 2 years. It will be applicable for the domestic workers engaged in cleaning of vessels, washing of clothes, sweeping and swabbing floor, care of old and infirm persons, kitchen

shopping, taking children to school among others. For implementation of this decision, employment of domestic workers has been made a part of the schedule of the minimum wages act, 1948. They will have a six days week and an off day and will be paid 7 days wages for the 6 working days. If they work on any weekly off day, they will be paid double the daily wage. On the other hand, the owners who employ domestic helps will pay 20 percent less if they provide 3 meals a day (breakfast, lunch and dinner). The owners can't deduct any amount from their wages for providing accommodation, water and electricity. The labour and employment department of the Orissa government has come out with the required notification. It needs co-operation of the public to be implemented properly for the benefit of the labour market in general and labourer in particular. Comparison of the minimum wages in Odisha with that of the other state gives a different picture which is given as below.

**Table-5 : Comparison of Notified Wages For Mgnrega (Rs. /Day) in Odisha**

Sl. no	Name of the State	Minimum wages (2005-06 (in Rs.)	Notified wages as effective on 1-01-2009	Revised wage rate (in Rs.)	Date of revision	Revised wage rate effective from 1-01-2011 (in Rs.)	Revised wage rate effective from 1-04-2012 (in Rs.)
1	Odisha	55.00	70.00	90.00	13-07-2009	125.00	126.00
2	Haryana	95.00	141.02	---	---	179.00	191.00
3	Punjab	101.00	---	---	---	153.00(w.e.f. 28.07.2011)	166.00
4	kerala	125.00	125.00	---	---	150.00	164.00
5	Jharkhand	76.00	92.00	99.00	2-06-2009	120.00	122.00
6	Sikkim	85.00	100.00	---	---	118.00	124.00

*Source: compared by the author*

The table shows that the wage rate received by the labour in Odisha in open market is much higher than not only than the minimum wage fixed by the Act but also higher than the MNREGA wages paid to the workers. The wages paid to the workers under MGNREGA differ among the states. It is higher in the rich states like Haryana, Punjab & Kerala etc. whereas in Odisha it is very much lower less just Rs.2 higher than the states like Sikkim, Nagaland, Tripura etc. The highest increase is registered in the case of the state Kerala.

#### **4. The Scene at the Study Area**

A study at the village Panisulia of Tadda G.P in Basta and Pratappur of Pratappur G.P in Baliapal block of Baleswar district of Odisha was conducted . The selected occupations for

which daily wage rates are being collected every month are as follows:

**Table -6 : Selected Occupations for Wage Survey**

<b>Agricultural Activity</b>	<b>Non-Ploughing Activity</b>	<b>Non-agricultural Activity</b>
Ploughing	Sowing	Carpentry
	Weeding	Mason work
	Transplanting	Tractor/ Auto Rickshaw. /Car Driver
	Harvesting	Bamboo weavers (Duma).
	Winnowing	Unskilled Labour (un-specified)
	Threshing	Others
	Picking	
	Others	

In the study area out of the 170 households of the Panisulia village about ( 70 -75) percent and out of 160 households of Pratappur village (65-70) are working class. The study shows that not only semi-skilled and highly-skilled but also the un-skilled labour are getting much higher wages than the minimum wage rate in the Baleswar district of Odisha. In this situation the Minimum wage rate is not only providing social security and safety net to the labour class but also to the land owner, agriculturist, businessman and others who require labourers for their activities. They feel wage rate would be much higher if minimum wages Act has not been implemented. This is not the feature only in the rural areas but also in the urban areas. Rice @ Rs.2, other programmes & social beneficial schemes for the BPL families, availability of work to the labourer for the whole of the year through MNREGA and others (Ex- construction of road/bridge, school building etc), migration of the people from the rural areas to the urban areas to avail the amenities & other benefits etc are the root cause of the increasing wage rate in the state. The distress migration has been a major cause of concern in the study areas. The destitutes among unemployed rural labor are bound to migrate. The gravity of distress migration is sufficiently visible by looking at the swelling number of slums in the urban areas. Rice @Rs.2/k.g and other social security schemes (now the govt. of Odisha has initiated rice@Rs.1/k.g) have assured the workers that they will never starve due lack of food grains. In addition to this the provision of assured job to the unskilled labour through MGNREGA has increased their bargaining power . Thus it can be realized that wage rate in Odisha is running at a higher level than that fixed by the Wage Act. The wage rate given through MNREGA is also less than the market wage rate. Proper implementation of the policies & supervision of the plan and programmes are the major requirements of the time. It has been the constant endeavour of the Government to ensure minimum rates of wages to the workers in the sweated industries and which has been sought to be achieved through the fixation of minimum wages, which is the only solution to this problem.

**Table-7 : The Prevailing Wage Rate in Balaswar District of Odisha (In Rs)**

<b>Agricultural activity</b>	<b>MW</b>	<b>PW</b>	<b>Differences in Rs.</b>
Ploughing	150	250-300	$\geq 100$
Non-ploughing	126	200-250	$\geq 74$
<b>Non-Agri. activity</b>			
Daily labour(HH)	150-170	200-250	$\geq 50$
Contract labour		300-350	
Carpenter	190-205	300-350	$\geq 110$
Carpenter ( Helper)	150-170	150-200	$\geq 0$
Mason	190-205	350-400	$\geq 160$
Mason ( Helper)	150-170	150-200	$\geq 0$

*Source: Primary Data Compiled by the Author.*

The prevailing wage rate in the study area is much higher than the minimum wage rate fixed by the act. The difference between the minimum wage and the prevailing wage is highest (Rs.160) or the highly skilled workers like Mason etc.

## **5. Policy Suggestion from the Present Study**

Keeping in view the entire above scenario and the wide variation in the wage rate across states, the following policy measures are suggested by the present study.

- i. The present study strongly suggests making the present NFLMW statutory so as to protect the socio-economic interests of not only the labourer but also of the employer like agriculturist, businessman, artisans etc.
- ii. The enhancement of the levels of implementation of the Minimum Wages Act, 1948 by aligning the lowest range of minimum wages to the NFLMW.
- iii. The NFLMW (Rs. 115 in the year 2011-12) is inadequate to meet the inflationary price rise in recent years. The study recommends fixing the NFLMW at least in between (Rs.150-200).
- iv. Periodic revision of the NFLMW is recommended as it will take care of the delays in the revision of minimum wages at the state level.
- v. Differential rates of wages in respect of adults, adolescents, children and apprentices are to be given attention.

- vi. Improve rural asset quality and to provide employment. It is expected that the economy would create enough employment opportunities and there would be an optimal allocation of labour resources & minimum assured wage rate.
- vii. Issues like payment of minimum wages implementation of labour laws, contract labour, tripartite consultation system, registration of trade unions etc. must be given priority.
- viii. Registration of the local trade unions must be made compulsory to save both the employer and the laborer from the exploitation of the (labour sardar) the labour leader.

