LAND, LABOUR, AND UNDER-INDUSTRIALIZATION

IN POST-REFORM INDIA: CASE STUDIES FROM ODISHA

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Abstract

With some four decades of data to draw on, it is now clear that the post-reform period has failed to deliver on its promise of industrialization in India: manufacturing accounts for a declining share of the national product, and has failed to emerge as a driver of employment. In fact, the post-1990 period under-performs on a range of indicators when measured against the early post-independence period, while the benefits of what little industrialization there is continue to bypass the country's poorest citizens and regions. Why? Two case studies from the Indian state of Odisha are presented in pursuit of this question: the Kalinga Nagar Industrial Complex in Jajpur, billed as India's next Steel City, and POSCO's captive steel plant in Jagatsinghpur, once the largest FDI project in India's history. A broad history of the literature on industrial development and industrial policy is reviewed (structuralist, neoclassical, and neo-Weberian). This literature is counterposed to the radical political economy literature, from which I assemble an alternative framework for understanding under-industrialization in the Global South, drawing on extensive fieldwork carried out in the region in 2016-17. I argue that liberalization is incapable of delivering meaningful industrialization in low-income/developing countries because (a) it engenders forms of land-based struggle and resistance which, due the scalar nature of politics, disrupt land commodification processes, and (b) it robs, through mediated processes of exploitation, the would-be beneficiaries of what little industrialization there is.

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Chapter 1

INTRODUCTION

Since India's independence from colonial rule in 1947, the promise of industrialization has remained partial and uneven (Chandrasekhar, 2016). While state-led industrialization was largely successful in establishing a modern industrial base (particularly in heavy industries) from the early-1950s up to the mid-1960s, in the decades that followed, India's industrial performance entered a phase of prolonged stagnation. Under mounting criticism both at home and abroad, as well as a growing balance of payments deficit and currency reserve crisis in the late-1980s, India embarked on a path of aggressive liberalization reform beginning in the early-1990s under the New Economic Policy (Das, 2015; Ghosh, 1998; Patnaik, 1994). Ironically, while the earlier phase of industrial stagnation was widely attributed to an over-interventionist and inefficient bureaucratic state (the so-called 'license Raj'), after a quarter-century of liberalization, contributions from manufacturing (in annual growth terms) have not improved, nor has manufacturing become a source for employment growth.[1] Further, the benefits of what little industrialization there is continues to bypass India's poorest citizens and most backward regions, in whose name the most aggressive and consequential liberalization reforms have long been justified.

Consider that while India and China shared a nominal GDP that was almost equal in 1987, by 2019, China's economy had grown to become nearly five times that of India's.[2] Perhaps even more surprising, though the two countries were virtually identical in GDP per capita terms in 1990 (on the eve of India's embrace of liberalization), since then, China has

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[1] 'Manufacturing employment is nearly half of what it was five years ago' (Bhardwaj, 2021) in *Business Standard*.

[2] India is expected to overtake China to become the world's most populous country in the next five years (Ghosh, 2020). This converging trend at the level of national population belies a very different development history and trajectory at the level of economy.

grown roughly 4.6 times richer than India in nominal terms, and 2.3 times richer in terms of purchasing power parity (PPP).[3] While a wide range of factors account for these divergent development trajectories, chief among them is the relative approach to industrialization.

Looking at industry in particular, back in 1980, when India was still in the preliminary phases of its liberalization turn, industry accounted for about a quarter of national GDP. The comparable figure for China that year was 48% (roughly double). After 1991, Indian industry experienced a nearly two-decade long trend of year-over-year growth and expansion. Manufacturing began to run out of steam in the late 2000's, however, and since 2014 (the year Modi came into the office of Prime Minister), the industrial sector has declined as a percentage of GDP every year on record, now accounting for less than a quarter the total.[4] China's industrial sector as share of national GDP peaked about a decade earlier (climbing above 47 percent in 1996 and 1997, before falling to 38 percent in 2019) and yet it remains a major driver of the national economy, and this despite a recent shift in favour services and consumption driven growth. India's economy, by contrast, remains services-driven; dominated by low-value added services at that.[5]

India has similarly underperformed relative to many of its peers in the post-reform period terms of manufacturing value added (MVA). In 2004, for example, MVA accounted for 31 and 15 percent of GDP in China and India, respectively. Both countries peaked in 2007 (when the comparable figures were 32.5 and 17.3 percent) before falling to 26 and 13 percent in 2019 (again, with China essentially doubling India's performance on this score).[6] The point is not to overemphasize the comparison between the two countries, or even account for their divergence (which is beyond the scope of the current work). Rather, my intention is simply to

[3] These figures are from Statistics Times (2019).
[4] Falling from 27.65 percent in 2014 to 24.7 in 2019 (value added, % GDP). See the World Bank's (2021) online calculator (data.worldbank.org).
[5] Services accounted for just a hair above 49 percent of total GDP in 2019 (Ibid).
[6] Ibid.

highlight India's relative underperformance when considered alongside one of its regional peers which, not so long ago, was roughly equal on a range of key development indicators.[7]

Several important questions arise from this juicy scenario, namely: If the New Economic Policy (NEP), which signalled India's embrace of neoliberalism, was meant to liberate industry from the constraints of an inefficient and bloated (Soviet-style) bureaucratic state, then why does the promise of successful Indian industrialization—with all its attendant multiplier effects and social benefits—remain unfulfilled? In other words, what accounts for the gap between what neoliberal industrial policy claims to achieve, and what it actually does? These questions will be examined within the context of the Indian state of Odisha, a resource rich-coastal state on the Bay of Bengal with tremendous industrial potential.

I. Issues and Research Questions

It cannot be said that India has not tried to industrialize. Indeed, few have been more keen to pick up the slack—as China transitions away from its 'workshop of the world' status—than India's current prime minister Narendra Modi, as evinced by his famous 'Make in India' campaign.[8] Moreover, states like Maharashtra, Gujarat, and Tamil Nadu have all experienced significant industrial expansion in the post-reform period, so it cannot be said that liberalization has failed across the board. Still, there is a gap between what the Centre has set out to do, and what it has achieved. And this is especially so in Odisha (though the state is certainly not alone). The question is, why? In fact, the question is particularly relevant, given that Odisha is one of the most resource rich states in the country, and given that the industrial sector has been "aggressively" prioritized in the post-2004 period (more on this in Chapter 2). Might it be that land, and access to means of production in the form of land, has something to do with this?

[7] I compare India's underperformance across a much wider range of peer countries in Chapters 2 and 3.
[8] Make in India is a national campaign, launched by Modi following his election in 2014, to make India into a global design and manufacturing hub (Make in India, 2021). The expansion of special economic zones (SEZs) and national industrial manufacturing zones (NIMZs) in key states around the country, including Odisha, is a key feature of the campaign (see also IDCO, 2019).

Relatedly, to the degree that some industrialization has happened in some albeit limited areas, why have so few workers tended to benefit?[9] Might it be that a highly exploitative labour process, mediated by an intermediary class of contractors and sub-contractors, is to blame (at least partly)?

A related set of sub-questions includes the nature of states and markets in general, and the fact that both have a tendency to fail under certain conditions. Here the failure of the state (to achieve development outcomes) is of two types: form (referring to the structures and institutions that comprise the state) and function (referring to the exercise of power through those structures and institutions, in the form of policies, laws, decrees, and other forms of state rule or intervention). In other words, it is not enough to simply say that markets and states have failed in the case of Indian industrialization in the post-reform period; we must also show what mechanisms have accounted for this failure. These questions are also explored in the work that follows.

II. Importance of Research Questions / Issues Examined

The 'industrial question' if I may call it that (of the developing/low-income countries of the Global South in general, and of India in particular) is crucial for a number of reasons. Perhaps chief among them is the fact that virtually all countries,[10] at some point in their history, seek to industrialize their economies (which for now can be crudely defined as simply an increase in the share of manufacturing value added in GDP, or in the overall share of employment accounted for by the manufacturing sector).[11] The question is made all the more pressing in the context of a capitalist world system which, in the last 40 years or so, has

[9] Consider that while the official poverty *rate* has generally declined in India in the reform era (falling from 60% in 1981 to 42% in 2005), the *absolute* number of poor people actually rose (from 421 million to 456 million) over the same period (Narayan, 2009). Kolhi (2012) shows that, especially since 1991, economic inequality has grown across Indian states, and that rich- and medium-income states consistently grow at faster rates than low-income states (averaging 6.8 and 4.7 percent, respectively).
[10] With the exception perhaps of some smaller island states that would tend to favour (or have comparative advantage in) services like tourism.
[11] I offer a more expansive definition of industrialization in Chapter 2.

produced very little industrialization in the Global South (outside of a handful of countries in East and Southeast Asia and perhaps some parts of the Magreb and Gulf regions, but here too capitalism proceeds with tremendous geographical unevenness, both within and between nations). Note that this is not without tremendous effort on the part of international financial institutions (IFIs) such as the World Bank and IMF, not to mention the myriad chambers of commerce and trade and development agencies based in an increasing number of G20 countries around the world (from the Norwegian Agency for Development Cooperation - Norad, to South Korea's International Cooperation Agency - KOICA) to promote industrial development across much of Latin America, Sub-Saharan Africa, Central Asia, and even the Pacific.[12]

Looking at India in particular, the promise of industrialization predates independence. In fact, it is more appropriate to speak of the *re*-industrialization of South Asia, given that India accounted for nearly a quarter of world manufacturing output in 1750.[13] By 1800 however, India's share had fallen to less than a fifth, and by 1880, India accounted for less than 3 percent of world manufacturing. And yet, on the eve of independence in 1947, India was uniquely well-positioned for economic take-off.[14] So India's industrial stagnation, relative to many of its peers in the capitalist periphery, is a question not only of imminently relevance, but also one which bears the weight of tremendous historical precedence and aspiration (if not anticipation).

Plainly put, given that the dominant mode of production in the present world system is capitalist, and given that India is a part of that system (albeit in some ways peripheral, and in others central/nodal)[15] then social science research should endeavor to learn something both

[12] In 2019, Indonesia launched its own agency for international development, Indonesia AID (*Lembaga Dana Kerjasama Pembangunan Internasional* – LDKPI), committing Rp 3 trillion (US$212 million) from the state budget to an endowment for Asian and Pacific countries including Tuvalu, Solomon Islands, Fiji, Nauru and Kiribati, as well as the Philippines and Myanmar (Tahalele, 2021).
[13] Only to be outdone by China, which accounted for over 30 percent of world manufacturing output (Clingingsmith & Williamson, 2005)
[14] Given that it still had a significant industrial base in key areas of the country, a sophisticated internal bureaucracy (relative to many of its peers among the periphery), a huge domestic consumer market (in nominal terms), and a vast natural resource wealth.
[15] The unconvinced need look no further than the integral role of India's Serum Institute, the world's single largest vaccine producer, in the context of the current global pandemic.

specific (about Odisha, and about India) as well as something more general (about the capitalist system of which it is a part); namely, why it is that capitalism, over the last 40 years or so—a phase of capitalism commonly referred to as neoliberal—is incapable of delivering a middle-class lifestyle to the majority of the world's people.[16] Given the challenges that confront the Global South as its constituents look to emerge from the wreckage of the Covid-19 pandemic, within the context of a looming climate emergency, it is difficult to imagine a more prescient question for political economy scholars today.

III. Location of the Study in the Terrain of the Existing Literature and Points of Departure

Given the imminent relevance and historical significance of the task at hand, it will come as no surprise that these and related questions have been explored by many, and not just in empirical terms. The current dissertation takes place therefore against a much wider backdrop which includes a long history of both theoretical and practical debates on the role of the state in the industrialization process in general, and in peripheral countries in particular.[17]

To take a figure from the late-18th century who has earned renewed attention in recent years, Alexander Hamilton (the first Secretary of the Treasury of the United States) outlined an industrial strategy in his *Report on the Subject of Manufactures*, which he submitted to Congress in 1791, promoting the generous use of subsidies and tariffs in order to promote American manufacture as a way of catching up with British industry, while developing a

[16] In the form of decent jobs, public services, utilities, and infrastructure, and improved material conditions (in terms of quality of life) for successive generations (or at least the very real sense that one's children will likely have a better life, in material terms, than their parents).
[17] There is also a wide body of scholarship that was determined to be beyond the scope of the present work. This includes: (i) the economic geography literature on global production networks (see for example Coe et al., 2004; Coe & Yeung, 2015; Dicken et al., 2001; Henderson et al., 2002; Yeung, 2021); (ii) the labour geography literature on labour control regimes (see for example Coe & Kelly, 2002; Fishwick, 2019; Jonas, 1996; Kelly, 2002; Neethi, 2012; Pattenden, 2016; Selwin, 2013, 2017; Taylor, 2011a, 2011b, 2017); (iii) the feminist political economy literature on gender and industrial development in the Global South (see for example Bedford & Rai, 2013; Kabeer, 2019, 2020; Mezzadri, Newman, & Stevano, 2021; Rai & Waylen, 2014; Rankin, 2002), and (iv) scholarship on the politics of land dispossession in India (see for example Balaton-Chrimes & Haines, 2017; Balaton-Chrimes & Pattnaik, 2018; Kroger, 2020; Macdonald et al., 2017; Nilsen, 2010; Sanchez & Strümpell, 2014; Strümpell, 2014, 2017).

material base for military advancement. George Washington approved, and the nascent American government invested heavily in the development of technological expertise for military as well as infrastructure purposes in the early years of the Republic, establishing the Army Corps of Engineers in 1802, and employing them in the building of canals and lighthouses, and in the improvement of river navigation (Wade, 2014: 386).[18] Later, while presiding over what came to be known as the 'American System' in the 1860s, 'Honest Abe' Lincoln used high tariffs in order to protect strategic industries, along with federal land grants and government procurement initiatives, to secure markets and subsidize infrastructure development.[19] He also launched construction of the transcontinental railway, probably the most ambitious civil engineering undertaking in world history up to that time (critical in linking established agro-industries with an emerging industrial engineering bloc) (Ibid.). Indeed, up until the 1930s, US industry benefitted from some of the highest tariffs in the world (Ibid.).[20]

Friedrich List, for his part, often referred to as the father of the 'infant industry' argument,[21] (the idea that, in the presence of more advanced/developed countries, 'backward' countries will be unable to develop new industries without state intervention, in particular tariff protection)[22] did not publish his seminal *National System of Political Economy* until 1841, and even then, was of the opinion that the strategy originated in Britain, supporting his argument

[18] It is perhaps worth noting that the free market savant, Adam Smith, was staunchly opposed to the development of a manufacturing base in the US, arguing it would "retard instead of accelerating the further increase in the value of their annual produce, and would obstruct instead of promoting the progress of their country towards real wealth and greatness" (quoted in Chang, 2007: 225, n26).

[19] See Rober Wade's (2014) excellent discussion on the history of the US developmental state, in both its 'visible' and 'invisible' forms, in the ILO's *Transforming Economies* report.

[20] Chang (2007: 35) goes as far as to say that Hamilton provided the blueprint for US economic policy up to the end of the Second World War, and that, had Congress rejected Hamilton's vision, and accepted instead that of his archrival, Thomas Jefferson (who pushed for an agrarian-based economy, dominated by white slave-owning, self-governing yeoman farmers), the US would never have been capable of propelling itself to become the world's preeminent military-industrial superpower.

[21] The term actually originates with the earlier Hamilton, in his 1791 *Report on Manufactures*, though it is perhaps interesting that he uses the phrasing "infant manufacture," and even then, not until the fourth and fifth (final) drafts of the work; and even then, the term appears only twice.