## **6. Concluding Remarks**

The minimum wage is generally related to a survival standard which is considered basic in a given society and has the purpose of safeguarding the income and living conditions of workers who are considered to be the most vulnerable in the labour market. Even though more than 60 years have passed since its enactment, there was only one minor amendment to the Act in 1986 pertaining to Section 23 to provide for exemption of the employer from liability in certain cases. It is, therefore, high time that a comprehensive examination of various provisions under the Act is made and necessary amendments to the Act carried out. It is praise worthy that apart from linking salary hikes to inflation rate and enhancing penalties for non-compliance, the government is now planning to amend the law and make it mandatory across the country to ensure that workers get the minimum stipulated wage. The State has to ensure the workers their just and genuine wage through such legislations. It is necessary to increase the bargaining power of the workers by providing them social security and safety net through the provision of various programmes. At the same time the fact must not be ignored that the minimum working hours, categorization of the work and fixation of the wages accordingly are very important.

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## Inequalities of Different Cultivating Land Holdings: A Study on Sambalpur District of Odisha

Umakanta Tripathy<sup>1</sup>  
Pragnya Laxmi Padhi<sup>2</sup>  
Bamdev Baghar<sup>3</sup>

### Abstract

*Land serves as an essential asset for a country to achieve economic growth and social equity. The distribution of land as a productive asset has important implications for allocative efficiency in the economy. Unequal distribution of land as a major productive asset would result in over utilization of land and under utilization of labor in a labor rich economy. Land reform usually refers to redistribution of land from the rich to the poor considering the poor agrarian economy, land is believed to be the most important asset of the farmers. While discussing land distribution, inequality of land distribution is an important determinant of overall inequality in the economy. This paper attempts to study the changes in the pattern of inequalities in land distribution in Sambalpur district of Odisha during the period 1970-71 to 2000-01. The findings of this study reveal that the marginal and semi-medium farmers are gaining in importance at the expense of small, medium and large farmers owning operated holdings in the country. This paper further focused that land reform has succeeded in reducing the concentration of large holdings, but the main beneficiaries are middle-scale farmers. This paper suggests that there should be proper distribution of surplus land among the landless following strict implementation of the ceiling laws, since increasing landlessness causes a serious problem for the ruling class and the society at large.*

**Keywords:** economic growth, social equity, land reforms, inequality, marginal, small, medium and large farmers

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1. Assistant Professor in Economics  
Silicon Institute of Technology, Sambalpur, [umakanta.tripathy@gmail.com](mailto:umakanta.tripathy@gmail.com)
  2. Guest Lecturer, P.G Department of Economics,  
Gangadhar Meher College (Autonomous), Sambalpur, [n.pragnya@gmail.com](mailto:n.pragnya@gmail.com)
  3. PGT Economics, [bbaghar@gmail.com](mailto:bbaghar@gmail.com)

## **1. Introduction**

High productivity and equitable distribution are the two factors which envisaged the national objective of poverty abolition immediately after independence. Land reforms were visualized as an important pillar of a strong and prosperous country. Land distribution has undergone changes in various ways from the pre-Independence till date. Thus, it requires discussing in brief the changing pattern of the past as a prerequisite to analyze the changing pattern of the present. In the pre-Independence period, it is obvious that the concentration of land holding was completely under the clutches of the zamindars and landlords, at the cost of marginal, small and medium peasantry. In early 1950s also, the land holding data showed an unequal distribution of land ownership and cultivated holdings. In the immediate post-Independence period, the land reform measures were implemented in India to bring changes in the semi-feudal and feudal agrarian structure. As a part of this measure, in Odisha also, land reform legislations were undertaken to bring changes in land distribution. The economy of Odisha is characterized by the dominance of agricultural sector. Agriculture alone provides direct and indirect employment to around 65 percent of the total workforce of the state as per 2001 census. Odisha is one major state of the Indian Union where agriculture continues to play a dominant role with higher share in GSDP as well as absorption of workforce. As late as 2009-10, the share of Agriculture is 21.55% in GSDP at current prices and dependence on agriculture is as high as 64.77% as per 2001 census. Although the contribution of agriculture to state income has significantly declined, the percentage of work force engaged in agriculture has remained somewhat unchanged. This implies that there has been an overcrowding in agriculture without any perceptible increase in production. Therefore, agricultural growth holds the key to the overall development of the state by way of creating employment, generating income, providing raw materials to the industrial sector and last but not the least ensuring self-reliance in food production and food security to the deprived sections. Nevertheless, the sector continues to be characterized by low productivity and inequalities of proper land distribution system in India.

Agri-infrastructure and modern farm practices and their impact on agricultural productivity show the regional variation in the agrarian economy and also the impact of infrastructure on modern farm practices on agricultural productivity for the command area. In the further study, it is observed that there are wide disparities in the distribution of rural infrastructure across all the districts and regions of the agrarian economy of Odisha. The adoption of modern farm practices is found to have been skewed towards a few regions and districts of Odisha (Pradhan 2003).

In an economy where agriculture is among the major sources of livelihood, the most obvious reason for the importance of land ownership arises from its productive capacities (Benjamin and Brandt, 1997). Perhaps what is not so obvious is how ownership of land plays a central

role in the allocation of non-land factors of production, such as labor and capital through rural factor markets, particularly in economies where land is the scarce factor compared to labor (Sen, 1981; Griffin et al, 2002; Rao, 2005). Furthermore, distribution of land ownership contributes to systematic differences in institutions which allow access to investment in public goods, infrastructure, and to economic opportunities (Deininger and Feder, 1997; Engerman and Sokoloff, 2002; Baland and Robinson, 2003).

Land reform legislation in India consisted of four main categories—tenancy reform, abolition of intermediaries, land ceiling, and land consolidation. The first category of land reform, namely tenancy reform, imposed regulation that attempted to improve the contractual terms faced by tenants, including crop shares and security of tenure. Under the British land-revenue system, large feudal landowners (*zamindars*) received the rights to collect tributes from peasants in exchange for a land tax paid to the state. Almost half of the land was under this system at the time of Independence. This system was considered exploitative, and abolition of intermediaries was aimed at curtailing the power of these large landowners and ensuring that the cultivator of the land was in direct contact with the government, which minimized unjust extraction of surplus by the landowner. The third form of land reform was the imposition of a ceiling on landholdings that aimed to redistribute surplus land to the landless. Finally, consolidation of landholdings constituted the fourth kind of land reform, which ensured that small bits of land belonging to the same small landowner but situated at some distance from one another could be consolidated into a single holding to boost viability and productivity. Though abolition of intermediaries was implemented somewhat successfully, still it is observed that it is basically a “reform of revenue administration rather than a measure of land distribution” (Dandekar and Rath, 1971).

## **Objectives**

- ❖ To study the changes in the pattern of inequalities of land distribution in Sambalpur during the period 1970-71 to 2000-01
- ❖ To study the marginal, small, medium and big farmers and the reason for variation of land holdings in Odisha
- ❖ To study the pattern of production of different types of farms along with the availability of resources.

## **Data Base and Methodology**

### **Gini-coefficient**

The methodology used in this study is to see the change in the concentration of land in the area operated hierarchically at different points of time is the “Gini Co-efficient” or “Concentration Ratio”. Gini Co-efficient (g) is also known as Concentration Ratio (CR)-

a method for the measurement of economic inequalities such as the distribution of income and wealth between countries or between different periods of time. For example, if we are interested to show the inequality in the land holdings in India and Odisha, it is defined as

$$C.R = \frac{\sum_{i=1}^N P_i - 1}{\sum_{i=1}^n Q_i - 1}$$

Where,

P<sub>i</sub> = Cumulative percentage share in the numbers and operated holdings of the i<sup>th</sup> size groups.

Q<sub>i</sub> = Cumulative percentage of area operated.

n = Number of farmers

Concentration Ratio (G) is a pure number dependent of units of Measurement and lies between 0 and 1. In case of equal distribution C.R= 0 and its value goes up with increase in inequalities.

## 2. Land Distribution in Sambalpur District

Table-1 below presents the distribution of land both in terms of number of operational holdings and the area operated in undivided Sambalpur district during two points of time viz., 1970-71 and 2000-01.

**Table-1: Distribution of Land In Operational Holdings and Area Operated**

Land size groups	1970-71		2000-01	
	% of holdings	% area	% of holdings	% area
0-0.5	17.67	2.56	0.00	0.00
0.5-1.0	21.01	7.14	48.28	16.60
1.0-2.0	33.76	24.10	29.20	26.47
2.0-3.0	7.80	9.50	0.00	0.00
3.0-4.0	7.40	11.63	15.62	27.43
4.0-5.0	4.36	8.91	0.00	0.00
5.0-10.0	5.91	18.74	6.25	22.96
10.0-20.0	1.65	10.11	0.00	0.00
20.0-30.0	0.24	2.57	0.65	6.54
30.0-40.0	0.08	1.20	0.00	0.00
40.0-50.0	0.05	0.96	0.00	0.00
>50.0	0.07	2.58	0.00	0.00
All classes	100.00	100.00	100.00	100.00
Concentration ratio		0.4531		0.5144

Source: Agricultural Census of Odisha, 1970-71 & 2000-01

In 1970-71 the land distribution pattern may be summarized as follows. The marginal holdings constituted 38.68% of the total operational holdings occupying 9.70% of the total operated area. The small holdings constituted 33.76% of the total holdings with 24.10% of the operated area. Together the marginal and small holdings constituted 72.44% of the holdings with 33.80% of the operated area. On the other hand large holdings constituted 2.09% of the total holdings occupying 17.42% of the operated area. The remaining holdings designated as medium holdings constituted 25.47% of the total holdings occupying 48.78% of total operated area. This indicates on the one hand a highly under resourced small peasantry, high degree of concentration of land in the hands of few and a stable middle peasantry.

In 2000-01 there are changes in the land distribution leading to greater marginalization on the one hand, higher concentration but continuing stability of middle peasantry. The marginal holdings constituted 48.28% of the total holdings with 16.60% of operated area showing increasing marginalization of holdings. The small holdings constituted 29.20% of the total holding with 26.47% of total operated area. Together they constituted 77.48% of total holdings with a share of 43.07% of total operated area. The big holdings on the other hand constituted 0.65% of total holdings with 6.54% of the total occupied area. The rest 21.87% (middle holdings) occupied 50.39% of the total operated area.

The pattern of change may be described as growing marginalization of the peasantry with a tendency of increasing concentration of land and high importance of middle farming holdings. The increasing concentration is reflected by Gini coefficient of concentration which increased from 0.4531 in 1970-71 to 0.5144 in 2000-01.

The operational holdings have been categorized by Agricultural Census into three categories such as (i) Wholly owned & self operated (ii) Partly owned and partly leased and (iii) Wholly leased in holdings. The nature of changes in the distribution of land for these three categories during the two points of time can be observed from Table-2 presented below.

It may be observed that in 1970-71 of the total operated area 92.60% was under wholly owned and self operated followed by 5.30% under partly owned and partly leased and remaining 2.11% under wholly leased. In 2000-01 the situation changed with decline in the wholly owned and self operated area declined to 80.78% increase in the partly owned and partly leased area increasing to 18.19% and that of wholly leased area marginally declined to 1.02%. This indicates the increasing importance of tenancy in the state on the one hand

and declining importance of owning cultivation on the other.

In 1970-71, among the wholly owned and self operated group, about 38.68 % of the holding were marginal holdings occupying 9.70 % of the operated area, 33.76% of the holdings belonged to small holdings with 24.11 % of the operated area. Together they constituted 72.14% of the holdings with 33.81% of the operated area. In 2000-01 their numbers increased to 77.47% occupying 42.05% of the operated area. This indicates the rise in the process of marginalization of the agricultural holdings of the state. On the other extreme the large holdings constituted 2.09% of the holdings with 17.42% of the operated area in 1970-71 which declined to 0.67% of the holdings and 8.32% in the share in operated area. There is a stability of the middle holdings with 25.47% of the holdings in 1970-71 which declined to 21.86% of holdings in 2000-01 and occupying 48.77% of the operated area in 1970-71 and increased to 49.63% of the operated area. The Gini coefficient of concentration is found to have declined from 0.5143 in 1970-71 to 0.4691 in 2000-01.

In case of the partly owned and partly leased holdings, in 1970-71 29.94% were marginal holdings which increased to 45.13% in 2000-01 with their share in operated area rising from 7.25% in 1970-71 to 13.14% in 2000-01. Similarly the small holdings having a share of 38.15% in total holdings registered a marginal decline to 24.43% in 2000-01. Their share in total operated area however increased from 26.59% to 27.92%. Together the share of Marginal and Small holdings in total holdings increased from 68.09% to 69.56%, while their share in operated area increased from 33.84% to 41.06%. On the other hand the large holdings with a share of 2.01% in 1970-71 controlled 16.71% of the operated area. There was a decline to 0.89% in holdings and 5.83% in the operated area in 2000-01. Thus tenancy in Orissa seems to be mainly by small operators which have implications for lack of sustainable growth. For partly owned and partly leased the concentration ratio decreases in 2000-01(0.4135) from 1970-71(0.4735).

Among the wholly leased holdings, the pattern is almost similar as in case of partially leased holdings. The share of marginal holdings was 58.06% in 1970-71 with 26.36% operated area. These increased to 69.99% and 33.24% respectively in 2000-01. In case of small holdings there is decline in the share in holdings from 30.98% in 1970-71 to 18.72% in 2000-01. There was however a decline in the share in operated area from 35.01% to 25.75%. The share of Marginal and small holdings decreased from 89.04% to 88.71% in total holdings and from 61.37% to 58.99% in operated area. This confirms that tenancy in Sambalpur is essentially by small operators. For wholly leased in holdings the concentration ratio decreases in 2000-01(0.4224) from 1970-71(0.4292).