[22] See Chang (2002: 3).

that infant industry promotion would underlie the road to industrialization for the great majority of nations.[23]

List's position on such matters, it bears mentioning, was fundamentally at odds with prevailing views at the time which exalted Britain as a paragon of free-trade and free-market economics, encircled by a plurality of *dirigiste* countries on the Continent. Though List supported free trade between countries/regions at similar levels of industrial development,[24] he opposed it for countries at different levels, pointing out that while free trade may benefit agricultural exporters (in economies with lower levels of development), this would be to the detriment of local manufacturing, and thus national prosperity in the long run. Exhortations and homilies therefore about the virtues of free trade spewed by British politicians and economists of the day, List argued, were done for purely nationalistic purposes; effectively "kicking away the ladder," to use his phrase, that Britain itself had climbed to reach industrial development and prosperity.[25]

List was of course vindicated in the years that followed in at least two major ways. First, in direct opposition to the 'cosmopolitan doctrine' articulated by Adam Smith and his adherents,[26] the USA emerged as the most ardent practitioner of industrial protectionism for

[23] "Once possessed of any one branch of industry, England bestowed upon it sedulous care and attention, for centuries treating it as a young tree which requires support and care. Whoever is not yet convinced … let him first study the history of English industry before he ventures to frame theoretical systems, or to give counsel to practical statesmen to whose hands is given the power of promoting the weal or the woe of nations" (List, 1841).
[24] He strongly advocated for a customs union among German states (the *Zollverein*), for example.
[25] "It is a very common clever device that when anyone has attained the summit of greatness, he *kicks away the ladder* by which he has climbed up, in order to deprive others of the means of climbing up after him. In this lies the secret of the cosmopolitical doctrine of Adam Smith, and of the cosmopolitical tendencies of his great contemporary William Pitt, and of all his successors in the British Government administrations. Any nation which by means of protective duties and restrictions on navigation has raised her manufacturing power and her navigation to such a degree of development that no other nation can sustain free competition with her, can do nothing wiser than to *throw away these ladders of her greatness*, to preach to other nations the benefits of free trade, and to declare in penitent tones that she has hitherto wandered in the paths of error, and has now for the first time succeeded in discovering the truth" (quoted in Chang, 2002: 4-5, italics added).
[26] List's *National System of Political Economy*, published in 1841, is by all accounts a direct refutation of Smith's *Wealth of Nations*. "[N] nothing is left for us but to bewail the weakness of human nature, to which Adam Smith has paid a rich tribute in the shape of these paradoxical, almost laughable, arguments among other instances; being evidently dazzled by the splendour of the task, so noble in itself, of pleading a justification for absolute freedom of trade" (List, 1841: 64).

over a century, climbing this ‘ladder’ all the way to becoming the world’s preeminent industrial superpower by the end of the period. And he was proven right again when, after the Second World War, with the USA’s industrial supremacy now firmly established, it set about aggressively promoting free trade, just as Britain had done in the previous century, despite the fact that both powers had achieved their own relative supremacy through unprecedented protectionism and state interference in the industrial development process.[27]

The Russian-born American economic historian, Alexander Gerscrhenkron (who followed in the tradition of the German historical school of economics, of which List was a forefather) published his highly influential *Economic Backwardness in Historical Perspective* in 1952. Based on extensive study of economic development in parts of Europe, Gerschenkron found that, under certain conditions, there were distinct advantages to late-industrialization (late-comers profit from the availability of modern technologies developed in the leading industrial economies, without bearing many of the costs and risks associated with the research and development of those technologies, for example).[28] In order for these advantages to be fully realized, however, the state would need to fill the gap, i.e., to create the institutions, credit conditions, and entrepreneurial environment (the missing pre-requisites) conducive to growth in late-industrializing countries. The more backward a country’s economy, the more crucial will be the role of large conglomerates, the more likely its industrialization will come as a ‘sudden spurt’, and the more interventionist the state will likely need to be (in emphasising

[27] For an excellent review of Marx’s earlier writings on free trade, see Ghorashi (1995). Marx’s views on List’s *Das Nationale System der Politischen Oekonomie* can be found in the draft of an article he wrote in 1845 (see Marx, 1845 in bibliography for reference).

[28] “[I]t may be in order to suggest that past historical experience may justify a measure of optimism with regard to the general prospects of industrialization of backward countries. What is meant is not simply that past industrializations occurred in the face of considerable obstacles and deficiencies. In viewing the historical record one cannot fail to be impressed with the ingenuity, originality, and flexibility with which backward countries tried to solve the specific problems of their industrial development. There is no *a priori* reason to suppose that the underdeveloped countries which today stand on the threshold of their industrial revolutions will show less creative adaptation in compensating for the absence of factors which in more fortunate countries may be said to have ‘preconditioned’ the initial spurts of rapid industrial growth. One can only hope that in drafting the maps of their own industrial progress they will be eager to select those paths along which they will be able to keep down the cost and to increase the yield in terms of human welfare and human happiness” (Gercshenkron, 1962: 51).

producers' goods, in stressing the bigness of scale for both plant and enterprise, and in establishing the requisite institutional factors needed to increase the supply of capital to nascent industries) (see also Brando, 2012; Szirmai, 2012).

And of course there are many other scholars who have investigated these questions, both before and since; too many, in fact, to include in a dissertation such as this; though I make my best attempt in the literature review section of the following chapter (Chapter 2). The literature review covers three broad areas of economic scholarship: structuralist development theory, neoclassical development theory, and finally, neo-Weberian development theory[29] and the developmental state thesis. I conclude the literature review with two shorter sections on the post-Washington consensus, as well as some radical political economy literature.

Structuralist development theory and the paradigm of the 'expanding capitalist nucleus' was the dominant discourse in development economics in the 1950s and 60s.[30] As the term suggests, these scholars emphasized structural change (with manufacturing playing the most crucial role) and offered powerful refutations of the idea that free-trade invariably benefits partners, or that freer markets would necessarily lead to industrialization. These scholars also emphasized the dynamic effects of technology, arguing that by increasing the scale of technical production, rapid industrial expansion could take place with dramatic benefits for the wider economy, providing the appropriate linkages (integrations) were also in place (or were being established). These scholars were also greatly concerned with the concentration of ownership

[29] I note that I am in no way an expert on the work of Max Weber, and this dissertation should not be seen as an engagement with his work in any direct way. That said, because the developmental state literature is often referred to as neo-Weberian, I have kept this label simply as a way of distinguishing it from structuralist or neoclassical scholarship. What I can say is that Weber put a lot of focus on government officials, on how states work as an *apparatus*, while abstracting from the class character of the state (much more the purview of Marx). This then helps to account for the increased focus among the developmental state scholarship on planning commissions, pilot agencies, government officers, informal networks, bureaucratic coherence, and so on. For more on the 'Weberian' elements of the developmental state thesis, see Ch.4 in Kincaid & Portes (1994); see also Leftwich (1993a, 1993b, 1995).

[30] See the very useful course website produced by University of Exeter emeritus professor of history Alan Booth, which provides an excellent module on theories of structural change (see citation for Booth, n.d. in the bibliography).

and control over wealth and resources—not just within developing countries, but also between the advanced and developing regions of the world—not least owing to the distorting effects such disparities can have on the outcome of industrial policies and processes (Jenkins, 1992).[31]

The development policy guides and theoretical investigations produced by these scholars were tremendously influential.[32] By the late-1960s/early-1970s however, weaknesses in these policy prescriptions, which placed significant emphasis on the substitution of imports, began to emerge.[33] Deficiencies in the import-substitution industrialization (ISI) strategy were exacerbated as exogenous conditions in the world economy worsened, namely, the restructuring of the global banking system after 1971, followed by the oil shocks of 1973 and 1979. This forced many developing country governments to take on massive foreign loans,[34] while it became increasingly difficult to maintain the continual upgradations and technical improvements that were necessary in order to substitute imports. This forced even closer economic relationships with foreign-owned firms (based almost exclusively in the Western

[31] Structuralists also saw a central role for capital accumulation, where a high rate of accumulation was understood to be necessary for stimulating rapid economic development ('spurts' for Gerschenkron, and a 'Big Push' for Rosenstein-Rodan, Nurkse, and others), increased productivity (particularly in the capital goods sectors), and structural transformation more generally.

[32] Structuralist economics provided the founding philosophy for the UN's United Nation's Economic Commission for Latin America and the Caribbean (ECLAC). Even today, the ECLAC website describes its approach as "historical structuralism" which "focuses on the analysis of the ways in which the region's institutional legacy and inherited production structure influence the economic dynamics of developing countries and generate behaviours that differ from those of developed nations" (https://www.cepal.org/en/historia-de-la-cepal).

[33] It is also worth noting that, beginning in the late-1940s, and gathering in steam into the 1960s, a series of agreements (or rounds) under the General Agreement on Tariffs and Trade (GATT) brought down tariff rates and quota protections (valued in billions of US dollars) on manufactured goods, especially those produced by, and traded amongst, the wealthier nations. Trade within the bloc grew rapidly and, in the 1960s, the advanced countries experienced the fastest growth in the international system. Products typically produced in the developing countries, mainly primary products, were conveniently excluded from this process, and indeed, liberalization was not extended to these products until the GATT's Uruguay Round in 1994.

[34] "In the 1960s and 70s many Latin American countries, notably Brazil, Argentina, and Mexico, borrowed large sums of money from international creditors for their industrialization, and especially infrastructure programs. These countries had booming economies at the time, so creditors were happy to continue to provide loans. Between 1975 and 1982, the Latin American debt to commercial banks increased at a cumulative annual rate of 20.4 percent. This heightened borrowing quadrupled Latin American external debts from US$75 billion in 1975 to more than US$315 billion in 1983. During the crisis, there was a large capital outflow, particularly to the United States, which led to the depreciation of the currencies of these countries. Their economies were badly hurt by the debt crisis. Real GDP increased by only 12.4 per cent in the 1980s. In per capita terms, there was 9.6 percent negative growth during this decade" (Mingli, 2010: 10-11).

core countries) who in fact were already 'tariff jumping' in a variety of ways, because domestic firms were reliant on them for technology transfer and technical expertise (the idea being that this would spill-over into the wider economy, which in fact tended to occur far less often than was expected/anticipated) (Ibid). Structuralist development theory thus came under increasing criticism as the 1970s drew on and, by the 1980s, neoclassical approaches to development had, once again, returned to prominence in economic discourse.[35]

For many neoclassical economists, however, the question was not so much about *how* nations in the capitalist periphery should go about achieving industrialization, but about *whether or not* such a pursuit was warranted at all. Hayek, for example, called it a "naïve fallacy" that industrialization was the only path to development, while others argued that the industrialization of traditionally agricultural areas (that is, the former European colonies) would simply distort the international division of labour, leading nations to specialize in branches of production for which their natural endowments were not appropriately suited (Slobodian, 2018: 147-148). The idea that national governments would be permitted to shelter their economies from the "push and pull" of international competition was rejected outright.[36] Instead, post-colonial nations would need to be trained/disciplined by (and compelled to respond appropriately to) the forces of market demand.

The German economist Wilhelm Röpke, for example, argued that the "fetish" for industrialization in the Global South would lead to not just to worldwide inflation, but also the erosion of the world's food supply and the creation of a global urban proletariat, alienated from its own traditions. Economic equality, in his view, was a factual impossibility, meaning

[35] Looking back, it is probably true that structuralist development theory was particularly reliant on conventional ideas about the industrial revolution (of the type undergone in western Europe and North America in the 19th century). In their defence, however, it is not as if they had anywhere else to look.
[36] Even as far back as the 1930s, the German economist Moritz Bonn was arguing that wartime economic planning had permanently extended the 'horizon of possibility' for governments, producing what was called *Machbarkeitswahn*, i.e., an intoxicating, possibly even delusional, sense of "doability" (Slobodian, 2018: 97).

developing countries would likely need to remain under-developed as a way of preventing the 'over-industrialization' and 'under-agriculturization' of the world economy (Ibid., p. 160).

Neoclassical economic theory emphasizes the universal validity of economic principles which are, by definition, as relevant in developing countries as they are in developed countries. This involves the construction of normative models, i.e., abstract simplifications of how the world ought to operate, where the economy comprises a wide range of producers and consumers, all of whom act rationally (in their own self-interest, based on perfect information), and where the actions of no one producer/consumer affect significantly the operation of the market. Firms are understood to have the same resources, technological capacity, and market power, with deviations regarded as market imperfections. Firms use factors of production (land, labour, and capital) in order to maximize profits, while consumers sell factors of production (namely labour) in order to purchase goods and services and maximize individual preferences. Prices should not be distorted (through public policy) but should instead be set by the interactions of producers and consumers, so that the forces of supply and demand can allocate resources in the most efficient way possible.[37]

This latter point is crucial, given that prices occupy an almost sacrosanct position from the perspective of neoclassical theory,[38] where only prices can provide reliable signals for decisions about resource allocation. Thus, to the degree that these signals are distorted (because an otherwise well-intentioned government authority injects subsidies or levies taxes) then the economy will be prevented from operating efficiently. Far from intervening, therefore (to protect local industry form foreign competition, or incentivize labour-intensive production techniques), developing country governments should operate, as much as possible, with prices established on the world market. The key to development, in other words, is to get prices right.

[37] Here I am drawing from the expanded definition in Knox, Agnew & McCarthy (2008).
[38] And this especially so after the 1970s.

As neoclassical ideas were again rising to prominence, a third strand of scholarship was also emerging in the early-1980s, this inspired by neo-Weberian political theory. Employing rigorous empirical analysis of the policies and organizational structures through which East Asian states successfully intervened in processes of capital accumulation, comprehensive studies on Japan (Johsnon, 1982), South Korea (Amsden, 1992 [1989]), and Taiwan (Wade, 1990) argued that states could do far more than simply rely on the uncoordinated influence of market forces to allocate economic resources. The World Bank's world development report from 1997 reflected the strong influence of this scholarship, as I discuss in Chapter 2.

This was the genesis of the developmental state (DS) framework, and one of its key contributions was to show that much of the development that had occurred in the late-industrializing countries of East Asia happened precisely because they got prices *wrong*. In other words, it was not simply that these economies had developed 'outward oriented' economies with a focus on export markets, but that they had done so through a wide range of price distorting policies that projected local industry from foreign competition, manipulated exchange rates, provided long-term credit at reduced rates, all the while allowing privileged access to both foreign and domestic consumer markets (and much more). These scholars also showed how highly sophisticated subsidy arrangements could be established in order to both incentivize certain production processes (so that firms could meet specific output targets and quality standards, for example) as well as discipline firms that failed to meet contractual obligations.

Over time, it has become clear that the developmental state thesis provides a much more realistic and empirically verifiable account than the neoclassical interpretation of the late-industrialization process that took place in the East Asian newly-industrializing countries (NICs). Still, there were several important gaps with this literature as well, including the fact that much of this scholarship overlooked the crucial dependence of East Asian economies on the US military industrial complex and highly lucrative overseas procurement contracts.[39] This scholarship also had a tendency to ignore sub-national variation (preferring instead to speak in national terms)[40] while overlooking the crucial significance of civil society networks (in helping to facilitate structural change).[41]

IV. Summary of the Argument

With three decades of data to draw from, we can see now that the liberalization reforms introduced in India in the early-1990s, and then intensified in the years since, were successful (for a time) in at least one key area—accelerating GDP growth. Industry and manufacturing (in terms of their relative shares of GDP) also performed quite well, at least in the first 10-15 years or so after the reforms were introduced. But here too industrial expansion has once again run out of steam. Further, since Modi's ascension to the office of Prime Minister (back in 2014), manufacturing has declined (as a percentage of overall GDP) every year on record.[42] The question is why? What mechanisms account for this relative underperformance, relative not only to many of India's national peers, but also relative to what was expected and, most crucially, what was promised by domestic elites and decision-makers? The answer, I argue, is to be found in the process by which capital (first) acquires land (below the cost of its present and future value) and exploits labour (often above the cost of reproduction).

My alternative framework begins with Marx's general formula for the circulation of capital: M-C-MΔ (where M = Money; C = Commodities; MΔ = M + surplus value) (Marx,

[39] See Glassman (2016), as well as Glassman & Choi (2014).
[40] See Sinha (2003).
[41] See Evans & Heller (2015).
[42] Modi's record on the economy is in fact far worse than is implied here. India's GDP was averaging around 7-8% in annual growth terms when Modi took office. By the fourth quarter of 2019-20, however (i.e., before the Covid-19 pandemic had struck), GDP growth had slid to just 3.1%, the country's worst performance in over a decade (Inamdar & Alluri, 2021). In 2017-18 (the latest period for which data is available) unemployment climbed to 6.1%, reaching a 45-year high. Most importantly for our current purposes, the federal government's 'Make in India' campaign has been an abject failure: manufacturing remains stagnant, accounting for less than 15% of GDP (far short of the 25% promised back in 2014), while (the total value of) exports have been stuck around US$300 billion annually for over a decade. Finally, farming still employs more than half of India's working-age population, while contributing barely a fifth of national GDP (Ibid.).

1982: 247-257). The capitalist invests money to buy commodities, and then sells these commodities (or they sell new commodities produced from these commodities) for more money than had been invested originally. But the original MCMΔ formula, as Marx himself says, does not quite reveal how value is produced. An expanded formula (R. J. Das, 2017b: 350; Harvey, 2006: 71) helps shed further light, such that M-C-MΔ becomes M-C (LP+MP)-P-C'-M' (where: M = Money; C = commodities; M' = M + surplus value; LP = labour power; MP = means of production (raw materials and energy plus instruments of production); P = production; C' = new commodities produced). Here we can see that money is invested to buy commodities, and that these commodities are of two types: labour power (LP) and means of production (MP). This latter category refers to commodities which are separate from labour power, such as land or raw materials, as well as those already produced in the labour process (like machines, or parts of machines, for example). In the alternative framework I present here,[43] I focus on a very small portion (or moment) in the circuit: labour power and means of production—in the form of land in particular. Industrialization requires land, and in the periphery, capital depends on both cheap land *and* cheap labour (cheap relative to global competitiveness). In terms of MP-L (referring to means of production in the form of land) I offer the following claim: while Marx assumed that all commodities, including land (and labour power) are commodities (are available in their commodity form), this assumption should not be made (in particular with respect to low-income countries, or the developing countries of the Global South). Indeed, not only must land holders be divorced from the means of production over which they have some direct control, but so too must the land they once owned be transformed, that is, from private property *as such*, into capitalist private property.[44]

[43] See Chapter 2, Section 7, of the current work for an expanded presentation of my alternative framework, which includes a diagram.
[44] Harvey (2003: 143) also makes these observations. First, he notes that "[a]s in the case of labour, capitalism always requires a fund of assets outside of itself if it is to confront and circumvent pressures of overaccumulation. If those assets, such as empty land or new raw material sources, do not lie to hand, then *capitalism must somehow produce them*. Marx, however, does not consider this possibility except in the case of

V. Study Area and Collection of Data & Information

The research presented in the current dissertation takes place at multiple geographical scales. At the local scale, two main study areas are identified in the Indian state of Odisha: the Kalinga Nagar Industrial Complex (KNIC) in Jajpur district, and the POSCO-Odisha project area in the coastal district of Jagatsinghpur (see figures 1.1 and 1.2 below).