Table-2: Land Distribution of Different Types of Holdings in Sambalpur district

Land Size	wholly owned and self operated				Partly owned and partly leased				wholly leased in holdings			
	1970-71		2000-01		1970-71		2000-01		1970-71		2000-01	
	%Hold	%Area	%Hold	%Area	%Hold	%Area	%Hold	%Area	%Hold	%Area	%Hold	%Area
0-0.5	17.67	2.56	0.00	0.00	9.38	1.80	0.00	0.00	27.05	8.92	0.00	0.00
0.5-1.0	21.01	7.14	49.60	16.44	20.57	5.44	45.13	13.14	31.01	17.45	69.99	33.24
1.0-2.0	33.76	24.11	27.87	25.61	38.14	26.59	24.43	27.92	30.98	35.01	18.72	25.75
2.0-3.0	7.80	9.50	0.00	0.00	9.55	9.32	0.00	0.00	4.30	8.96	0.00	0.00
3.0-4.0	7.40	11.63	15.52	26.61	9.08	11.85	20.84	29.96	3.60	11.02	7.58	21.11
4.0-5.0	4.36	8.91	0.00	0.00	5.33	9.12	0.00	0.00	1.03	3.93	0.00	0.00
5.0-10.0	5.91	18.73	6.34	23.02	5.94	19.16	8.71	23.15	1.64	8.65	3.71	19.90
10.0-20.0	1.65	10.11	0.00	0.00	1.54	8.28	0.00	0.00	0.34	4.09		
20.0-30.0	0.24	2.57	0.67	8.32	0.00	0.00	0.89	5.83	0.03	0.70		
30.0-40.0	0.08	1.20			0.17	2.25			0.01	0.34		
40.0-50.0	0.05	0.96			0.30	6.19			0.00	0.00		
50&above	0.07	2.58							0.01	0.93		
All classes	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
C.Ratio	0.5143		0.4691		0.4735		0.4135		0.4292		0.4224	

Source: Agricultural Census of Odisha, 1970-71 &amp; 2000-01

## Level of Irrigation of Cultivating Holdings

The irrigation status of different cultivating holdings can be examined from Table-3 presented below. The holdings have been classified into wholly irrigated, wholly unirrigated and partly irrigated. It is observed that 35.27% of holdings in the district held irrigated land in 1970-71 which increased to 42.62% in 2000-01. The irrigated land constituted 30.83% of the operated area in 1970-71 which increased to 40.31% as per 2000-01 Agricultural Census. Though there is expansion in irrigation it does not seem to be very significant.

**Table - 3: Irrigation Status of Different Holdings in Sambalpur district**

Type of Irrigation			Marginal	Small	Medium	Large	All
Wholly Irrigated	1970-71	No.	24.05	6.47	13.08	3.80	14.90
		Area	26.83	11.57	13.57	3.89	12.95
	2000-01	No.	18.02	14.08	15.97	12.19	16.38
		Area	19.60	18.69	23.41	22.87	21.28
Wholly Unirrigated	1970-71	No.	64.79	72.58	55.31	51.80	64.73
		Area	65.12	62.43	70.41	77.58	69.17
	2000-01	No.	68.88	54.55	36.92	24.64	57.38
		Area	74.82	68.87	48.19	53.30	59.69
Partly Irrigated	1970-71	No.	11.16	20.95	31.61	44.40	20.37
		Area	8.05	26.00	16.03	18.53	17.88
	2000-01	No.	13.11	31.37	47.11	63.18	26.24
		Area	5.59	12.44	28.39	23.83	19.03
Total Irrigation	1970-71	No.	35.21	27.42	44.69	48.20	35.27
		Area	34.88	37.57	29.60	22.42	30.83
	2000-01	No.	31.13	35.45	63.08	75.37	42.62
		Area	25.19	31.13	51.8	46.70	40.31

Source: Agricultural Census of Odisha, 1970-71 & 2000-01

Category of holding wise it is noticed that in 1970-71, marginal holdings have relatively higher level of irrigation compared to the small, medium and large holdings both in terms of number of holdings as well as proportion of irrigated area in total operated area. In 2000-01, however the number of holdings having irrigated area is found to be more in case of large and medium holdings compared to small and marginal holdings. In terms of share of irrigated area in operated area one finds higher level of irrigation for marginal holdings and small holdings compared to medium and large holdings, though the variations are not significant.

### Sources of Irrigation of Different Holdings

The source of irrigation for the different cultivating holdings can be studied from Table-4 presented below. The Sources of Irrigation of different holdings have been classified into Canal, Tank, Well, Tube wells and other sources. The irrigated land constituted 65.08 % of the operated area through canals in 1970-71 which increased to 67.03% as per 2000-01 Agricultural Census. 32.66% of operated areas were irrigated through Tanks in 1970-71 which declined to 12.97 % in 2000-01. 0.45% of operated areas were irrigated through wells in 1970-71 which increased to 3.96% in 2000-01. 0.84% of operated areas were irrigated through Tube-wells in 1970-71 which increased to 4.25% in 2000-01. In regard to other sources, 0.97% of operated area was irrigated through other sources in 1970-71 which increased to 11.79% in 2000-01.

**Table-4: Sources of Irrigation of Different Holdings (Area In Hectares)**

Sources of	Year	Marginal	Small	Medium	Large	All
Canal	1970-71	74.67	71.34	64.98	40.54	65.08
	2000-01	74.49	69.18	67.09	42.24	67.03
Tanks	1970-71	23.54	26.45	32.88	56.07	32.66
	2000-01	10.43	13.38	12.60	20.36	12.97
Wells	1970-71	0.25	0.34	0.37	1.27	0.45
	2000-01	4.06	5.63	3.44	2.34	3.96
Tube-wells	1970-71	0.44	0.67	0.98	1.06	0.84
	2000-01	1.17	2.00	5.23	10.28	4.25
Others	1970-71	1.10	1.20	0.79	1.06	0.97
	2000-01	9.85	9.82	11.64	24.77	11.79

*Source: Agricultural Census of Odisha, 1970-71 & 2000-01*

Category of holding wise it is noticed that in 1970-71, marginal, small and medium holdings have relatively higher level of irrigation under canal compared to the large holdings, which had relatively higher proportion under tank irrigation. In 2000-01, while the source of irrigation for marginal holdings remained unchanged, one notices decline of tank irrigation

and increase in well irrigation and other types of irrigation in case of all types of holdings. However, the importance of Tube wells irrigation and other sources of irrigation seem to have increased in 2000-01 significantly for large holdings compared to 1970-71.

## Land Utilisation Pattern

Land utilisation pattern has been given in Table-5 presented below. The Land utilisation pattern have been classified into net area sown, area under current fallows, net area cultivated, uncultivated land excluding fallow land, fallow land other than current land, cultivable waste land and land not available for cultivation.

**Table-5: Land Utilisation Pattern in Sambalpur district**

Land utilisation pattern	Year	Marginal	Small	Medium	Large	All
Net area sown	1970-71	86.27	76.32	96.54	87.39	89.08
	2000-01	97.65	96.18	92.83	89.86	94.32
Area under current fallows	1970-71	0.24	0.22	0.90	2.94	1.03
	2000-01	1.23	2.17	3.90	3.83	3.00
net area cultivated	1970-71	86.51	76.54	97.44	90.33	90.10
	2000-01	98.89	98.34	96.73	93.69	97.32
uncultivated land excluding fallow land	1970-71	0.10	0.11	0.28	0.97	0.34
	2000-01	0.14	0.20	0.28	0.48	0.25
Fallow land other than current land	1970-71	12.96	21.71	1.59	1.03	7.44
	2000-01	0.37	0.70	1.49	2.75	1.18
Cultivable waste land	1970-71	0.10	0.02	0.45	4.26	0.98
	2000-01	0.20	0.29	0.79	0.90	0.57
Land not available for cultivation	1970-71	0.33	1.62	0.25	3.41	1.14
	2000-01	0.41	0.46	0.71	2.17	0.69

Source: Agricultural Census of Odisha, 1970-71 & 2000-01

Category of holding wise it is noticed that in 1970-71, net area sown and net cultivated area are relatively higher for medium and large holding compared to marginal and small holdings. On the other hand fallow other than current fallow is found relatively higher in case of marginal and small holdings. In 2000-01, one however does not find much variation in the land utilization pattern in case of all types of holdings.

### Cropping Pattern

The source of cropping pattern can be studied from Table-6 presented below. The sources of cropping pattern are classified into Rice, Cereals, Pulses, Food grains, sugarcane, spices, fruits, vegetables, total food crops, oilseeds, fibres and total non food crops.

**Table- 6: Cropping Pattern of different holdings in Sambalpur district  
(Area in %)**

Cropping pattern	Year	Marginal	Small	Medium	Large	All
Rice	1970-71	86.23	74.37	68.86	74.69	72.36
	2000-01	91.42	88.65	88.25	79.11	88.36
Cereals	1970-71	89.67	80.19	76.74	85.59	79.67
	2000-01	91.84	89.08	88.63	79.55	88.76
Pulses	1970-71	5.05	6.44	8.85	8.64	7.75
	2000-01	4.07	5.32	4.93	4.37	4.85
Food grains	1970-71	94.72	86.63	85.59	94.23	87.42
	2000-01	95.91	94.40	93.56	83.92	93.61
Sugarcane	1970-71	0.20	0.44	0.39	0.24	0.35
	2000-01	0.23	0.52	0.84	1.13	0.67
Total Food crops	1970-71	94.92	87.07	85.98	94.47	87.77
	2000-01	96.14	94.92	94.40	85.05	94.28
Oil seeds	1970-71	1.58	3.57	1.92	3.06	9.24
	2000-01	2.20	3.24	3.63	3.13	3.25
Fibres	1970-71	0.07	0.12	0.14	0.33	0.16
	2000-01	0.01	0.01	0.01	0.00	0.01
Total non food crops	1970-71	5.08	12.93	14.02	5.53	12.23
	2000-01	3.86	5.08	5.6	14.95	5.72

Source: *Agricultural Census of Odisha, 1970-71 & 2000-01*

Category of holding wise it is noticed that in 1970-71, cultivation of rice is relatively more important in case of marginal holdings and less important in case of middle holdings. Importance of rice has increased in all types of holdings in 2000-01. One notices increasing importance of food crops in case of all types of holdings excepting large holdings in 2000-01 over 1970-71. However, in 1970-71 Food crops were found relatively more important in case of marginal and large holdings. Non-food crops which was relatively more important for Small and medium farmers in 1970-71 witnessed a reversal with increasing importance of the crops for large holdings in 2000-01.

### **Distribution of Gca, Nas and Cropping Intensity**

The distribution of gross cropped area, net area sown and cropping intensity is given in Table-7 presented below. In case of different size groups, marginal holdings were the highest cropping intensity with 155 in 1970-71 which was declined to 116 in 2000-01 agricultural census. In small farmers the cropping intensity was 122 in 1970-71 which increased to 115 in 2000-01. In medium holdings the cropping intensity also increased from 111 in 1970-71 to 121 in 2000-01. For large farmers cropping intensity decreased from 113 in 1970-71 to 110 in 2000-01. In all cases the cropping intensity was 119 in 1970-71 which marginally decreased to 118 in 2000-01.

**Table- 7: Distribution of GCA, NAS and Cropping Intensity in Sambalpur district (000Ha)**

Land utilisation pattern	Year	Marginal	Small	Medium	Large	All
Net area sown	1970-71	73.91	162.38	415.70	134.57	786.56
	2000-01	90.27	141.79	260.51	32.64	525.22
GCA	1970-71	114.59	198.82	460.68	151.55	935.64
	2000-01	104.29	163.45	314.76	35.83	618.34
Cropping intensity	1970-71	155	122	111	113	119
	2000-01	116	115	121	110	118

*Source: Agricultural Census of Odisha, 1970-71 & 2000-01*

### 3. Summary & Conclusion

The changing land distribution in the district of Sambalpur between the periods 1970-71 and 2000-01 may be summarized as follows. In contrast to the pattern of changes in land distribution in the district of Sambalpur there has been a tendency of increasing concentration of land, with rise in the Gini coefficient of concentration over time. The pattern of change may be described as growing marginalization of the peasantry with a tendency of increasing concentration of land and high importance of middle farming holdings. Similar pattern of declining importance of wholly owned and operated holdings and increasing importance of partly owned and partly leased holdings is observed also in case of the district of Sambalpur. This indicates the increasing importance of tenancy in the district on the one hand and declining importance of owning cultivation on the other.

It is observed that the district records higher level of irrigation which has increased over time. The irrigated land constituted 30.83% of the operated area in 1970-71 which increased to 40.31% as per 2000-01 Agricultural Census. Category of holding wise it is noticed that in 1970-71, marginal holdings have relatively higher level of irrigation compared to the small, medium and large holdings both in terms of number of holdings as well as proportion of irrigated area in total operated area. In 2000-01, however the number of holdings having irrigated area is found to be more in case of large and medium holdings compared to small and marginal holdings. In terms of share of operated irrigated area one finds higher level of irrigation for marginal holdings and small holdings compared to medium and large holdings, though the variations are not significant. Though canal irrigation constitutes the dominant source of irrigation, the importance of Tube wells irrigation and other sources of irrigation seems to have increased in 2000-01 significantly for large holdings compared to 1970-71.

While one notices that there is not much variation in land utilization pattern across different types of holdings. Importance of rice has increased in all types of holdings in 2000-01. One notices increasing importance of food crops in case of all types of holdings excepting large holdings in 2000-01 over 1970-71. The large holdings have registered relatively higher importance of non-food crops. Like in the state, the district also registered a decline in the intensity of cropping, which is significant in case of marginal holdings. Only medium holdings registered increase in intensity in 2001-01 over 1970-71.