Figure 1. 1 Map of India, indicating location of the state of Odisha on the Bay of Bengal coast

Roughly 120km north-east from the Odisha state capital at Bhubaneswar, located at 20°57’- 21°3’N latitude, and 85°59’-86°5’E longitude, the KNIC straddles two district blocks

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the creation of an industrial reserve army through technologically induced unemployment.” Explaining why Marx might have been ‘reticent’ to make such considerations, Harvey notes that it because the role of the capitalist as a commodity producer and exchanger, and that of labour power as a commodity that trades generally at its appropriate value, is already well established in Marx’s general theory of capital accumulation, partly because Marx shared some “crucial initial assumptions” which “broadly match[ed] those of claissical political economy.” As a consequence, the ‘primitive’ or ‘original’ accumulation he wrote about was understood to have *already* occurred, such that “accumulation now proceeds as expanded reproduction (albeit through the exploitation of living labour in production) under conditions of ‘peace, property and equality’” (Ibid.).

near the town of Duburi—Sukinda in the west, and Danagadi in the east—in the district of Jajpur (figure 1.2). This region is extremely rich in minerals, with Sukinda alone accounting for roughly 90% and 92% of India's chromite and nickel reserves, respectively. The KNIC is in close proximity to an abundance of other raw materials as well, including iron ore, coal, dolomite, limestone, manganese and quartzite, etc., and is serviced by adequate infrastructure facilities (see figure 1.2 below).[45]

The district of Jagatsinghpur, where the POSCO-Odisha megaproject was set to be built, is situated on Odisha's Bay of Bengal coast. The administrative capital (also called Jagatsinghapur) is located at 20.27°N latitude, and 86.17°E longitude (figure 1.2). The district has a total land area of roughly 1,759 Sq Km and has a population of roughly 1.13 million (based on India's 2011 census). The district is also home to one of the largest and most technically sophisticated ports in the country at Paradip (see figure 1.2 below).

[45] The N.H. 200 (Express Highway), which connects the iron ore and chromite belts of Jaipur and Keonjar districts with the state's largest port at Paradip, runs directly through the area (see also figure 5.2).

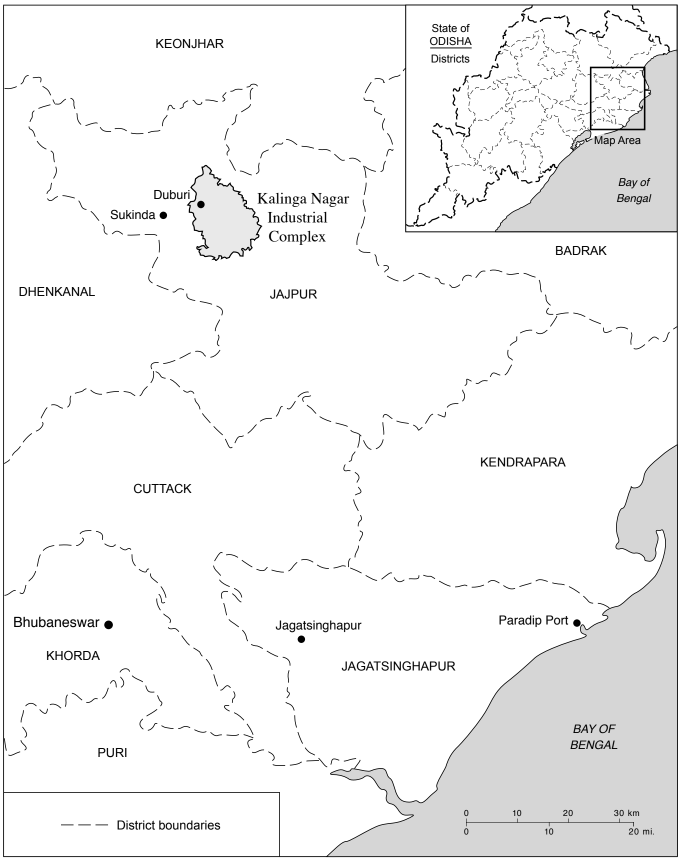

Figure 1. 2 Map indicating the location of the Kalinga Nagar Industrial Complex (KNIC) and the eastern coastal district of Jagatsinghpur (where the POSCO project was set to be built)

In 2016, and again 2017, I visited the state of Odisha to conduct fieldwork. The 2016 expedition took place from September to November, during which I conducted 21 semi-structured interviews with academics, journalists, small farmers, activists, and NGO workers, as well as representatives from industry. When I returned to the field in 2017 (this time from September to December), I conducted another 55 such interviews,[46] as well as 7 focus groups and 4 open discussions. In addition, a survey was conducted with participation from 202 respondents living in and around the Kalinga Nagar region (a breakdown of interview participants and survey respondents is provided in Appendix A). The map presented in figure 1.3 (below) indicates the location of field sites I visited in 2016 and 2017.

[46] The breakdown here was: 35 'elite' interview subjects (that is, journalists, academics, representatives from government and industry, etc.) + 20 interview subjects who were industrial sector workers/labourers.

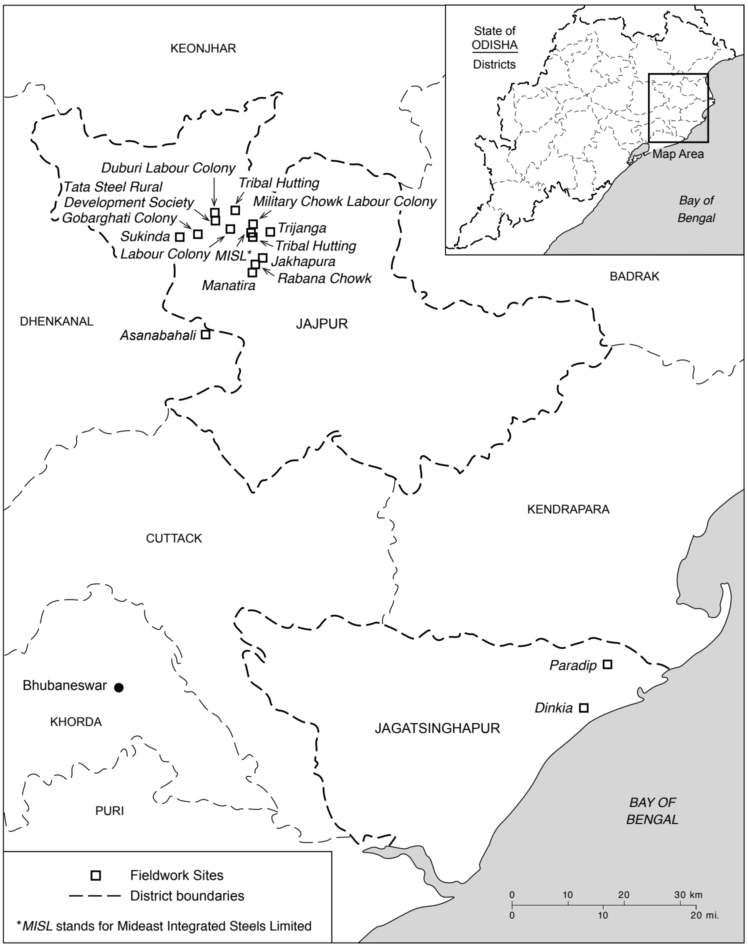

Figure 1. 3 Map indicating locations (in the state of Odisha) where my field assistant and I conducted fieldwork in 2016 and 2017

The study also takes place at the national scale, where the focus is industrialization and industrial policy in India more generally. Here the study is concerned with national level trends, and the ways in which these impact (either by hindering or facilitating) industrial development in Odisha. I also therefore spent a significant period of time in Delhi (the Indian capital) as well as in Goa (where I attended at the 8th BRICS counter-conference).[47] I also travelled to Seoul, South Korea, in 2016 to conduct interviews with scholars and activists about the POSCO-Odisha project controversy.

[47] After meeting and interviewing Abhay Sahoo (the leader of the PPSS resistance movement) in Odisha in 2016, he invited me to join his delegation at the BRICS counter-conference in Goa. While in attendance at the counter-conference I had the good fortune of interacting with a wide range of scholars, activists, and journalists working on development issues in BRICS countries.

The study also takes place at the international scale, where I am attentive to broader trends in the world market, namely, fluctuations in the iron ore spot price, foreign direct investment, trade and subsidy restrictions, and much more. Here, primary interviews (conducted at the local scale) are supplemented with secondary research (from academic books and journals, as well as local and national newspaper publications). Wherever possible, claims are triangulated across three or more sources to develop reasoned inferences.

Finally, I will note that, as a white Canadian male with little direct connection to my field sites, venturing into remote areas to conduct qualitative research comes with a certain degree of trepidation. Whatever my intentions, I acknowledge that my work is inherently extractive, in that I am there to acquire data and information that will bring significant value to me personally (in the sense that it will allow me to pursue an advanced degree), while affording little-to-no real benefit to those who provide this information. My work, no matter how well received by the academic community, will do nothing (in a material sense) for the labourers of Kalinga Nagar, or the land defenders of Jagatsinghpur. In this sense then, there is a degree of shame and embarrassment that accompanies this kind of work. Thankfully, I was fortunate to work with perhaps the finest researcher I have yet encountered, Debadutta Sahu, a highly skilled Oriyan economist and intellectual without whom the vast majority of interviews and survey responses we assembled would simply never have occurred. I owe a tremendous debt of gratitude to him, not just for facilitating access to key sites and individuals, but for educating me on how best to comport myself when conducting interviews and surveys with local groups in rural Odisha. And so, while I acknowledge that this work is inherently flawed and extractive, I certainly made my best efforts to behave professionally, while holding myself to the highest ethical standards. And while I admit that my work will bring no direct material benefit to those generous individuals who took it upon themselves to provide their time and knowledge (to benefit of my own research), there is perhaps some consolation in the fact that the current work will be added to a large and growing body of scholarship that calls attention to struggle over land and labour, both in Odisha in particular, and in the Global South more generally.

VI. The Organization of the Dissertation

The dissertation is broken into eight short chapters. The current chapter (Chapter 1) provides a brief introduction to the subject area under investigation, as well as to the theoretical approach adopted in the study and the methods employed in conducting interviews and gathering data. In chapter 2 I dive deeper into theories about industrial stagnation and underdevelopment in the Global South in the early-postwar period. This chapter covers three broad areas of scholarship, as noted briefly above, which include structuralist development theory, neoclassical development theory, and finally, neo-Weberian development theory and the developmental state thesis. In each case I point out strengths and weaknesses with the established literature, and conclude the chapter offering an alternative theoretical framework which foregrounds Marx's formula for the circulation of capital (focusing in particular on access to means of production in the form of land and labour exploitation).

Chapter 3 provides some background and historical context to the subject of Indian industrialization in the post-war period. The chapter begins by looking at efforts by the All-India Congress party to develop an industrial development strategy (led largely by state institutions and public finance initiatives) in the late-colonial period, just prior to independence. I then explore Indian industrialization in the early-postwar period, highlighting the performance of India's first five 5-year plans, leading up to the 1980s. The chapter's third section looks at Indian industrialization after 1990, when a wide range of liberalization reforms were introduced.[48]

Chapter 4 follows a similar path, moving from the national to the sub-national to focus specifically on industrialization in the state of Odisha. The first section looks at

[48] I also use the terms 'post-reform' or 'post-1991' period throughout the current work.

industrialization prior to 1991, while the second section provides a detailed account of the reforms introduced in Odisha after 1991. The chapter's third section provides a detailed evaluation of Odisha's industrial performance in the post-reform period; a scorecard on neoliberal industrial policy, in other words.

Chapter 5 begins the first of three empirical chapters based on information and data collected during my fieldwork in India in 2016 and 2017. The focus here is on the role of the Indian state in Odisha's industrialization process, with particular attention paid to the land acquisition process. The first section provides some background on the Kalinga Nagar Industrial Complex (KNIC), while section two describes efforts on the part of the Indian state to acquire land (for industrial purposes) in the area. Section three provides some background to the POSCO-Odisha project, while section four covers efforts to acquire land (again, for industrial purposes) in this context. The chapter provides an important comparative analysis, given that the state was successful in obtaining land for capitalist industrialization in the former case, and unsuccessful in the latter case.

Chapter 6 inverts the exposition provided in chapter 5, focusing instead on challenges to the state's land acquisition efforts, both from below (in the form of grassroots resistance efforts) as well as from above (in the form of legal challenges emanating from the Central government in Delhi). The first section focuses specifically on grassroots resistance efforts in the Kalinga Nagar region, where the local movement to prevent dispossession (of marginalized groups from their land) was ultimately unsuccessful. The second section widens the horizon somewhat, focusing not just on grassroots resistance efforts in the Jagatsinghpur region, but also on the extra-local ties this resistance movement established with academics, activists, and journalists outside of India, which helped to bring international pressure to bear (via prominent intergovernmental grievance mechanisms) on the struggle. The chapter also looks at high court challenges, changes in bidding procedures (from which POSCO was not exempt), and state-centre relations in India in general. This section adds further international context, as perspective from South Korea is also provided, shedding further light on the conditions under which POSCO ultimately decided to withdraw from the project altogether. The chapter also provides a brief update on how the situation has changed in name only, in the wake of POSCO's formal withdrawal, as the Maharashtra-based JSW Steel Group makes its own play for land on the coveted Jagatisnghpur coast.[49]

Chapter 7 brings much of the research together and provides a detailed evaluation of the degree of industrialization achieved in Kalinga Nagar. The first section provides a broad statistical overview, while the second section drills down on social conditions. The third section in the chapter presents data from a survey my field assistant and I conducted in the late-fall of 2017, shedding light on the attitudes and perceptions expressed by local groups in response to the industrialization of the KNIC region. The chapter shows that, even when the state is successful in acquiring land for industry, industrialization (not to mention meaningful levels of social development) remains out of reach.

Chapter 8 concludes the dissertation. This chapter has three short sections. First, I summarize the findings presented in the preceding chapters. Second, I consider the implications of the dissertation for development theory in light of the findings presented herein. Finally, I make note of some of the questions that remain unanswered and consider areas for future research.

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[49] See also Menon (2022).

Chapter 2 (Part I): Theories of Industrialization

Introduction: Why Industrialization

Up to this point, I could potentially be accused of advancing a productivist position, which argues for industrialization as a necessary (and implicitly progressive) historical process. Some might even go as far as to say that my view of history is essentially teleological, positing as natural and progressive the historical procession from pre-modern/feudal forms of social organization to industrialized market economies.

Marx as well, at times, has been criticized for holding a 'stageist' view of history, though this is not an accurate reading of the (dialectical) materialist view of history he and Engels put forward. While it is true they saw the mode of production as crucial to determining the level of development *in a given society*, they rejected the idea that societies would *necessarily* pass from one stage to the next in successive fashion. In fact, the Marxian concept of phases of development is chronological only in two very simplified ways. The first refers to the idea that, as societies move from one stage of development to the next, they become increasingly removed from the "primitive state of man" (Hobsbawm, 1965). The second, correspondingly, indicates the order in which various modes of production arose historically, not that every social formation is fated to pass under the dominance of each of them in succession (Davidson, 2006). As far as anyone can tell, Marx and Engels seem to have regarded only the transition from primitive communism to particular forms of class society (Asiatic, slave, tributary, and feudal) as universal. While the transition from feudalism to industrial capitalism opened up the possibility for a later transition from industrial capitalism to communism, neither could rightly be considered automatic or inevitable in the Marxian frame.

Still, one cannot preclude the logical possibility that there might be ways of raising per capita incomes (an important development indicator) over the long term without industrializing. Indeed, before a society can even contemplate industrial production, it needs to have achieved the ability to produce food over and above its basic subsistence. Once this has been achieved, a non-industrial society could then trade excess agricultural goods for other, non-agricultural products (like clothing, footwear, or building materials, for example). Of course, in order for this to happen, the capacity to manufacture these goods would have to be in existence somewhere (even if on a very small scale), though not necessarily in the same national territory. So in order for any society to acquire non-agricultural (which is to say manufactured) products, it will either need to manufacture them itself (even if on the basis of cottage industries) or it will need to be able to trade with other societies who do. That said, if these other societies are for whatever reason unable to raise agricultural production above their own basic subsistence, specialist producers are unlikely to emerge in these locations either (so we are essentially right back where to we started). There have even been attempts to quantify the level of agricultural productivity required to allow for the emergence of non-agricultural production and trade, based on a measure of output of 'kilograms of grain equivalent per person per year'.[50] While exact figures surely cannot be generalized across all societies or time periods, what is striking is how quickly, once a basic subsistence minimum has been achieved, specialization in production processes and the beginnings of non-agricultural production start to emerge; nothing like an 'abundance' of food ever need be assumed.

Still, human need for food has important limits, such that demand for food slows as output and incomes rise, i.e., the 'income elasticity of demand' for food is limited (past a certain basic threshold). This means that, even if a society wanted to base its development strategy on the export of food-related agricultural products—the profits from which it might exchange for manufactured products—it would still run into this basic problem of inelasticity, even in export markets. If, however, the agricultural society were to export non-food based agricultural raw

[50] "De Vries for example calculated that the subsistence minimum for life stands at about 300 kg. Up to about 350 kg, he suggested, productivity improvements mainly go to improve diet, but at 400 kg and beyond sale of food and the emergence of full-time non-agricultural producers is possible" (Kitching, 2011: 8, following Clark & Haswell 1964: 63-7).

materials for industry (such as cotton, vegetable fibres, or oil seeds, for example), then it may be able to achieve continually rising output and incomes as a result of continually rising demand in the industrialized (or industrializing) economies which constitute its trade partners. So continually expanding incomes can be achieved in non-industrial societies, providing they have non-agricultural (which is to say, industrial) trading partners somewhere.

Historically however most countries which (at one stage of their development or another) were entirely dependent on the production and export of food and raw materials, tended not to want to stay that way for very long. There are important economic and political motivations for this, chief among them the desire to reduce dependence on foreign suppliers (whether for finished or intermediate goods) and to provide a base for independent military capacity, both of which can only be achieved through the development of local industry (within a given national territory). So while there is nothing (from a purely economic perspective) to suggest that continually rising per capita incomes would be impossible in a non-industrial society (where the economy is dominated by agricultural production), both economic logic and the historical record suggest that this could only occur if such societies coexisted with dynamic non-agricultural societies, with whom they also enjoyed ongoing trade relations.[51]

But there is much more to the matter than this. Consider the fact that industrial production is far more conducive to economies of scale than agriculture or services, such that, as the volume of production increases, costs per unit tend to fall. Industrial production also creates externalities which benefit society beyond the direct producers of commodities, such as the creation of skilled labour pools from which other producers can draw, while reducing training costs in the economy more generally. This is crucial because many lesser developed countries have massive unemployed and underemployed populations, the majority of whom still do not live in cities (as remains the case across much of Sub-Saharan Africa and South

[51] Again, I am drawing here from the opening chapter in Kitching (2011).

Asia). Furthermore, because industrial processes create more forward and backward linkages than agriculture (auto industries stimulate investment in steel, glass, and rubber and the proliferation of service stations and repair shops, for example) industrialization offers a far greater range of employment opportunities (D'Costa, 2005; Das, 2012; Jenkins, 1992). Thus, if a country's limited resources, including its labour force, are directed to increasingly productive activities, such as manufacturing, the resulting expansion in more dynamic sectors can push the economy into a virtuous cycle in which the growth of productive employment, productive capacities, and higher earnings mutually reinforce each other to accelerate growth and reduce poverty (Aggarwal & Kumar, 2012; Teal, 2011).[52] It should therefore surprise no one that the distribution of world industry continues to reveal the gap between the wealthiest and poorest nations (UNIDO, 2012, 2014). Not to mention the fact that, as alluded to earlier, most national governments recognize the long-run limitations of development strategies based on raw materials and primary production for world markets (Kemp, 1989).

Whatever our opinion, a broadly substantiated research has long shown a strong correlation between the level of and growth in industrialization and the level of and growth in per capita income (see for example Aggarwal, 2016; Athukorala & Sen, 2016; Nadvi, 2016; UNIDO, 2013). Remember further that, to say that a country needs industrialization is *not* to say that it does not need agriculture. In fact, the idea that industrialization is necessary *includes* (as I have already shown) the idea that there should be synergies between agrarian and industrial sectors (Kay, 2009). More importantly, as the brilliant Ajit Singh (1979) pointed out long ago, it is not industrialization *itself* that matters, but the development of productive capacities (resulting from industrial processes) so that balance of payments considerations can be addressed;[53] living standards and job quality can improve; and the capacity of a given

[52] This concept is explored in more detail later in the chapter.
[53] Producing adequate exports while not becoming import-dependent.

economy to meet human needs/social provisioning in other, non-manufacturing sectors (such as education, healthcare, and other public services, etc.) can be expanded (though these sectors also depend upon productive capacities).[54]

This is not, of course, to suggest that capitalist industrialization is without its consequences. Quite the contrary, as radical scholars from a wide range of disciplines have long shown. Indeed, this very dissertation seeks to contribute to this important body of work. But to say that industrialization has important material consequences is not to say that it cannot be done better. As a friend of mine remarked recently: "It is easy to say Bihar doesn't need industrialization. Go there." Put another way, one must be careful not to conflate social production with its social form. The fact is *all* societies need to engage in production; to relate to other human beings and nature to produce use values (in order to meet social needs). But the *form* production takes will be different in different societies; or more accurately, there will be something that is common across societies, as well as something that is specific to each historical-geographical configuration. So when one criticizes capitalist industrialization (or neoliberal industrialization for that matter), some of that critique may apply to industrialization as such, but some must also be specific, applying exclusively to capitalist (or neoliberal) industrialization. Despite one's best intentions, an argument against capitalist industrialization *cannot be* an argument against industrialization as such. The dissertation takes this on. Indeed, it is not industrialization that is on trial in the pages that follow, but its neoliberal form.

[54] Ajit Singh and others in India were part of the Cambridge approach to the issue of industrialization and development. They looked at the issue both for countries in the north (notably the UK) and the south (notably India and Korea). For them, it was not the relative share of industry that mattered most (as some ISI scholarship seemed to imply), or that industry could be ignored in favour of a focus on comparative advantage, which would ultimately reveal the appropriate relative prices and balance of payments (as prominent neoclassical economists like Deepak Lal and Jagdish Bhaghwati had argued). Their central point was that industry and exports had to be prioritized in order to support demand for needed imports, which could simply not be achieved by focusing disproportionately on extractive industries or the export of services. This meant that de-industrialization and under-industrialization could not be ignored, or worse, presumed to be remedied by market solutions and exchange rate devaluations alone. It follows further from this that the level of industry adequate to maintaining balance of payments stability should also be adequate to provide human welfare needs (in the Senian sense).

Section 2.1: Theories of Industrialization and Under-Development in the Global South

In the 1970s and 1980s, a growing body of voices both within and outside India became increasingly critical of the country's industrial strategy and development trajectory. The reason India (like so many countries in the Global South) remained under-industrialized was because there was too much state involvement in the economy. Industrialization could only be achieved, so the argument went, if markets and capital firms were liberated from the shackles of state control.

And so, in 1991, on the heels of a balance of payment (BoP) crisis, the Government of India introduced a wave of economic reforms as part of its New Economic Policy (NEP). Policies and institutions were reoriented to support entrepreneurs, while regulation and control over capital firms and markets were dramatically scaled back. Some 30 years on, however, it is clear the NEP reforms have been largely unsuccessful, at least if one measures them against their stated intention: the industrial sector (and manufacturing in particular) occupies roughly the same share of national GDP as it did in the decades prior to the reforms, while performance on indicators like unemployment and inequality has only deteriorated.[55]

This raises the following question: If the state was an obstacle to industrial development (because it intervened too heavily in the operations of markets and firms) then why has the removal of this obstacle (on the basis of a neoliberal development strategy) not led to industrialization? In other words, what is the general mechanism that explains the inability of neoliberal industrial policy (industrial policy in the post-reform period) to deliver on its promise of broad-based industrialization in India? More importantly, is there something that can be learned by studying the Indian case that might help us explain similar trends observed across much of the Global South?

[55] A historical account of this period, including of the reforms introduced in the decades before and after 1991, is provided in Chapter 3.

It would be wrong of course to suggest that no industrialization has occurred at all in the last 30-40 years. Indeed, India's annual GDP growth averaged above 6.45% growth in the three decades after 1991 (1992-2019), after averaging just barely above 4% in the three decades prior to the NEP reforms. Further, states like Gujarat, Maharashtra, and Tamil Nadu have experienced significant industrial expansion in recent years, and in all three states manufacturing makes up a significant (if not the leading) share of total value added.

This then raises an additional theoretical question: To the extent that some industrialization is happening (a) why has it not been more integrated and widespread?; (b) to what degree has limited industrialization been achieved on the basis of a violation of neoliberal rhetoric (in the sense that it was never really about *non*-intervention, but intervention *on behalf of* a particular set of actors—namely large industrial houses, both foreign and domestic)?; and (c) to what degree have common people (in whose name neoliberalism is justified) benefitted?

As can surely be appreciated, these are not simple questions, nor am I the first to raise them. In seeking to answer them, five strands of literature are considered in the review that follows. In part one I focus on neoclassical economic theory which (re-)emerged as a critique of import substitution industrialization (ISI) strategies in the mid-1960s and 70s. This body of scholarship sought to explain the lack of industrialization in the Global South in terms of an inward (as opposed to an outward) orientation of the national economy. In part two I discuss literature on the developmental state, a concept which offers a critique of neoclassical theory by foregrounding the interventionist, disciplinary, and redistributive role of the state (not simply its outward orientation) in driving industrialization in the East Asian NICs. In part three I consider the Washington Consensus literature which, in dramatic contrast to the DS frame, sought to explain persistent underdevelopment and industrial stagnation in terms of the distortionary effects of state intervention. The path to industrialization for the Global South, in other words, was to be found in the now all-too-familiar privatization, liberalization, and deregulation refrain. The failure of these policies to deliver meaningful development in much of the Global South in the decades that followed motivated a post-Washington Consensus literature, which I take up in part four. Much of this scholarship has tended less and less to be about *whether or not* governments in developing countries should intervene in the industrial process, but in *how* they should go about doing it, and with what institutional *capacity*. Developing countries are under-industrialized, according to this perspective, because they lack the appropriate institutions and levels of human capital necessary to sustain and reinforce the growth-enhancing effects (on overall economic growth) of structural change. This literature shares some common cause with Senian economic perspectives about the growth enhancing effects of human capability expansion, which I also address in this section. In part five I review briefly some of the political economy literature, which takes production and investment much more seriously than the other approaches, but still comes up short, I argue, in explaining Indian under-industrialization. In part six I offer a critique of this literature and present an alternative framework for understanding the lack of industrialization in the Global South in general, and in India in particular. I argue that only by returning to the capital circuit itself can one properly account for India's poor industrial performance (in terms of both industrial expansion, and benefits accruing to local people) in the post-reform period.

Section 2.1.1: Theories of Industrial Stagnation in the Early Post-WWII Period

In the immediate decades after World War II, in an epistemological milieu marked by the Great Depression, the rapid industrialization of the Soviet Union, and the ascendency of Keynesian economics, structuralist development theory came to dominate economic scholarship on industrialization (Lin, 2009).[56] Broadly speaking, structuralists argued that developing countries, in their quest for growth, faced structural challenges altogether different

[56] It is perhaps worth noting that while analysts and policymakers had long concerned themselves with *economic development* (the mechanics of organizing a country's resources and institutions to produce and distribute more goods and services and sustain regular social progress and rising prosperity) *development economics* as a formal sub-discipline of economics largely did not exist prior to this period (Lin, 2009: 7).

from those found in higher-income developed countries, and that the tools typically used to understand development in the advanced states were often inapplicable and misleading when applied in developing country contexts (Hirschman, 1982).[57]

A seminal paper by Rosenstein-Rodan, published in 1943, argued that if sufficient capital (foreign or domestic) could be made available for investment in "basic industries,"[58] the normal multiplier effect would lead "naturally" to further industrialization, as long as markets were sufficiently large to compensate for rising wages. Of course, the size of the market itself depended on the extent to which modern techniques could be adopted, meaning that, once the industrialization of "international depressed areas" was accomplished, it would create an equilibrium from which, moving forward, private incentives would operate successfully. He added however that it would be "hopeless" to rely exclusively on the private sector to generate such an effect prior to having first reached a minimum level of development (in a given society) (Rodan, 1943: 208). Put another way, if the modernization process could be started on a very large—that is, a regional—scale, then the process of economic development would become self-reinforcing and self-sustaining, creating a "virtuous circle" of development. If not, countries would be trapped in an indefinite cycle of poverty; the infamous "poverty trap" (see also Lin, 2009).

Rosenstein-Rodan's arguments in favour of large-scale sector-wide coordinated investment was the basis of what came to be known as the Big Push theory, credited with

[57] While the term 'structuralist' originally referred to the ideas made popular by a group of social scientists at the United Nations Economic Commission for Latin America (ECLA) in the 1940s and 50s, the term later came to be applied to a much broader group of social scientists concerned with development, including Marxists and dependency theorists. Jenkins (1992) identifies five central features shared among structural development theorists: skepticism about the beneficial effects of the free market and free trade; an emphasis on structural change (with manufacturing playing the most crucial role); concern with the concentration of ownership/control over resources (which affect the outcome of economic policies and processes); an emphasis on the dynamic aspects of technology; and a central role for capital accumulation (where a high rate of accumulation is seen as necessary for bringing about rapid economic development, structural transformation, and increased productivity).

[58] "The quality of 'basic' industries is not confined, moreover, to some public utilities. We have seen how complementarity makes to some extent all industries 'basic'" (Rosenstein-Rodan, 1943: 208).

influencing a wave of scholarship on these and related topics (see for example Lewis, 1954; Myrdal, 1957; Hirschman, 1958; and Nurkse, 1953). Above all these authors were concerned with reducing poverty in the capitalist periphery and narrowing the gap between rich and poor countries. They argued that because developing countries faced unique structural challenges (rigidities, lags, etc.) that were not present in advanced industrialized economies, modern heavy industry (and thus the industrialization process more broadly) would be incapable of developing "spontaneously" in developing country contexts. In other words, because markets presented "insurmountable defects" for developing countries, government intervention was (quite rightfully) understood to be a powerful supplementary means to accelerate the pace of economic development (Lin, 2009: 7-8). Governments, structuralists argued, could overcome persistent and widespread market failures by directly allocating resources for investment and establishing public enterprises in large heavy industries, giving them effective control over the 'commanding heights' of the economy.

Later work on Latin American industrialization by Prebisch (1950) and Singer (1950) argued that secular declining terms of trade, measured against the export of primary commodities, led to the transfer of income from resource-intensive developing countries to capital-intensive developed countries.[59] Dismissing changes in relative productivity as the primary governing factor, they explained growth trends observed over the previous 60 to 70 years in terms of the of the distribution of the fruits of technical progress—accruing either to producers (in the form of rising incomes) or consumers (in the form of lower prices). Thus, because the former obtains primarily in manufacturing industries in developed countries, and the latter in food and raw materials production in developing countries, the benefits of technical

[59] "The industrialized countries have had the best of both worlds, both as consumers of primary commodities and as producers of manufactured articles, whereas the underdeveloped countries had the worst of both worlds, as consumers of manufactures and as producers of raw materials" (Singer, 1950: 479). Prefiguring claims made by the dependency school in the 1960s and '70s, he also alludes on the following page (p. 480) to the possible "legitimate germ of truth in the charge that foreign investment of the traditional type formed part of a system of 'economic imperialism' and 'exploitation'."

progress accumulate disproportionately in the advanced states. "Technical progress, while it operates unequivocally in favor of manufactures—since the rise in real incomes generates a more than proportionate increase in the demand for manufactures—has not the same effect on the demand for food and raw materials" (Singer, 1950: 479). Prebisch (1950: 10) offers a similar observation:

> Since, as we have seen, the [price relation between primary and manufactured products] actually moved against primary products in the period between the 1870's and the 1930's, it is evident that in the centre the income of entrepreneurs and of productive factors increased relatively more than productivity, whereas in the periphery the increase in income was less than that in productivity. In other words, while the centres kept the whole benefit of the technical development of their industries, the peripheral countries transferred to them a share of the fruits of their own technical progress.