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## **The Rehabilitation & Resettlement Policy of Government of Odisha is inadequate to address the problem of Displacement : An Analysis**

Aditya Kumar Patra<sup>1</sup>

Arabinda Acharya<sup>2</sup>

### **Abstract**

*'Development induced Displacement' is a major issue of the present time. Land Acquisition & Displacement creates a new class in the society known as displaced persons (DP) & project affected persons (PAP). In the process the DPs lose their homestead and PAPs lose their employment, market and kin group. Displacement causes socio-economic-cultural upheaval in the society, which disrupts the normal life of the affected individuals. In post-liberalized era of Indian economy, Odisha has emerged as a leading state to attract investment and investors. Majority of industries in Odisha are natural resource based. In recent past Odisha Government signed 87 MoUs with private industrial companies out of which 49 are steel projects & 27 are power projects. As per the MoUs, different companies need 92437 Acres of land. Acquisition of such land leads massive displacement. Displacement needs Rehabilitation & Compensation. Land Acquisition Act 1894 is the main instrument of land acquisition in our country. It has an imperial flavour of exploitation & oppression. Land other than patta land, is state property, can be assumed by the state for public purpose. Government has exclusive right to define public purpose. Against this background Government of Odisha passed "Orissa Resettlement and Rehabilitation Policy, 2006". This policy is highly applauded at different quarters. The provisions of this policy portray a rosy picture, but in reality involve a number of inconsistencies. So, the chance of solving the problem of displacement is remote. Government of India has prepared a Draft Bill titled "The Land Acquisition, Rehabilitation and Resettlement Bill, 2011", scheduled to be*

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1. Lecturer in Economics, Kabi Samrat Upendra Bhanja College, Bhanjanagar, Ganjam, Odisha, 761126  
E-mail: akpatra2009@gmail.com
  2. Consultant- Monitoring & Evaluation (Specialist), United Nations Population Fund (UNFPA)  
Bhubaneswar, Odisha, E-mail: acharya.arabinda@gmail.com

*introduced in the forthcoming Budget Session 2013 of the Parliament. Most of the bottlenecks of the RR Policy 2006 are addressed in LARR 2011 Bill and it is, to a grater extent, able to cover the displacement issues. The maxim of the present Bill is to achieve 'maximisation of community welfare with minimum hardship'.*

**Keywords:** *Compensation, Displacement, Land Acquisition*

'Development induced Displacement' is a major issue of the day. Development is essential but the displacement caused by it creates havoc in the society. Those who are opposing it are branded 'anti-development', on the contrary those who are in favour of it are termed as protagonists of 'neo-liberal policy'. The conflict of opinion persists for quite sometime in the media. Kalinga Nagar incidence of Odisha is an off-shoot of this controversy<sup>1</sup>. This is not a stand alone incident. Several other events of this type occurred at different corners of India during these days. Land acquisition at Singur and Nandigram in West Bengal, Kinnaur in Himachal Pradesh, Sangrur in Punjab, Dadri in Uttar Pradesh and Polavaram in Andhra Pradesh are some of the episodes that have attracted the limelight in the recent past.

In this write-up an attempt is made to analyse the problem, examine the initiative taken by Government of Odisha to address the problem, and make suggestion for a just policy formulation. The paper is exploratory and descriptive in nature. For analysis, we take resort to secondary data. The writing is organized under the following sections: section 1 presents the problem, section 2 details the historical development of the issue in Odisha, section 3 highlights the new initiatives taken by the state government, section 4 depicts a comparative study of 'Odisha Resettlement and Rehabilitation Policy 2006' and 'The Land Acquisition, Rehabilitation and Resettlement Bill, 2011', section 5 concludes the paper.

## **1. Prelude**

Development-linked land acquisition and displacement of people is not new in India. The forced displacement of people for developmental projects like big dams, large industrial and mining projects, thermal power plants, highways, have been going on in India for a very long time. History is full of such examples. Much of the 19<sup>th</sup> century displacement was process induced (Fernandes & Asif, 1997). Though a great extent of dislocation of life had taken place in pre-independence era yet its impact was minimal as the availability of land was not scarce in relation to small population of those days. Displacement became a significant problem during the colonial period and got intensified after independence. The public sector dominated capital intensive heavy industry oriented planning procedure

created greater displacement. Therefore, the 20<sup>th</sup> century displacement was project induced. Further with the adoption of new economic policy of Liberalisation-Privatisation-Globalisation (LPG), it has assumed larger proportions. The unprecedented growth and economic boom in recent years has had a multiplier effect on development activities such as infrastructure like roads, flyovers, ports, airports, housing, etc. All these need more land acquisition. This adds a new dimension to the displacement scenario in the post-liberal era of Indian economy. A massive land grab by large corporations is going on in various guises, aided and abetted by the land acquisition policies of both federal and state governments. Under the 'Neo-liberal Policy' regime, 'industrialisation' and 'corporate industrialisation' are being treated as synonymous concepts (Prabhat Patnaik, 2007). This may be with a hope that the corporate houses will bring about a miraculous transformation of the state which is not possible with its own power. Planned and often forced displacement is created on the pretext of national development. The sordid incident cited in the first paragraph of this article is the outcome of this neo-liberal attitude of the Government.

The development-induced displacement of post independent India necessitates the acquisition of private and community lands (common property resources - CPRs) mostly in the rural areas. CPRs affect the very life sustenance of the aboriginal tribals and other forest and mountain dwellers. It has created a new class in the society known as DPs / PAPs. DPs are persons forced to move out of their home when their homestead is acquired by the project. PAPs are deprived of their livelihood fully or partially without being physically displaced. In some cases, their individual land may be acquired, but not their homestead. PAPs also include those people who are affected by environmental degradation due to development projects. The first feature of post-independence displacement scenario is an enormous increase in number of DPs & PAPs. Besides, most DPs & PAPs belong to the powerless classes particularly tribals, dalits and other marginalised sections of the society. In the process the DPs lost their homestead and PAPs lost their employment, market, kin group and therefore access to the outside world. Further, the loss of CPRs, the psychological trauma of forced displacement, the break up of the community institutions and support structure entails a heavy burden on the DPs and PAPs. Hence displacement results in further impoverishment of the already poor. Besides, most DPs belong to the informal economy. Displacement results in a conflict between the informal society to which DPs belong and the formal one into which they are inserted. These societies are based on contradictory frameworks and value systems. Studies also show that these communities find it difficult to adopt themselves to the new production pattern into which they are inserted without

any psychological or socio-cultural preparation. Consequently, they often turn out to be 'undisciplined' workers and take resort to alcohol and even to crime as a way to tide over the trauma. Many of them lose their job because of these problems (Baboo, 1991). A large number of scholars have questioned development projects that displace, marginalize and impoverish the poor (Fernandez & Thukral 1989; Kothari 1996; Thukral 1992). There is a consensus among writers in the issue that development induced displacement causes socio-economic-cultural upheaval in the society, which disrupts the normal life of the affected individuals (Asthana 2012; Cernea 2000; Drez et al 1997; Dwivedi 1999; Morse et al 1992; Parsuram 1993; Scudder 1993; Oliver-Smith 1991). Hence, displacement is a serious concern of national significance at the present juncture.

World Conference on Human Rights, held at Vienna in June 1993 clearly identified 'forced eviction' as 'gross violation of human rights'. As a sequel to this and to avoid the trauma it causes to the affected persons the policy makers and bureaucrats introduced the concept of 'compensation and rehabilitation package' for the displaced persons (DPs & PAPs).

## **2. Displacement & Rehabilitation in Odisha: An Historical Backdrop**

'Poverty at the midst of plenty' is aptly applicable to Odisha. Odisha is a poor state being rich in resources. Because of the abundance of natural resources, its sequential exhaustion is a reality. At the time of independence Odisha had a few saw mills and a few ice factories near Cuttack. Exploitation of its resources began with the Hirakud Dam and the Rourkela Steel Plant in the 1950s. Resource exploitation got intensified with the 4<sup>th</sup> plan in 1969. Notable among the projects that followed are the Balimela and Salandi Dams, the Talcher Thermal and Hindustan Aeronautics in the 1960s; the Rengali, Upper Kolab and Upper Indravati Dams and the FCI urea plants in the 1970s; the Subarnarekha multi-purpose, the Kanpur irrigation scheme, the National Aluminium Company, the Talcher Super Thermal Power Plant and Paradeep Phosphates in the 1980s and Ib Thermal and Ib Irrigation in the 1990s. By the end of 1995 the state had 27 major large scale, 68 large scale, 269 medium industries. Out of which, 33 in the public sector and 331 under private management. 28 units were registered under the Companies Act and 5 created through central and state laws (Directorate of Industries, 1996).

However, in the post-liberal era of Indian economy, Odisha has emerged as a leading state to attract investment and investors across the globe. Industrial investment proposals in the period August 1991 to March 2008 have been concentrated in a few states and in a few industries. More than one tenth of the total investment amount proposed in India has been

concentrated in Odisha . The POSCO steel plant at Paradeep, Reliance Energy project at Hirma, Bedanta Alumina at Lanjigada, Jindal steels, Arsel-Mital steel and many other projects are being proposed for the next few years in Odisha (The Samaj, 23.11.2012). All these projects require large-scale deforestation and acquisition of land for industrial purposes. Further, the mega projects have necessitated acquisition of revenue land, forest land and common property resources (CPRs). Acquisition of such land has led to massive displacement.

The loss caused by displacement can be quantified through indicators like DPs / PAPs. Basing on the existing data and extrapolation Fernandes & Asif had calculated the total number of DPs / PAPs in Odisha from 1951 to 1995 (Fernandes & Asif, 1997). About 14.7 lakh have been displaced and otherwise affected by development projects in Orissa between 1951 and 1995. Tribals are proportionately the biggest number among the DPs / PAPs they are around 22 per cent of the states population but their percentage among the DPs / PAPs are nearly double that number, i.e., 42.03 per cent. This section of the society is followed by the Dalits (Table -1).

Table-1 : Estimation of Tribal & Dalit DPs & PAPs in Orissa (No in '000)

Category	Tribals	Dalits	Others	Total
Water	308.4	80.3	411.3	800.0 (54.57)
Industry	40.7	24.3	93.1	158.1 (10.78)
Mines	150.0	45.0	105.0	300.0 (20.47)
Wildlife	81.1	16.1	10.7	107.8 (07.36)
Others	36.0	11.7	51.3	100.0 (06.82)
Total	616.2 (42.0)	178.4 (12.2)	671.4 (45.8)	1465.9

Source: Fernandes & Asif, 1997, pp. 112

Hence, groups like tribals and dalits pay a higher price of development than the others. They are considered 'peripheral' to what is considered the 'mainstream' society. The decision makers belonging to this 'mainstream' continue to take development decisions that go against those whom they considered peripheral. This marginalizing them further. It is clear from most studies that the marginalized groups who are not adequately exposed to the mainstream society are unable to cope with the changes. Its consequence is their

impoverishment and further marginalisation. However, displacement took place because land was needed for the developments projects. The question is weather an effort has been made to compensate and rehabilitate the DPs / PAPs of these projects. Study shows that the picture is very bleak. Only 35 per cent of the DPs are settled during 1951-95 in Odisha (Table-2). 2/3<sup>rd</sup> of DPs were left to fend for themselves.

**Table-2 : The Number of DPs Resettled in Orissa, 1951-95**

Project	Displaced	Resettled	% of DPs Resettled
Water Resource	325000	90000	27.69
Industry	71794	27300	38.03
Mines	100000	60000	60.00
Miscellaneous	50000	15540	31.08
Total	546794	192840	35.27

*Source: Fernandes & Asif, 1997, pp. 135*

### **3. Resettlement and Rehabilitation Policy-2006**

Odisha had passed several Government Orders in 1970s & 1980s. All of them were put together into a policy statement for displaced persons of irrigation projects. The policy was to a great extent linked to the agreements with the World Bank, particularly on the Rengali, Subarnarekha and Indravati projects. The policy was promulgated in 1994. After the Kalinga Nagar incident Government of Odisha has announced a new policy known as 'Orissa Resettlement and Rehabilitation Policy-2006' (RR policy, 2006) for all development projects.

In May 2006, Government of Odisha declared its new 'Resettlement and Rehabilitation Policy-2006'. At the out set one can point out that the RR Policy 2006 possesses a lot of virtue. It is well thought out policy, articulated in a comprehensive manner, honest objective, so on and so forth. This policy distinctly adds certain new things, viz., State level council on R&R, sate level compensating advisory committee, consultation with GS & GP in schedule area before land acquisition, identification of rehabilitation site in consultation with project displaced people, notification of employment capacity by project authorities in advance, special benefits to displaced indigenous families and primitive tribal groups (PTGs), provisions for assessment of policy implementation, payment of account payee cheque,

etc., to name a few. RR Policy 2006 has an edge over earlier policy on the amount of compensation:

1. Enhancement of rate of one time cash assistance to Rs. 5 lakh, 3 lakh, 2 lakh and 1 lakh against earlier provision of Rs. 2 lakh, 1 lakh and 0.5 lakh respectively.
2. Enhancement of house building assistance to Rs. 1.5 lakh against earlier provision of Rs. 0.5 lakh.
3. Enhancement of rates of transportation, temporary shed and maintenance allowance to Rs. 2000, Rs. 10000 and @ Rs.2000 per month for a period of one year against earlier provisions of Rs. 1000, Rs. 5000 and Rs. 1000 respectively.

All the provisions mentioned above create an impression that the new RR Policy ushers in a new hope for the displaced people. The picture is rosy. But, a thread bare analysis depicts diametrically opposite scenario. The entire policy is nothing but a jugglery of words, full of ifs and buts. 'Land Acquisition Act (LAA) 1894' and 'Orissa Prevention of Land Encroachment Act, 1972' are the building blocks of RR Policy 2006. In fact the LAA 1894 is a draconian one. The Land Acquisition Act (LAA) 1894 confers state monopoly over land. Land not having an individual 'patta' is a state property. Further under this law state alone has the right to decide 'what a public purpose is'. All non-patta land including Common Property Resources (CPRs) may be acquired by the state for public purpose. But CPRs act as life support system of the tribals. Hence, in the pretext of public purpose state acquires CPRs / non-patta land without paying any compensation to the communities whose livelihoods they form. 'Land Encroachment Act 1972' is also unintelligible to the common man.