Prebisch is here drawing on the 1949 UNECOSOC report *Post War Price Relations in Trade between Under-developed and Industrialized Countries* which concluded that "the changes observed in terms of trade do not mean that increased productivity in primary production was passed on to industrialized countries; on the contrary, they mean that the under-developed countries maintained, in the prices which they paid for their imported manufactures relative to those which they obtained for their own primary products, a rising standard of living in the industrialized countries, without receiving, in the price of their own products, a corresponding equivalent contribution towards their own standards of living."[60] This idea of long run, secular, deteriorating trends in terms of trade for developing countries, reflected in

[60] Singer (1950) describes a related challenge confronting developing countries: at precisely the time when favourable prices and increased sales of primary commodities provide the means to import capital goods and stimulate industrial development, they simultaneously incentivize and direct investment towards the expansion of primary commodity production. Singer refers to this danger as one of "falling between two stools: failing to industrialize in a boom because things are as good as they are, and failing to industrialize in a slump because things are as bad as they are" (Ibid., p. 482). This failure to take advantage of high boom exports to drive capital formation domestically demonstrated a "deplorable lack of foresight" in Singer's eyes, but was hardly surprising given that the private sector drove investment in developing countries, and was itself "governed by the price relations of the day."

declining primary commodity prices, came to be known as the Prebisch-Singer hypothesis.[61] Empirical evidence supporting the hypothesis has been further bolstered more recently in comprehensive work (dating back some four centuries) by Harvey, Kellard, Madsen & Wohar (2010).

In order to overcome these structural constraints and break the cycle of continued exploitation at the hands of developed economies, structuralist economists argued for the development of domestic manufacturing industries via a process known as import-substitution, defined as an increase in the proportion of manufactured goods supplied from domestic sources, though not necessarily as a reduction in the ratio of imports to total income (Prebisch, 1959: 253).[62]

Still, while there was widespread agreement among structuralist economists with respect to the diagnosis of problems confronting developing countries,[63] there was some divergence as to the specific policy prescriptions necessary to overcome them. Rosenstein-Rodan (1943) and Nurkse (1953), for example, called for a 'balanced growth approach', that is, the promotion of key economic sectors with strong (vertical and horizontal) linkages throughout the economy, along with corrections in responding to the subsequent disequilibrium generated in other sectors by these investments. Hirschman (1958) by contrast, argued that developing countries, because they lacked managerial and entrepreneurial capacities, should pursue an 'unbalanced approach' by concentrating investments in those sectors with significant

[61] On the issue of price elasticity for primary commodities, structuralists relied on Engels' law which held that consumer demand for basic commodities such as food, clothing, and shelter, etc. is mainly a function of income, and is therefore little affected by relative prices. In other words, as incomes rise, the percentage of income spent on basic commodities decreases, while the proportion spent on other goods (such as luxury items) increases. "In the case of food, demand is not very sensitive to rises in real income … [t]his lack of an automatic multiplication in demand, coupled with the low price elasticity of demand for both raw materials and food, results in large price falls, not only cyclical but also structural" (Prebisch, 1950: 479).

[62] He adds that import substitution is also "the only way to correct the effects on peripheral growth of disparities in foreign trade elasticity."

[63] For example, low economic growth rates and per capita gross national product, high birth and death rates, low average educational attainments, backward infrastructure, and heavy orientation towards the production and export of primary commodities and import of manufactured goods.

externality effects, which would then facilitate and promote complementary investments in the wider economy.[64]

With the exception of some minor technical disagreements, however, structuralist economists were for the most part in general agreement on key matters, in particular the regarding of economic growth as the prime responsibility of developing country governments. Stopping short of an open endorsement of socialist planned economies, structuralists advocated a 'mixed' economic system.[65]

Many influential multilateral institutions such as the United Nations and the World Bank soon came to adopt structuralist economic thinking in their approach to development. The import-substitution industrialization (ISI) policies they advocated involved the erecting of protectionist barriers against competing imports in an effort to stimulate domestic manufacturing industries, as well as the granting of incentives to attract foreign direct investment in infrastructure and energy.

The early results of ISI policies were impressive. Unprecedented growth in world industry with the Third World contributing an ever-rising share of manufacturing value added (MVA), ultimately far exceeding the expectations of most economists (Jenkins, 1992: 132). By the mid-1960s, however, it grew harder for ISI economies to maintain the large investments

[64] "Just as on the demand side the market can absorb 'unbalanced' advances in output because of cost-reducing innovations, new products, and import substitution, so we can have isolated forward thrusts on the supply side as inputs are redistributed among users through price changes, and at the cost of some temporary shortages and disequilibria in the balance of payments or elsewhere. In fact, development has of course proceeded in this way, with growth being communicated from the leading sectors of the economy to the followers, from industry to another, from one firm to another. In other words, the balanced growth that is revealed by two still photographs taken at two different points in time is the end result of a series of uneven advances of one sector followed by the catching up of other sectors. (…) [T]his kind of seesaw advance over 'balanced growth' (…) is that it leaves considerable scope to induced investment decisions and therefore economizes our principal scarce resource, namely, genuine decision-making. (…) An ideal situation obtains when (…), one disequilibrium calls forth a development move which in turn leads to a similar disequilibrium and so on *ad infinitum*. If such a chain of unbalanced growth sequences could be set up, the economic policy-makers could just watch the proceedings form the side lines." (Hirschman, 1958: 62-63).

[65] "To rely merely on the price system for the structural changes that constitute development may not be enough. But mere 'programming' … is probably not enough either. In the last resort we must rely on the acts of faith that spring from enterprise private or public, or both" (Nurkse, 1957, quoted in Bass, 2009: 7-8).

required to consistently substitute increasingly complex technology.[66] It was also evident that, even where industrialization had occurred, it was largely confined to select countries, and select regions within those countries, while mass poverty—which restricted domestic markets and further constrained industrial expansion—remained a persistent feature of the (so-called) Third World.

Section 2.2: Return to Neoclassical Orthodoxy and the Rise of Neoliberalism

The failure of ISI policies to narrow the gap between rich and poor countries in all but a few instances after World War II led to rising criticism of structuralist economic thinking in the mid-1960s. The oil shocks of the 1970s, along with the subsequent stagflation in the advanced capitalist core and debt crises in much of the periphery, called into further question the state's role in using fiscal, monetary, and trade policy to promote economic development.

With respect to the industrialization of poorer countries in the Global South, the impact of renewed neoclassical orthodoxy reached its zenith in the reforms introduced under the stabilization and adjustment programmes foisted on developing countries by the World Bank, the IMF, and the US Treasury, and in the trade liberalization rules introduced under the WTO in the closing decades of the last century (the so-called Washington Consensus, which I take up further below). The reforms introduced under these programmes were designed not only to 'set markets free' but also to control inflation via monetary (rather than fiscal) policy, and to limit substantially the role of the state in most spheres of the economy. Two important theoretical assumptions underlie the neoclassical approach to industrialization: first, that

[66] In a virtual issue on the political economy of industrialization for *Development and Change*, Storm (2017) notes that, for Sideri (1972), key (internal and external) constraints on Latin American industrialization were: dependency on imported technology and capital; the enclave-like nature of the 'modern' industrial sector; and an export specialization in primary commodities which underpinned the unchecked primacy of (big) landowners in the political power structures. Storm (2017) adds that, in Wionczek's (1974) view, ISI had begun to run into 'fatal difficulties' by the late-1960s. For him, attempts to loosen the external constraint on rapid industrial expansion and to strengthen ISI by means of regional integration within a common Latin American market (the Latin American Free Trade Association, or LAFTA) failed because Brazil, Mexico and Argentina remained committed to domestic over regional economic considerations.

government intervention in the economy creates distortions which reduce efficiency and, second, that import substitution policies stifle export growth, misuse resources and ignore specialization on the basis of comparative advantage (Weiss, 2002).

At the level of theory, neoclassical economists rejected the (then orthodox) structuralist view that conditions prevalent in the Global South not only justified, but necessitated, a different theoretical approach. They promoted instead the ‘universal validity’ of key economic principles which were, by definition, as relevant to Africa and Latin America as they were to Europe and North America. The most widely defended ‘universally relevant’ principles were: (i) price distortions produce inefficiency; (ii) all countries benefit from free trade; and (iii) markets are more efficient than states.[67]

The concept of price distortion is particularly crucial to understanding neoclassical economic theory; indeed, as Little (1982: 26) writes: “Perhaps the single best touchstone is a concern for prices and their role.” As neoclassical economists are fond of reminding us, under certain assumptions, it can be demonstrated that a competitive market system leads to optimal efficiency. Here prices provide the best indicators/signals for decisions about resource allocation, so any divergence from this market level price (due, for example, to government intervention) will necessarily lead to price distortions, which undermine market efficiency.[68]

While economists of all stripes are well aware that states intervene in markets for a wide variety of reasons (to conserve foreign exchange, protect local producers from foreign competition, guarantee a minimum wage, encourage investment, etc.) it is the price distortions

[67] See Jenkins (1992).

[68] On the preceding page, Little (1982: 25) gives us the following paragraph, further illustrating the neoclassical *Weltanschauung* (worldview) and its emphasis on the sanctity of price signals: “The neoclassical vision of the world is one of flexibility. In their own families’ interests, people adapt readily to changing opportunities and prices, even if they do not like doing so and even though they may take their time. Businesses pursue objectives roughly consistent with the assumption that they maximize risk- and time-discounted profits…. There is usually a wide variety of ways of making things such that production methods can be expected to shift when input prices change. Demand schedules are consequently curves, neither kinked nor vertical. Supply schedules are also smooth and rarely vertical. Although demand and supply always depend to a greater or lesser extent on expectations of an uncertain future, nevertheless most markets usually tend to achieve an equilibrium without wild price fluctuations. In short, the price mechanism can be expected to work rather well.”

produced by government intervention "directly or indirectly in pursuit of some social or economic objective" which are often considered most egregious from the neoclassical perspective (Jenkins, 1992).

The World Bank's 1983 *World Development Report* sought to provide definitive proof for this theoretical argument by looking at 31 developing countries and showing that low levels of price distortions were often correlated with high rates of growth, but not high rates of income inequality. The study used seven price categories to develop a composite distortion index, which was then measured against growth rates in the 1970s, and classified as having either a low, medium, or high level of distortion.[69]

The study showed that the low-distortion countries performed best, growing on average at 6.8% per annum, compared with only 5.7% for the medium-distortion group, and just 3.1% in the high distortion group (World Bank, 1983). On the question of inequality, the Bank noted no significant divergence based on the level of price distortion: "The estimated price distortions are found to be inversely related to growth and efficiency, but there is no strong evidence of such distortions leading to any gain in equity" (Ibid., p. 58).[70] The grand conclusion from this and other similarly designed studies at the time was clear: 'Getting the prices right' is the key to development; and this especially so for the low-income developing countries of the South.

2.2.1: Neoclassical Theoretical Responses to Rapid Industrialization in East Asia

By the early 1970s, development scholars from both structuralist and neoclassical schools increasingly turned their attention to the economies of East Asia, which had begun to dramatically outperform Latin American countries on the industrialization score. Drawing on

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[69] The seven price distortion categories, divided into three groups, were: (i) Prices affecting foreign trade: protection of agriculture, protection of industry, and exchange rate; (ii) Prices affecting the factors of production (capital and labour): interest rates, and wages; and (iii) Prices affecting domestic prices: power tariffs (taken as a proxy for infrastructure pricing), and inflation.

[70] Several pages later, the report adds: "For twenty-seven countries for which figures are available on income distribution, the analysis shows that the distortion index explains hardly 3 percent of the variation in equity, when the latter is measured by the proportion of income going to the bottom 40 percent of the population" (World Bank, 1983: 63).

the results of several large case studies, the influential Hungarian economist and World Bank consultant Béla Alexander Balassa (1971) investigated industrial growth patterns in Argentina, Chile, Brazil, Mexico, Western Malaysia, Pakistan, the Philippines, Taiwan, and Korea. He argued that Taiwan and Korea (and to a lesser extent Mexico) were successful in raising their share of world primary export markets, and in introducing new export products, because they shifted from a régime of import substitution to one of export promotion during the 1960s. In addition to raising the national income, providing foreign exchange, and allowing for greater specialization, an export-oriented industrialization strategy, Balassa pointed out, enables firms to lower costs by "employing large-scale production methods, reducing product variety, and participating in the international division of the production process through the manufacturing of parts and components for assembly abroad" (Ibid., p. 180-181). It is worth noting however that, unlike many of the neoclassical economists who would later follow in his footsteps, Balassa is careful not to dismiss the importance of import-substitution strategies (the replacing of imports of nondurable consumer goods and their inputs with domestic production) for developing countries, given that they were *also* responsible for producing rapid rates of growth in both manufacturing output and national income.[71]

Though many neoclassicals would argue vehemently against ISI policies in the decades to follow, there is nothing intrinsically wrong with import-substitution from the neoclassical perspective *per se*, barring such policies derive from market-based decisions. Balassa during this period argued in favour of infant industry protection, particularly in cases where distortions or cost disabilities need to be corrected, as well as in favour of preferential treatment for the manufacturing sector more broadly, including protection for firms producing for domestic markets (import substitution) and assistance to firms engaged in the production of manufactured goods for export.

[71] Refer to Table 2 in Balassa, 1971, p. 182.

Balassa (and he was certainly not alone among neoclassicals at this time) was also attentive to labour challenges facing developing country governments. He advocated subsidies over tariffs, particularly in cases where industrial labour costs to manufacturing enterprises exceeded its social cost.[72] Subsidizing the use of labour (rather than imposing tariffs) was also preferable in cases where unemployment cannot be reduced without a corresponding decline in the prevailing wage rate below a socially acceptable minimum.[73]

To illustrate the point, Balassa takes the example of the mining industry, which tends to use relatively low levels of labour per unit of output, meaning that countries relying on mineral exports are likely to be unable to fully employ their labour force without providing "special incentives" for making use of (which is to say, employing) large pools of labour (p.184-185).[74] He argues further that there is "no reason" to restrict subsidies (particularly those that encourage the expansion of labour-intensive industries in developing country contexts) or the provision of facilities (roads, electricity, education, etc.) to manufacturing industries; a far cry indeed from the neoliberal orthodoxy of today.[75]

A decade later, responding to both internal and external shocks experienced in developing economies, Balassa (1981) continued to make similar recommendations in favour of production incentives, public investment, and sector-specific policies. These included reductions in biases against manufactured and primary exports (which tend to be labour-

[72] In the form of output forgone from primary activities from which labour is drawn, for example, when the overall contribution of a marginal worker is said to be less than his/her overall consumption.
[73] This aspect of Balassa's thinking has potentially huge implications for developing countries like India, where there is in practice no socially acceptable minimum below which the wage rate can fall.
[74] This is extremely relevant in the Indian context, and in the case of Odisha in particular, where the only special incentives on offer are those involving reduced land and labour protections. Indeed, as my fieldwork makes clear, no significant efforts are made to absorb (let alone train and educate) large swaths of the unemployed, despite an industrial strategy driven in large part by mining, low-value added processing activities, and mineral exports.
[75] Balassa's chief recommendations over and above the traditional ISI strategy can be summarized as follows: more favourable treatment of nontraditional primary commodities; a reduction in the protection of manufactured products; an equalization of incentives for manufactured goods sold in domestic and export markets; an equalization of incentives across all branches of manufacturing, other than infant industries, as well as additional protection to infant industries on a temporary basis.

intensive in developing economies), a lessening of biases in favour of capital-intensive industries, and (as above) a reduction in incentive disparities across individual activities in order to stimulate both exports as well as import substitution. In a slight departure from his work a decade earlier, in the early 1980s, Balassa (1981) encouraged the aligning of domestic to world market price relationships (in order to increase import substitution efficiencies in agriculture and energy), and called as well for financial sector reforms (in order to increase the amount of savings available for investment) and production incentives (which could even include "projects promoted or financed by public authorities") in order to ensure greater efficiency in the allocation of productive investment.

Balassa's views are representative of an emergent neoclassical mainstream during this period. In the decades that followed, other developing countries were encouraged to emulate the NIC experience by locating an appropriate niche in the global economy and allowing market forces to operate with minimal state interference. Specific policy recommendations included the elimination of exchange-rate controls and trade restrictions, deregulation of the financial sector and labour markets, privatization of formerly public enterprises, increased specialization towards comparative advantage and market-driven resource allocations, and a generally defined 'minimalist' role for the state in the industrialization process (Krueger, 1986; Sachs, 1985; for a review of this literature see Brohman, 1996).

Neoclassicals first grouped these policy prescriptions, based on import liberalization and currency devaluation, under the title of 'export promotion', which was said to deliver much faster growth than other strategies, in particular ISI. The export promotion frame was soon replaced however with the new 'outward-oriented policies' label which described a broader set of measures including financial liberalization and the removal of capital controls. This *laissez-faire* approach to the industrialization process was said to have permitted NIC markets to function properly and, most importantly, 'get the prices right' (Brohman, 1996: 108). ISI policies adopted in Latin American countries, by contrast, were said to have relied on market interference by governments leading to distorted prices and macroeconomic imbalances (Ibid.). While outward-oriented policies in the NICs were able to sustain export-led growth based on enhanced international competitiveness, Latin American countries were said to have propped up an "obsolete, inward-oriented development model through expanded international borrowing and increased state intervention" (Ibid.). This divergence in development strategies had, according to the neoclassicals, led to high growth rates and rising per capita incomes in the NICs, with vicious cycles of indebtedness, inflationary pressures, stagnant growth, and declining standards of living in Latin America (Ibid.). The path forward for developing countries seeking to industrialize was obvious: "abandon outmoded state-centred, inward-oriented development strategies in favour of a market-led, outward-oriented model that reflects the successful NIC experience" (Ibid., p. 109).

On the specific question of the role of the state in the industrialization process of developing countries, neoclassicals advanced two major theoretical arguments in the 1980s and 90s. First, the 'virtual free-trade régime' theory argued that while NIC governments had indeed intervened directly in the development process (by protecting imports, for example), leading to widespread price distortions, the distorting effects of this intervention were effectively cancelled out by other sets of interventions (like the subsidizing of exports). The collective effect of this combination of interventions, so theory went, was the production of a 'neutral incentive structure' between production for export and production for the domestic market (Lal, 1983; World Bank, 1987). A second theory advanced to account for the high degree of state intervention in the East Asian NICs was that of 'prescriptive state intervention' which distinguished between a 'do' (or a *pre*scriptive) state, such as South Korea, and a 'don't' (or *pro*scriptive) state, such as India. According to this theory, government intervention in the former case is less stifling and will tend to "leave open areas (outside of the prescriptions) where initiatives can be exercised" (Chang, 1994: 107). In other words, state intervention works in prescriptive states because it is "porous," thereby permitting circumvention by the private sector.

Combining elements from both theories,[76] the World Bank (1993) in their now infamous *East Asian Miracle* report argued that while the East Asian Tigers had selectively promoted capital- and knowledge-intensive industries, the results these interventions were "market conforming." In other words, even though the NICs had *succeeded* in achieving rapid industrial expansion, the industrial policy they pursued had *failed* because it guided "industrial development along paths that it would not take if it were guided by market forces" (Ibid., p. 323). In the Bank's hardly convincing parlance, the manufacturing sector in the NICs evolved in "accordance with neoclassical expectations," (Ibid.) and "did little to alter the structure of production at the sectoral level" (Ibid., p. 334).

Despite the World Bank's no doubt exhaustive work, the report was (to put it mildly) tunnel-visioned and self-congratulatory; an effort that took them nearly 400 pages to pull-off, let us remember. Still, in my view, it is Lal (2000) who does a great deal more to crystallize the essence of neoclassical economic theory on industrialization in the 'Third World' at the end of the last century. In a roughly 40-page postscript to the 1997 edition of *The Poverty of 'Development Economics'*, Lal does his utmost to dispel the notion that state intervention had any positive impact in the East Asian NICs, referring to Wade (1990) and Amsden (1989) as "audacious" in their attempts to turn his "prime exhibits" of outward oriented development (Korea and Taiwan) into "shining examples of successful dirigiste trade and industrial policies" (p. 156).

[76] In what Fine et al. (2013) describe as a "remarkable piece of intellectual acrobatics."

After rehashing the virtual free trade régime thesis noted above (following Little, 1994, and the World Bank, 1994), Lal (2000: 157)[77] turns to Demsetz (1988, 1995) to highlight the all-too-familiar 'agency problem' (conflict of interest) which necessarily arises as countries "effectuate their emerging comparative advantage" in more capital intensive/large scale enterprises. According to Lal, there are only three ways a developing country can overcome this inevitability—that of maintaining beneficial control over its resources in the presence of economies of scale: through sufficient concentration of private wealth, with a related institution for its spread over a number of enterprises (as with the Japanese '*keiretsu*' and Korean '*chaebol*'); through public enterprise (as in Taiwan); or through the control of local firms by foreign equity (the Singaporean route). He argues that, in the first instance, the overall trade regime in Northeast Asia was 'neutral' (repeating the virtual trade regime thesis) with the resulting concentration of economic power a 'political albatross' (*quelle surprise !*); in the second instance, that Taiwan's heavy chemical industries (HCIs) underperformed (in terms of efficiency and profitability); and finally, in the third instance, that Singapore's industrial policy was of both the "neutral" and "non-tariff-jumping" variety. He concludes his tirade arguing that Singapore's attempt to "climb up the ladder of comparative advantage" led to "dire results" with a recession in the 1980s, and that, because Hong Kong let its industrial structure "evolve more naturally" it outperformed all others in terms of capital productivity, and so, on that basis alone, must be seen as the most successful.[78]

Responding to Krugman's (1992) claim of a 'counter-counter-revolution' in development economics, based on the fact that increasing returns and pecuniary external economies arising from the effects of market size—which underwrote concepts like

[77] Lal claims that while it is "undeniable" that NIC governments were "dirigiste in many aspects of their trade and development policies," his retort is that these interventions had "little effect," adding that manufactured exports, where the least "selective intervention" occurred, were most successful (Lal, 2000: 157).
[78] For a far more sophisticated account on the role of the Hong Kong government in the industrialization process, see Nolan (1990).

Rosenstein-Rodan's 'big push' and Hirschman's 'backward and forward linkages'—could now be formalized in mathematics (following Murphy et al., 1989), Lal remained unconvinced. Though he concurred with Stiglitz (1994) that writing down a formal model of economic phenomena "proves almost nothing," he claimed[79] that the "empirical evidence" from Ghana, Madagascar, Mexico, and Brazil was "disappointing if not disastrous," adding "[t]o promote such bad policies just because some theorists have been able to write down some algebra is not only puerile but wicked—given the high costs that the poor people thus being experimented on suffer" (Lal, 2000: 158-159).[80]

I could go on, and indeed Lal does,[81] but the point is that many ardent neoclassicals were incapable, even at the turn of the current century, to acknowledge that the state had played an instrumental role in the industrialization of the NICs, let alone the fact that one of its chief

[79] Following Lal-Mint, 1996, and Lal & Maxfield, 1993.

[80] One gets the sense Lal spent very little time reflecting on the human impact of the policies he championed and endorsed; puerile and wicked indeed!

[81] Lal (2000) then criticizes the emphasis on 'good governance' in development scholarship, lamenting that it remains an open question whether or not, once a market economy is up and running, "it can be maintained against the unavoidable pressures for its subversion." Answering his own question, he responds that the "sad fate of many institutions shows how fragile a corset they are in constraining a predatory state," adding, "[a] political culture which internalizes the classic liberal virtues maybe a better bulwark." He warns those arguing in favour of democracy as a prerequisite for securing economic development that, whatever its moral virtues "the historical evidence does not support any necessary connection between this form of government and the promotion of prosperity" (Ibid., p. 159). Indeed, for Lal (following classical liberals Hume and Smith), it is the *characteristics* of good government which are crucial, not its particular *form*, thus "a good government is one which promotes 'opulence' through a policy of preserving 'natural liberty' by establishing laws of justice which guarantee free exchange and peaceful competition" (Ibid., p. 160). Still, Lal warns us, the decline of socialist economies does not mean that the socialist impulse is dead. Indeed, rather comically, for Lal, the spectre of socialism "continues to *infect* the design of an appropriate social safety net to project the 'poor'. In combination with democratic politics, it remains a continuing *threat* to the sustainability of market order, and to the classical liberal view of a civil society" (Ibid., p. 161, emphasis my own). He adds in a footnote here that the "growing environmental movement" with its "sustainable development slogan" is a related feature of this "dirigiste backlash" (p. 161, n48). The penultimate section of the post-script refers to a two-century long debate over whether rises in per capita income—the result of *intensive*, rather than *extensive* (secular rises in aggregate output) growth—will ultimately 'trickle down' and alleviate poverty. He argues that, whatever the economic merits of the welfare state, it "inevitably raises serious problems of political economy" (Ibid., p. 164). His claim is that as benefits become "universalized" welfare states inevitably become "captured by the middle class with a tendency for *net* transfers of income from both the rich and poor to the middle-income groups." The real culprit here is the fiscal burden of "political entitlements," namely pensions and health care, which inevitably create "well-known distortions that discourage productivity and growth," not to mention "perverse incentives" among the "able-bodied poor" (Ibid., p. 164-165). His unsurprising conclusion is that while there "may be a case for using more secular NGOs in servicing the poor" the establishment and expansion of welfare-states in the Third World must be opposed. In the next section (Section 2.3) I turn to the widespread adoption and implementation of neoclassical economic theory and the subsequent rise of neoliberal development policy in the 1980s and 90s.

functions was getting prices not right, but *wrong*. It is to this subject, and the neo-Weberian critique of neoclassical development theory, we now turn.

Section 2.3: The Developmental State, A Framework for Understanding Late-Industrialization

By the 1980s, neoclassical views of the state—which had come to dominate studies on economic development in the NICs up to that point—began to be seriously challenged by neo-Weberian political theory. Employing rigorous empirical analysis of the policies and organizational structures through which East Asian states successfully intervened in processes of capital accumulation, comprehensive studies on Japan (Johsnon, 1982), South Korea (Amsden, 1992 [1989]), and Taiwan (Wade, 1990) argued that states could do far more than simply rely on the uncoordinated influence of market forces to allocate economic resources.[82]

And so, the Developmental State (DS) thesis was born and in the years that followed a fevered debate between neoclassical and neo-Weberian interpretations of East Asian growth played out (Glassman, 2016: 323).[83] Indeed, in a direct rebuke of marginal productivity theory—the formal expression, in neoclassical economics, of getting prices *right*—Amsden (1992) showed this was in fact the direct antithesis of what actually occurred in late-industrializing countries (a point I return to below). Though the rising tide of comparable evidence did lead to some, albeit limited and conditional, acknowledgement of the positive effects of disciplining capital ('financial repression' in Bank parlance), the central thrust of the World Bank's (1993) *East Asian Miracle* report (as explained in the previous section) was to reinforce neoliberal contentions about the basis for rapid East Asian industrialization (namely, that the Northeast Asian NIC economies operated with a set of prices that was not widely distorted).[84] Indeed, it would be another four years before the Bank's 1997 World Development

[82] See also Evans, Ruescehmeyer, and Skocpol (1985), as well as Woo-Cumings (1999).
[83] With the former dominating among business and political elites, and the latter winning the day among social scientists .
[84] For a comprehensive critique of the report, see Wade (1996).

Report: *The State in a Changing World* would offer some measure of rectitude about the state's integral role, not just in reacting to market failure, but in stimulating and sustaining the industrialization process generally (in both developed and developing country contexts).

As Amsden's thoroughgoing work made clear, throughout most of the quarter-century of Korea's principal industrial expansion, long-term credit was allocated by the government to key firms at negative real interest rates in order to stimulate growth in key industries. In cases where domestic savings were insufficient to meet investment demand, long-term international credit was arranged for select industrial firms.[85] Governments in other late-industrializing countries have also had to intervene in various ways to distort exchange rates (another key relative price in neoclassical economics) because there is a preference towards higher rates for export and lower rates for foreign debt repayment, as well as for imports of raw materials and/or producer goods (which often are either unavailable or cannot be produced domestically). In the Korean case, while the exchange rate was not as grossly distorted as in others,[86] exports were so heavily subsidized and coerced that Amsden deemed the foreign exchange rate "altogether irrelevant" (1992: 144). Firms were also compensated for being forced to export with the privilege of selling to the domestic market at inflated prices. No matter how you slice it, Korean industrial policy applied a range of price distortion mechanisms in order to deliberately get prices *wrong*.

Another important feature of Amsden's work, beyond the identification of subsidies (consisting of both protection and financial incentives) as the foundation of late-industrialization (where the first industrial revolution was based on *laissez-faire*, and the second on infant industry protection) is her emphasis on state discipline (as a fundamental

[85] For example, between 1965-72, when an initial turn towards liberalization proved incapable of overcoming savings and investment challenges.
[86] Amsden has in mind here India, Turkey and the Latin-American late-industrializers.

premise of late-industrialization).[87] Described as a reciprocal relation between state and firm, Amsden is clear that discipline in this context does not mean simply close cooperation (as government-business relations in Korea and Japan have often been caricatured) nor does it refer to the arbitrary wielding of carrots and sticks. It means instead that in direct exchange for subsidies the state exacts specific performance standards from firms—the greater the degree to which reciprocity characterizes state-firm relations, the higher the rate of economic growth (Ibid., p. 146).[88] By building a meritocratic system of awarding subsidies into its national industrial policy, in other words, the Korean state was able to extract unprecedented rates of growth in output and productivity from the country's most powerful firms (the *Chaebol*).[89]

For other states to achieve this, Amsden argued, they must be not only strong, but disciplined as well: "A disciplined (or developmental) state refers to one that advances capital rather than accumulating it, or at least does not allow its own enrichment to derail the [national] development effort" (Ibid., p. 148). A developmental state therefore is not just a strong state capable of disciplin*ing* firms (through a reciprocal meritocratic system of subsidy awards and

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[87] Amsden presents this in the context of a discussion on the types of disciplinary mechanisms inherent to a given economic paradigm. In a market-conforming paradigm, for example, the disciplinary mechanism is that of the invisible hand (here a large of number of firms compete with each other in the same industry). When the competitive market structures that were consistent with the market paradigm eroded, Schumpeter identified technological change as a new basis for competition to discipline firm behavior (new technological discoveries uproot old monopolies and sporadically increase productivity). Late-industrializers, however, confront a market-augmenting paradigm where the same mechanisms can no longer be relied upon to drive firms to be productive (Amsden, 1992: 145-147).

[88] Amsden makes clear that the Korean state was able to wield discipline more effectively than others not because of differential abilities among policymakers, but because of relative differences in state power. With a state-owned banking system and a weakened business class (and quite possibly the greatest number of nationally owned firms among all late-industrializers), financiers and business leaders were beholden to the Korean state for largesse, making them far more receptive to state discipline. At the same time, Korea's working classes were generally small in number while the countryside, following extensive land reform, had few large and powerful land-holders to contend with. In other late-industrializing countries, by contrast (and India is a key example here), large landholders were able to challenge state authority and seduce it into rent-seeking. "It is no coincidence that growth has been especially fast in Japan, Korea, and Taiwan, countries which all have reciprocal subsidy systems and which all have had land reforms" (Ibid., p. 147).

[89] This dynamic is unique to late-industrializers, Amsden says, because they industrialize on the basis of foreign technology rather than innovation: "In the case of the former, not only does higher productivity generate higher growth; higher growth also generates higher productivity by means of learning- by-doing, economies of scale, and investments embodying foreign designs. The growth-productivity dynamic in late industrialization is a closed loop involving the cumulative causality of productivity and output" (Ibid., p. 153). In the typical neoclassical market-conforming model by contrast, based on new technical discoveries, higher productivity generates higher growth, but higher growth does not generate higher productivity.

performance extractions) but is also disciplin*ed* (intervening on behalf of a national project) rather than dysfunctional (using its great power only to enrich itself).

Evans (1995) echo's the sentiment, though from a slightly different angle. He points out that while traditional renditions of comparative advantage (under which countries engage in activities most compatible with their productive endowments) can be justified in a world where trade is dominated by unprocessed raw materials, it makes little sense in the contemporary world economy where global trade is dominated by manufactured goods and, increasingly, tradeable services. A simple assessment of resource endowments or the relative scarcity of factors of production, in other words, tells us nothing about which countries will develop a competitive advantage in semi-conductors or pharmaceuticals. The point is that social and political institutions matter, and in a globalized economy where the majority of value added now occurs downstream from the extraction and early-processing of natural resources and raw materials, and where single products rarely determine the shape of a country's economy, the global division of labour should be seen as an opportunity for agency, not just an exogenous constraint.[90]

That said, constructing comparative advantage is far from easy. So the question cannot be about *whether or not* states should intervene (or, relatedly, to what degree), but about *how* they should go about doing it, and with what intended effects. Still, states vary dramatically in terms of their internal structures and relations to society, meaning they possess wildly different capacities for action. Outcomes depend therefore on whether roles fit the context and on how well they are executed. Evans uses two typologies to illustrate this variation; the predatory state, and the developmental.

[90] "[E]mergence of advantage depends on a complex evolution of competitive and cooperative ties among local firms, on government policies, and on a host of other social and political institutions. (…) In a world of constructed comparative advantage, social and political institutions—the state among them—shape international specialization. State involvement must be taken as one of the sociopolitical determinants of what niche a country ends up occupying in the international division of labor" (Evans, 1995: 9-10).