This policy lays emphasis on monetary compensation. Money is not the only way to compensate, on the contrary the entitlement to monetary compensation is based on a principle which by itself is defective. Under this act a person / family is eligible to get monetary compensation if and only if his / her 'homestead land' is acquired for the project not any other land. Art 2(D) of this policy pronounces " 'displaced family' means a family ordinarily residing in the project area prior to the date of publication of notification under the provisions of the relevant Act and on account of acquisition of his / her homestead land is displaced from such area or required to be displaced". Other than displaced family no where in the Act the 'affected family' is defined. However, in an amendment to RR Policy 2006 on 4<sup>th</sup> July 2007 the word 'affected family' is inserted in Para 8 Sub-para 3,

Type C: Irrigation project, National Parks and Sanctuary project outlined Rehabilitation package for 'Displaced family and Affected family'. This implies that other than the project mentioned above in all other development projects viz., Industrial, Mining, Urban, Linear etc. affected families are not entitled to receive the benefit. Hence, the family affected on account of the development project is not entitled to get any benefit under the new act. Those who lose their agricultural land are excluded from the Act, leave aside the case of people affected by the loss of CPR and community assets. Therefore, the tribals are actually the biggest losers under this Act.

Para 2(f) of RR Policy mentions that each of the following categories will be treated as a separate family for the purpose of extending rehabilitation benefit. 1) A major son irrespective of marital status, 2) unmarried daughter / sister more than 30 years of age, 3) physically and mentally challenged persons irrespective of ages and sex, 4) minor orphans, who lost both of his / her parents, 5) a widow or a divorcee. Moreover, Para 8(I)a & 8(II)a point out that categories of families referred to in clause (i) to (v) of Para 2(f) shall not be considered separately for employment in the project. Any one from among these categories, subject to eligibility, be nominated by the family for the purpose of employment. However, they will be paid one time cash compensation in lieu of employment. These two clauses taken together create more harm than benefit to the family. The cordial relationship that exists in a family is disturbed either to get a job or to share the monetary compensation.

Para 8 III c reflects that each displaced family of ST category shall be provided 2.5 acres of irrigated land or 5 acres of non-irrigated land and all other displaced families shall be provided 2 acres of irrigated land or 4 acres of non-irrigated land. Hence, it clearly negates the principle of justice. All displaced families are weighed equally irrespective of their loss of land in the process. Further it is not justified to consider the compensation on the basis of caste only.

Para 6 maintains that 'land not utilized by the project within the prescribed time limit and for the required purpose shall be resumed'. Here it is not clearly mentioned who will resume the land? Whether the land will be returned to the original family or not?

Para 9 explains that landless and homesteadless encroachers are entitled to get benefits of compensation subject to the following qualifications: 1) possession of encroached land at least for a period of 10 years, 2) if he is an encroacher as per the law, 3) if the encroachment is unobjectionable and 4) encroacher does not possess any land anywhere in his / her name. In fact it is very difficult to satisfy all these criteria in the present bureaucratic set

up. Hence, encroachers like aboriginal tribal forest dwellers may not be able to reap the benefits under this Act.

Para 6 maintains that 'project proponent may opt for direct purchase of land on the basis of negotiated price'. This will help the corporate houses to adopt all possible methods, fair and foul, to acquire land for their project.

RR Policy 2006 defined 'Government' as 'Revenue Department, Government of Orissa'. As per the Act land acquisition will be made by revenue department (Para 6), effective grievance redressal mechanism will be set up by the revenue department (Para 20), revenue department may from time to time undertake assessment of the implementation of the policy through appropriate agencies (Para 21), if any issue or doubts regarding this policy arises, the decision of the revenue department shall be final and binding on all concerned and the power to amend any provision of the policy at any time rests with the revenue department (Para 22 a & b). All these imply that the revenue department will act as the formulator, administrator and adjudicator at the same time. This grossly violates the process of natural justice.

#### **4. RR Policy 2006 vis-à-vis LARR Bill 2011**

Government of India has prepared a Draft Bill titled "The Land Acquisition, Rehabilitation and Resettlement Bill, 2011" (LARR Bill) and posted it in the web of Ministry of Rural Development. It has been decided to introduce the bill in the forthcoming session of the Parliament. Once the bill is passed and received the assent of the President it extends to the whole of India (except J&K). The Bill provides for the basic minimum requirement that all projects leading to displacement must address. The Bill contains a saving clause (Clause No 100) to enable the State Governments, to continue to provide or put in place greater benefit levels than those prescribed under the Bill. Most of the defects of the RR Policy 2006 enumerated above (in Section 3) are addressed in the proposed 2011 Bill of Government of India.

#### **5. Conclusion**

The development paradigm, "some people have to suffer if the nation has to prosper" is quite erroneous and inequities. Pain and hardship imposed by some on others can not be described as a sacrifice by the latter. Hence, the first thing to be said about displacement is that it is ordinarily unacceptable. It is essential to recognition the fact that it should be

avoided as far as practicable. Displacement can not be the norm. If it is not avoidable, it should be minimised. Every effort should be made to reduce the hardship involved in the displacement. It ought not to be forced but should be voluntary. Special measures should be undertaken to protect the weaker sections of society from being exploited by rich and / or politically and economically powerful project managers and industrialists in unequal negotiation. Rehabilitation should be used as an opportunity to develop the displaced people (DPs) and project affected people (PAPs). They should be adequately compensated. Rehabilitation should leave the PAPs better off than before, or at least as well off. Question of livelihood is much more complex than compensation. Compensation in terms of an acceptable alternative livelihood rather than mere monetary payment is important.

Now a day's acquisition and allocation of land by Government to profit-making private companies and SEZs are considered as a development activity. But, unfortunately the labour absorption (especially unskilled) capacity of these industries are limited. Hence, the displaced landowners feel alienated and become impoverished in the process of development. Therefore they are entitled to an appropriate share in future profits from the new ventures taken up on their land. Policies should take this into account while designing compensation principle.

Very often projects are practiced to pay 'one time' monetary compensation in lieu of job to the displaced family / person. But, this is not fair. Rather compensation in the form of an inflation-adjusted monthly pension combined with a saving bond, which can be sold in short notice, would help the displaced family to tide over the short and long run problems in future. Further, by making the pension a 'family pension' to be equally divided among, at least, the wife and husband can reduce the risk of one person absconding with the money (Banerjee et. al., 2007).

Displacement and rehabilitation is not a one time event pertaining to physical transfer to a new place but a series of happenings, many of them is of a qualitative nature affecting the lives of DPs / PAPs in a number of ways. Hence, every effort must be directed to settle the issue in a proper footing.

'The Land Acquisition, Rehabilitation and Resettlement Bill, 2011' is to a grater extent able to cover the above mentioned issues. The maxim of the present Bill is to achieve 'maximisation of community welfare with minimum hardship'. To attain this objective the Bill tries to adopt transparent and efficient administrative machinery.

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<sup>1</sup> In January 2006 police shot down 13 tribal villagers while local community came out in a demonstration against the appropriation of their land for an industrial project.

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