Unlike a *predatory* state which lacks the ability to prevent individual incumbents from pursuing their own goals, where personal ties are the only source of cohesion,[91] and where individual maximization takes precedence over the pursuit of collective goals, *developmental* states present an altogether different bureaucratic structure characterized by a highly selective system of meritocratic recruitment and long-term career rewards (recalling Amsden). This system generates commitment and coherence among corporate actors, giving state institutions and apparatuses a certain degree of autonomy. These (semi-)autonomous apparatuses, however, are not insulated from society (as Weber suggested they should be) but are in fact "embedded in a concrete set of social ties that binds the state to society and provides institutionalized channels for the continual negotiation and renegotiation of goals and policies" (Ibid., p. 12). This was Evans' major contribution to the DS thesis—that only when embeddedness and autonomy are merged can a state be considered developmental. Still, balance is key: overly autonomous states lack intelligence sources and are unable to rely on decentralized private implementation, while overly embedded states are powerless to transcend the individual interests of private counterparts. For Evans it is this apparently contradictory combination of corporate coherence and connectedness—i.e., embedded autonomy—which provides the underlying structural basis for successful state involvement in the industrial transformation process (Ibid.).

Sinha (2003) adds some geographical sophistication to the developmental state framework. She notes that while India is often cited as a prime example of the failure of state intervention (because it constrained private activity and engaged in rent-seeking)[92] such claims cannot account for the fact that some states within the country (such as Gujarat, Tamil Nadu, and Maharashtra, for example) have experienced significant industrial expansion, thereby

[91] Ties to society in predatory states are ties to individual incumbents, not connections between constituencies and the state as an organization (Ibid., p. 12).
[92] See for example Kreuger (1974).

escaping some of the adverse effects of *dirigisme*. She points out that while statist and neoliberal accounts of Indian development offer opposing explanations (with the latter arguing that the state's central policy framework is responsible for laggard developmental outcomes, and the former focusing disproportionately on market failures) both see the state as a unified actor that either succeeds or fails, but does so coherently at the national scale (Ibid., p. 460). Neither approach, in other words, can account for divergent outcomes *within* nation-state territories.

To overcome this, Sinha argues, the developmental state model must incorporate a multitiered decision-making framework to theorize linkages and interactions across levels of governance. Her alternative framework consists of two models (one vertical, the other horizontal)[93] linked to each other in a two-level interaction. According to this framework, growth policy is not simply a product of central coordination, but is a joint product of central rules, provincial strategic choices, and subnational institutional variation.[94] Thus, by disaggregating the state spatially, she is able to show how variation within and interaction across governmental levels can affect investment flows and contribute to national developmental success/failure.[95]

More recently, Evans & Heller (2015) have argued that in order for the DS concept to supersede its origins (concerned primarily with the analysis of East Asian industrialization strategies in the 1960s and 1970s) and become a legitimate theory, it needs to refocus attention away from capital accumulation and towards the central role of human development (following

[93] Vertical referring to levels of governance emanating from the Centre down to the local level; horizontal referring to institutional variation within a given level of governance.
[94] "The interaction between different levels of government is consequential not only for political conflict and central-local relations, but also for the implementation of central policy and the creation and sustenance of developmental states" (Sinha, 2003: 461).
[95] Sinha adds further that the withdrawal of central regulations over markets may provide greater, not lesser, opportunities for provincial governments to re-regulate economic policies. Liberalization therefore, when seen from the proper angle, can actually enhance rather than limit local state capacity in many contexts (Ibid., p. 473).

the work of Sen)[96] in national developmental success. They argue that states seeking to develop must prioritize and establish diverse structured networks that create effective ties to a broad cross-section of civil society, and to dis-privileged groups in particular.[97]

Indeed, as the East Asian NIC experience has demonstrated, industrial expansion can be achieved by aligning with a fairly narrow group (diversified business groups,[98] large industrial houses, capitalist elites, etc.) and deploying well-known policy instruments (such as subsidies, interest rates, state procurement, etc.), and can be measured against certain hard indicators (exports, manufacturing output, etc.). And yet the delivery of high-quality services (such as education and health) requires interventions that are far deeper and much more socially and politically intrusive than industrial policy. Further, because the enhancement of capabilities is ultimately about the removal of unfreedoms (Sen, 1999) the delivery of these services often butts up directly against established power hierarchies, including race, caste, gender, etc., as well as the political hegemony of capitalist elites. Thus, only a state which has both significant infrastructural power (the power to reach into society and deliver things) as well as significant authoritative power (the power to get individuals and groups to willingly obey commands) can make the kinds of interventions that are necessary to begin to eliminate unfreedoms (Evans & Hellar, 2015: 605).[99]

Though the significance of capability expansion in the economic success of the East Asian tigers in the 1960s and 70s has been relatively under studied, its centrality to their broader

[96] Amartya Sen (1999), who won the Nobel Prize in Economics in 1998, emphasizes the essential role of expanding human capabilities, not just as the central goal of development, as an essential means of generating the increased productivity that is itself the foundation of economic growth.
[97] "Absent an effective conglomerate of societal actors capable of embodying the roles intrinsic to 'civil society' as an ideal type, the developmental state cannot deliver capability expansion" (Evans & Heller, 2015: 709).
[98] "[T]he diversified business group in late-industrializing countries is unique in that it is more diversified in unrelated products than the modern industrial enterprise on the one hand, and more centrally coordinated than the conglomerate on the other (in terms of intra-group flows of both human and financial capital)" (Amsden, 1992: 151).
[99] Mann (1984).

development strategies over the last 30 years or so has become much more explicit.[100] Thus, in a period where development theory has increasingly come to see the expansion of human capabilities as both the ultimate goal and primary means of development, Evans & Heller offer an important update to the developmental state theoretical concept. One which re-directs attention away from technocratic politics (which are either internal to the state, or connect it to a restricted set of elite allies) and focuses instead on how the state apparatus is connected to civil society, critical in ensuring that growth can be translated into capability enhancement, and that capability enhancement and social investment more generally can in turn promote economic growth.

How then do we assess the continued relevance of the developmental state theoretical concept? On the one hand, the conceptual framework has clearly proven useful for a wide range of scholars in identifying the conditions that gave rise to complex systems of reciprocation used by state governments to incentivize domestic firms to engage in strategic industries and become globally competitive. It has also proven to be geographically robust (when Sinha's contributions are taken into account), capable of disaggregating national-level developmental trends in order to illuminate sub-national variation, and has shown itself amenable to contemporary economic thinking on the crucial role of capability enhancement in the economic development process generally. There are important gaps, however.[101]

Glassman (1999, 2004, 2016), for example, has long written about to the extent to which neo-Weberians have ignored socio-spatial factors related to the internationalization of states in East Asia, particularly with respect to overseas networks of Chinese and Japanese

[100] "The last quarter-century has been a period of socio-political transformation that looks more than anything else like an effort to construct a twenty-first-century East Asian version of post-World War II Golden Age social democracy" (Evans & Heller, 2015: 700).

[101] In the words of Glassman (2004: 30-31): "[R]ecent reassessments of the neo-Weberian literature on South Korea have suggested that the original formulations of the developmental state paradigm overestimated the ability of the state to govern capital; underestimated both the importance of Japanese investment, and the internationalization of Japanese state practices; and neglected the unique global geopolitical contests of South Korean growth. Other accounts have also criticized neo-Weberians generally for underestimating the importance of labour repression and overestimating the political stability and sustainability of South Korean state practices."

capital, and the US national security state. In his extensive work on industrialization in Thailand, for instance, Glassman (2004) points out that the Thai state did not at all conform to the typical developmental state model,[102] despite becoming the most rapidly growing East Asian NIC from the mid-1980s to the mid-1990s. His central thesis is that weaker states can also facilitate rapid growth and industrial transformation based not on autonomy, embeddedness, or adaptability, but on "their ability to function as internationalizing class agents, which foment development not so much to produce effective accumulation on a national scale as to enhance possibilities for accumulation by members of transnational hegemonic blocs" (Glassman, 2004: 31).

Pushing the critique a step further, Glassman & Choi (2014) reject the national–territorial and state-centric explanations of South Korean industrialization offered by the neo-Weberian developmental state frame and argue instead for a geopolitical economy approach which foregrounds the role of US military offshore procurement (OSP) initiatives and the Pentagon-driven military-industrial complex (MIC) during the Vietnam War era in benefitting South Korean contractors and political elites. Crucially, their work calls into question both the replicability of South Korea's industrial performance (particularly in contexts where OSP contracts are not readily forthcoming) and even the desirability of the 'East Asian development model' more generally (given the tremendous violence visited upon Vietnam as a consequence of the US war effort).

More recently, Glassman (2016) has applied a 'Pacificist' lens to the question of East Asian industrialization where the most relevant unit of analysis is not the nation-state, but transnational networks of actors that connect social formations on either side of the Pacific

[102] Particularly the six-point model outlined by Leftwich (1995: 405) consisting of: (1) a determined developmental elite; (2) relative autonomy of the state; (3) a powerful, competent and insulated economic bureaucracy; (4) a weak and subordinated civil society; (5) the effective management of non-state economic interests; and (6) repression, legitimacy, and performance. Glassman points out that the Thai state suffered from spectacular levels of corruption, was not particularly autonomous, was far less disciplinary towards capital than it was faciliatory, and had to go to great lengths to subdue a relatively powerful civil society.

Ocean. He points out, for example, that the Japan-centric story told by neo-Weberians about Japan's rapid industrialization pushes to the background the role of the US occupation, and in particular of the Supreme Command Allied Powers (SCAP), in helping to establish and maintain the Japanese developmental state.[103] South Korea followed a similar pattern, in some cases even displacing Japan through the negotiation of special agreements to allow bidding opportunities for Korean firms without Japanese competition, in exchange for troop commitments (exceeding 300,000 troops in total) to the U.S. war effort in Vietnam, as well as diplomatic normalization with Japan.[104] This unique relationship, moreover, did not end with the drawdown of the Vietnam War. Indeed, in the 1970s, an even larger contingent of Korean firms followed the U.S. military into the Middle East, reaping even larger profits and greater opportunities for technological development and upgrading.[105] Glassman's point, to bring all this together, is that much of the wherewithal East Asian states needed to play the developmental role for which they have been celebrated in neo-Weberian scholarship was provided by a (transnationally networked) Pacific ruling class. This is not to say that local efforts were redundant—on the contrary, they were by all accounts remarkable—but that state

[103] Glassman (2016: 324) quotes from Dower (1999: 558) to illustrate: "Much of what has been characterized as a 'Japanese model' proves to be a hybrid Japanese-American model: forged in war, intensified through defeat and occupation, and maintained over the ensuing decades out of an abiding fear of national vulnerability and a widespread belief that Japan needed top-level planning and protection to achieve optimum economic growth. This bureaucratic capitalism is incomprehensible without understanding how victor and vanquished embraced Japan's defeat together. To borrow one of the humorous neologisms that floated around during the immediate postwar years, the so-called Japanese model could have been more aptly described as a 'SCAPanese model'."

[104] By the late 1960s, South Korean firms were one of the few examples in Asia, outside of Japan, gaining such large numbers of U.S. military offshore procurement contracts (see also Glassman & Choi, 2014).

[105] "Overall, during the Vietnam War era, South Korean construction and engineering firms garnered U.S. military offshore procurement contracts equivalent in value to at least a little over 20 percent of total construction sector output (peaking in 1969 at 25 percent), and during the "Middle East era" (roughly 1979–1985) they garnered contracts equivalent to at least just under 20 percent of that total (peaking in 1982 at 35 percent). These figures do not count the amount of revenue the firms gained from private-sector contracts enabled by their presence as part of the U.S. military alliance—these being enormous in the case of the Middle East. In short, the relationships between the U.S. MIC and the South Korean chaebol helped spawn the South Korean 'construction state' and made South Korea—in a way unique outside of Japan—an East Asian industrial behemoth" (Glassman: 2016: 324-5).

planners would not have accomplished as much as they ultimately did without massive US assistance (Glassman, 2016: 305).[106]

While Sinha criticized both the neoliberals and neo-Weberians for failing to advance a theoretical model capable of accounting for subnational variation within developmental states, Glassman demonstrates the efficacy of abandoning the 'territorial trap' of nation-bounded analysis all-together, arguing instead for a turn to the transnational. In my own view, the developmental state remains a useful term to refer to a particular type of state orientation (one which is open to foreign investment and at the same time motivated to act, in a highly integrated way, in the national interest). But the world that confronted the East Asian NICs will never be seen again, not just in terms of the broader geopolitical climate (as Glassman and Choi make clear), but one must also remember that world trade was in an expansionary phase in much of the 1960s and 1970s, and of course the sticky wicket that the WTO no longer allows many of the industrial policy instruments (like export subsidies, for example) that helped to generate so much dynamism in the region.[107]

Despite its limitations, however, the developmental state framework remains an important counterweight to the neoclassical interpretation of East Asian industrialization, and

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[106] "The emergence of strong developmental states in East Asia … has been neither a narrowly East Asian phenomenon nor a mere reflex of imperialism. Rather, as the expression of Pacific ruling class formation, it manifests the emergence of a particular form of capitalist dynamism in East Asia, one built out of the interactions among East Asian states, the U.S. MIC, and capitalists from both Asia and the West" (Ibid., p. 325).
[107] An excerpt from UNCTAD's *World Investment Report 2019* is instructive here: "At its meeting on 28 May 2018, the WTO's Dispute Settlement Body established a dispute panel to examine certain alleged export subsidies in India (DS541) pursuant to a request from the United States. (…) According to the United States, India appears to be providing prohibited export subsidies inconsistent with Articles 3.1(a) and 3.2 of the SCM Agreement. Incentives are allegedly given to SEZs on condition that they generate positive net foreign exchange earnings for a five-year period. This requirement allegedly implies that fiscal incentives given to SEZs are export contingent and, hence, are 'prohibited subsidies' in terms of the SCM Agreement" (UNCTAD, 2019). Surprising no one, the WTO ruled that India's export subsidy schemes, including the provision for special economic zones, "violated core provisions of global trade norms" (*India Today*, 2019). The sticky wicket here is Article 3.1 of the WTO's Subsidies & Countervailing Measures (SCM) agreement, according to which all developing countries with gross per capita of $1,000 per annum for three consecutive years are required to stop all export incentives (Ibid.). Apparently, this meagre threshold is simply beyond the pale for the already-industrialized countries, despite the fact that they (in their own drives towards industrialization) had used an entire range of interventions which would surely be considered heresy from the perspective of contemporary 'global trade norms'.

while the former has largely won the day among social scientists (with the exception, perhaps, of some cantankerous western economics departments) its propositions have found far less salience among elite policy circles, both in advanced and developing country contexts (though industrial policy is admittedly no longer the blasphemous term it once was).[108] In the following section I review briefly the so-called Washington Consensus phenomenon which, whatever the term's original intent, came to have significant influence in the development theory scholarship in the early-1990s, gaining steam in the wake of the East Asian economic crisis of 1997. I then move to consider some of its mainstream critiques under the post-Washington Consensus banner, before moving on to some of the radical political economy scholarship.

Section 2.4: The Washington Consensus, Post-Washington Consensus, and the Limits to Neoliberal Industrial Policy

Responding to the debt crisis in Latin America in the late-1980s, John Williamson coined the *Washington Consensus* phrase in his widely cited 'What Washington Means by Policy Reform' (Williamson, 1990). The paper identified ten policy instruments which were understood to have enjoyed "reasonable consensus" in Washington, D.C., where 'Washington' referred to both the *political* Washington of Congress and senior members of the governing administration, as well as the *technocratic* Washington of the international financial institutions, the economic branches and agencies of the US government, the Federal Reserve Board, and their associated think tanks. The ten policy instruments included: fiscal discipline; the redirection of public expenditure priorities toward fields offering both high economic returns and the potential to improve income distribution, such as primary health care, primary education, and infrastructure; tax reform (to lower marginal rates and broaden the tax base); interest rate liberalization; a competitive exchange rate; trade liberalization; liberalization of

[108] See for example the recent *Boston Review* piece from Mazzucato, Kattel, & Ryan-Collins (2021). Rather comical is the *Financial Times* piece from Stephens (2021). The IMF's *The Return of the Policy That Shall Not Be Named: Principles of Industrial Policy* (Cherif & Hasanov, 2019) captures the sentiment particularly well.

inflows of foreign direct investment; privatization; deregulation (to abolish barriers to entry and exit); and increased securitization of property rights. Williamson (1990) characterized the economic policies urged on the rest of the world under this framework as "prudent macroeconomic policies, based on an outward orientation, under free-market capitalist principles."

Though he certainly could not have anticipated how widespread the term would become in the decades that followed, Williamson was by the early 2000s already calling the 'consensus' framework into question, while at the same time making great efforts to distinguish between its original meaning as a "common denominator" of policy advice directly applicable to select Latin American countries in the late-1980s, and the subsequent use of the term to signify "neoliberal or market-fundamentalist policies" (Williamson, 2000). Referring to his most "vociferous critics," Williamson (2002) writes that these detractors objected not so much to the agenda he laid out, as to the "neoliberalism that they interpret the [Washington Consensus] phrase as referring to." Williamson was clear that he never intended the term to encompass what he considered to be "quintessentially neoliberal ideas" like capital account liberalization, monetarism, supply-side economics, or a minimal state. He argued that such ideas "rarely dominated" and "certainly never commanded a consensus" in Washington "or anywhere much else except perhaps at meetings of the Mont Pèlerin Society." Still, to the degree that governments in Latin America did implement an agenda which accurately reflected his original set of ideas, the results in terms of growth, employment, and poverty reduction were, even by Williamson's own account, "disappointing, to say the least" (Ibid.).[109]

[109] While it is easy to be sinical of Williamson with the advantage of hindsight, his reflection piece from 2000 in some ways stands as an ominous warning, because though he admitted true material development required a policy framework which went far beyond the de-regulation, privatization, and liberalization refrain we now know only too well, he was also correct in pointing out that no alternative consensus had yet been achieved (put forward/embraced) among major policy circles; and that was more than 20 years ago, from a dyed-in-the-wool Washington insider no less. Indeed, the sad reality confronting us today is not simply that the political left has failed to offer a legitimate alternative to a neoliberal Washington consensus, but that in the last two decades, the so-called advanced countries have increasingly reflected characteristics once restricted to the Global South; or rather, to put it more accurately, the elements in already industrialized country (AIC) societies which most

Whatever the content or intent of either the original or 'augmented' Washington Consensus,[110] the term ultimately came to stand-in for market fundamentalist development strategies focused primarily on privatization, liberalization, and macroeconomic price-stability; in a word, neoliberalism. Despite the fact that these policies were predicated on a faith "stronger than warranted either by economic theory or historical experience" in unfettered markets and minimal state intervention, they were peddled by international financial institutions and the US treasury and foisted on developing countries around the world in the 1980s and 90s, often with disastrous consequences (Stiglitz, 2008).

Moreover, not only have neoliberal policy prescriptions generally been shown to be ineffective at promoting meaningful levels of industrialization across much of the Global South (indeed, the best performers have gone out of their way to avoid such policies) but, as it turns out, ISI wasn't so bad after all. Building on comprehensive historical work by Cárdenas, Ocampo, and Thorp (2000) which compared the statistical performance of ISI in Latin America between 1950-1980 with that of neoliberal development strategies between 1980-2000, Hira (2007) reveals some important findings (see table B1 in Appendix B for comparisons on the

resembled the Third World (and in some ways always have) have not only not gone away, but have become increasingly generalized in the wider economy.

110 Williamson developed his *augmented* Washington Consensus framework alongside Kuczynski (Kuczynski & Williamson, 2003). They argued it was unlikely to be treated as a "neoliberal formula" this time around, because it included "concern for income distribution and the local agenda." Of course, in case there were any doubt, he adds that the updated version is still committed to a "market economy" over one in which "the state plays the leading role in the productive sector," adding his perspective would only change when a centrally planned economy succeeds in becoming a high-income economy. In arguing against Rodrik's (2002) posing of questions about the types of financial institutions best suited to mobilizing domestic savings, or whether or not fiscal policy should be rule-bound, Williamson emphasizes that he would expect the optimal sequencing of reforms to differ from one country to the next, such that those who correctly identify constraints and implement reforms at the right time (rather than simply identifying the correct reforms) are most likely to succeed. Williamson's final retort to Rodrik (2002) concerns the latter's argument in favour of igniting an investment boom by encouraging investments in non-traditional areas (carrot) and weeding out projects that fail (stick). While he finds Rodrik's argument persuasive (that there is an important benefit external to the firm in identifying new export products that a country is capable of producing), Williamson refuses to admit any possibility that governments would be capable of sorting out *ex ante* those cases where subsidies would be most appropriate. In other words, while claiming that "it may be right to leave the door slightly open for measures to subsidize investment," he draws the line at exchange rate management and national innovation systems (designed to facilitate technology transfer).

question of inequality).[111] Using the UN's Historical Living Standards Index (HLSI), for example, Hira shows that standards of living actually declined in every case except Chile (and Mexico where figures were largely stable) in the 1980s, and reveals that the rate of improvement was far superior during the ISI period (see table B2 in Appendix B).

On the question of growth, Hira's work is even more compelling, showing that rates were both higher and more consistent during the ISI period in all countries except Chile, which began liberalization in earnest in the mid-1970s (see table B3 in Appendix B). To this can be added figures from Weisbrot, Naiman, & Kim (2000) which show that while GDP per capita grew at 2.8 percent per annum in Latin America between 1960-1980, it grew at only 0.3 percent per annum between 1980-1998. While performance on education and health related indices continued to improve in absolute terms across both time periods outlined in Hira (2007), it is clear from the data that growth had not recovered for most of the region by the end of the last century.

Most important for our current purposes, manufacturing value added (MVA) was also significantly lower during the neoliberal period, averaging 24.5% of GDP at the end of the ISI period, and just 12.6% (less than half) at the end of the neoliberal period (see table B4 in Appendix B). Higher standard deviations were also observed for nominal exchange rates and external debt during the neoliberal period, though this fell slightly in the last 5 years of the study.[112] The data reveal no clear regional pattern for gross domestic fixed investment in the region, another common justification for neoliberal development policy. Indeed, the only area where neoliberal industrial policy can be said to have performed better than import substitution

[111] In the cases of Argentina and Chile, inequality (measured in Gini coefficient comparisons over time, see table B1 in Appendix B) increased during both the ISI *and* neoliberal periods. In Brazil inequality increased initially, but the long run trend is one of relative stability through both periods. Inequality also increased in Mexico during the initial phase of ISI, though it later decreased, rising again in the 80s and 90s under neoliberalism. The data for Venezuela is limited, though there is some evidence to suggest that inequality declined during the most significant period of import-substitution, stabilizing later under neoliberalism.

[112] Hira attributes this to increased volatility rather than stability though, citing the many financial crises across the region in Chile, 1982, Mexico, 1992, Brazil, 1999, and Argentina, 2000.

is with respect to the reduction in government budget deficits; though, as Hira points out, this likely had the effect of raising unemployment as a consequence.

The important take away from Hira (2007) and Cárdenas et al. (2000) is not that ISI should be pursued blindly above all other development strategies, but rather, that despite some obvious problems (in terms of agricultural productivity and macroeconomic volatility), the ISI period was one of great industrial progress in Latin America, and all the more so when compared against the performance of neoliberalism in the closing decades of the last century. This means that macroeconomic stability and export promotion (associated with neoliberalism) and state-led industrial promotion (such as ISI) are not incompatible, but are in fact a "necessary combination" for achieving the kind of development that delivers long-term benefits to the diverse populations (whether in Latin America or otherwise). Indeed, this is precisely the argument Balassa was making back in the 1970s and 80s (not that many policy insiders or neoclassical economists today would ever bother to admit this).

Turning briefly to the African context, policy conditionalities forced on countries across the continent under the Washington Consensus frame focused heavily on the liberalization of agricultural prices, though with little attention to the development of input and output markets, access to credit, or even basic infrastructure (Stiglitz, 2008). A hyper-obsession with policies promoting *static* comparative advantage not only foreclosed the kind of *dynamic* comparative advantage observed in the East Asian NICs—achieved via aggressive industrial policy—but had the far worse effect of triggering price collapses in key commodity markets at precisely the time other countries with similarly placed comparative advantages were encouraged to dramatically increase exports (Ibid.). Financial sector reforms conditionally imposed on what were, by most standards, already very thin and weak markets, focused almost exclusively on making interest rates market-determined, leading to prolonged periods of high interest and low credit (Ibid.).

Even in growth terms, while GDP per capita rose by 36% per annum in Sub-Saharan Africa between 1960-1980, it fell by 15 percent (or grew at a rate of -0.8% per annum) between 1980-1998 (Weisbrot et al., 2000). Further, while manufacturing output fell without interruption in Africa in the three decades between 1965-1994, it fell more sharply in the reform (post-1980) period (Zenawi, 2006).[113] Foreign direct investment did increase by nearly $4 billion between 1991 and 2000 (rising from $1,683 million to $5,454 million) but when figures are divided between nations which export minerals and oil, and those which do not, we see that the former group (representing just 29% percent of the population of Sub-Saharan Africa) received over 60% of total FDI (rising from $1,063 million for 1991-95 to $3,354 million for 1996-2000). Meanwhile, for the other 71% of Sub-Saharan Africa's population, FDI was just $5.20 per capita by the end of the last century (rising from $203 million in 1991-95 to $2,101 million in 1996-2000) (Ibid.).[114]

Looking at the 19 'transition economies' of Eastern Europe and the former Soviet Union, all except Poland had GDP levels that were higher in 1989 than they were in 1997. Of the remaining 18 countries, only five (Romania, Uzbekistan, Czech Republic, Hungary, and Slovakia) had GDP levels in 1997 that were more than 80 percent of their 1989 levels, while four (Georgia, Azerbaijan, Moldova, and Ukraine) had GDP per capita figures that were less than 40 percent of what they were in 1989 (see Chang, 2002: 129).

Taking a longer-term view, we can also see that developing countries were able to grow faster during the early-postwar period (1960-1980) than even the now developed countries (NDCs) had done at comparable levels of development during their own industrial transitions. Indeed, as Chang (2002: 132) points out, developing countries grew at roughly 3 percent (per

[113] For a more detailed analysis of manufacturing sector performance in Africa since the 1970s, see Kingombe & Willem te Velde (2016).
[114] Indeed, in the words of Meles Zenawi, the former prime minister of Ethiopia, FDI goes not to those who have *comparative* advantage but to those who have *absolute* advantage, i.e., those who are best positioned to maximize returns in the shortest possible time frame.

annum) in per capita terms in the early-postwar period, while average growth rates for the NDCs during the 'long century of development' (1820-1913) grew at just 1-1.5 percent (per annum).[115]

Little surprise then that on the eve of the most recent major global financial crash, Stiglitz (2008) was writing: "If there were fruits of the Washington Consensus, they are yet to be enjoyed, at least by the average citizens of many developing countries." Given that Stiglitz was, by all measures, a Washington insider himself in the 1990s (serving as a member of Bill Clinton's Council of Economic Advisers from 1993-95, and then as the Chief Economist at the World Bank from 1997-2000) this statement *should* have served as the final 'nail in the coffin' for whatever case neoliberalism ever had in promoting (let alone achieving) meaningful levels of structural change (industrialization) and development in the capitalist periphery. Sadly, this has not been the case. Indeed, while it appears that neoliberalism has in many ways lost its social and economic *justification*—in the sense that it can no longer be counted on to deliver a middle-class lifestyle for the majority of the world's people—it continues to serve as the dominant political *logic* underlying the contemporary world economy; what we might, following Chomsky (2016), refer to as the contemporary 'spirit of the age'.

Faced with the abject failure of neoliberal development strategies to produce broad based industrialization and growth in the capitalist periphery in the closing decades of the last century, more recent development scholarship (2000 to present) has increasingly sought to pull away from debates over state intervention versus non-intervention, focusing instead on the degree and type of intervention, and on the quality and structure of state institutions needed to support them. It is to this scholarship I now turn briefly.

[115] See tables 4.1 and 4.2 in Chang (2002: 131-132).

2.4.1: Contemporary Perspectives and Debates on Industrial Policy

Few serious economists today would argue (or few would be taken seriously if they were to argue) that there are no instances where state intervention in the industrialization process is justified. Even as far back as 1982, prominent liberal economists like Ian M. D. Little were writing things like:

> We have given the names "structuralist" and "neoclassical" to two ends of a spectrum. There is no point in drawing a line. This implies that many analyses, and policy prescriptions, have elements of both. *A fortiori* this applies to economists themselves. For instance, an economist may be mainly neoclassical in his thinking, while also maintaining that there are important areas where the market fails to achieve a tolerable equilibrium, whether for institutional or more fundamental reasons.[116]

As discussed previously, the issue for neoclassicals has always been one of minimizing the distortions produced as a consequence of government intervention (a thinner, leaner government is less prone to distortionary activity). More recently, the mainstream position has been that industrial policy is fine, so long as it is of the 'general' ('functional' or 'horizontal') rather than 'selective' ('sectoral' or 'vertical') variety. In other words, it may be advisable for governments to provide things like education, R&D, or infrastructure because these types of interventions benefit all industries equally, are likely to be under provided by the market, and do not rely on the government's ability to 'pick winners' by favouring particular industries or

[116] In the paragraph prior to the one quoted here, Little writes that it is not a "central tenet" of neoclassical theory that the price mechanism will necessarily achieve Pareto-optimality (where no more of one thing can be produced without creating less of another) and notes that the neoclassical tradition has "contributed much to the discussion of market failure" (Little, 1982: 25). While he admits that "perfect competition and foresight" are assumptions required for neoclassical models to achieve Pareto-optimality, he maintained that "no economist believes they are such exact descriptions of reality that he need not look out for explanations of the workings of markets that include monopoly, oligopoly and ignorance of both the present and the future, and be on the watch for polices that take account of such matters." He adds that neoclassical economics can be described as a "paradigm" for investigating markets and prices, expecting them to work well often, but which is always "on the watch for aberrations and ways of correcting them" (p. 25-26).

firms.[117] Still, no matter how 'general' a policy may appear *ex ante*, *ex post* it will always have discriminatory effects that favour one firm/sector (or cluster of firms/sectors) over another.[118]

The recent debate between Justin Ling and H-J. Chang (Lin & Chang, 2009) sheds further light on contemporary theories about the degree to which governments should intervene in technological upgrading and structural transformation processes in industrializing economies. Indeed, while they both agree on the *need* for government support (in terms of proactive industrial policy), they disagree over how far and how fast (in other words, how 'distant') governments should move from their relative comparative advantage. For Lin, neoclassical economics is perfectly capable of addressing the range of complexities arising from the development process. He writes:

> It [neoclassical economics] is flexible enough to model the externalities, dynamics, and co-ordination failures that give the government a role to play, while also providing the metrics to judge whether government is supporting industries that take the economy *too far from its areas*

[117] See Weiss (2016: 138) for a useful schematic.

[118] R&D is an obvious example, in that these subsidies will tend to favour research-intensive higher-tech sectors over others. But education and infrastructure can be just as discriminatory. Indeed, if a government chooses to build a railway between a mine and a refinery, and a road between a horticultural region and an airport, then the discriminatory effects will tend to favour the extractive over the agricultural sector. The same is true for education. If a provincial government chooses to provide greater nominal funding to chemical engineering departments than to electronics engineering departments, the province is effectively favouring the chemical sector over the electronics sector. Even something as seemingly banal as general as opposed to skill-specific labour training will still tend in the long run to benefit labour-intensive over capital intensive sectors. In other words, no matter what the industrial policy measure, some degree of selectivity and targeting will be involved (there is no perfect neutrality of outcome) regardless of its 'general'/'horizontal' classification. From a practical (if not solely analytical) perspective, targeted policies make the monitoring of beneficiaries easier, which in-turn increases the cost-effectiveness of these policies. But targeting has costs of its own. Indeed, too precise a target gets us back to the problem of 'picking winners' and increases the possibility of sub-optimal performance, as firms who fail to deliver expected results continue to enjoy state support; a problem made infinitely worse when one considers the extent of corporate lobbying. The necessarily limited beneficiaries of targeted policies also undermine government's own claims to impartiality, and so on. Whether the net benefits of a targeted policy are likely to outweigh its costs depends on: the level of available technology (more complex, and thus more difficult-to-learn, technology will require more custom-made policy supports than lower technology sectors); the administrative capabilities of the state (more narrowly-focused policies targeting a small number of industries is preferred for states with weak administrative capabilities, because this reduces monitoring requirements); the organization of the industry concerned (strong industry associations make targeted policies more effective, improve compliance monitoring, and reduce leakages), and the political economy of the country in question (generalized policies, which reduce the influence of lobby groups, are preferred in countries with greater high-level corruption, while targeted policies, which reduce ground-level leakage, are preferred in countries with greater low-level corruption) (UNECA, 2016). Ultimately, the relationship between the degree of targeting and success is a non-linear one: some degree of targeting is inevitable; it may be too much, or it may be too little. The point is that the correct degree of targeting depends on the industry and context in question.

of comparative advantage. Without the former, developing countries may lack the wisdom to seize opportunities to develop competitive industries and lay the foundation for sustainable industrial upgrading and development. But without the latter, as the historical record emphasizes, governments can make any number of costly mistakes, most notably by funding large-scale, unrealistic and unsustainable *comparative-advantage-defying projects and industries*. By facilitating industrial upgrading where domestic firms will be able to survive and thrive, government can intervene in ways that yield the greatest social returns.[119]

Chang agrees that neoclassical economics is more flexible than many of its critics often recognize, but argues that the "rational-choice, individualistic foundation of neoclassical economics limits its ability to analyse the uncertain and collective nature of the technological learning process, which is at the heart of economic development" (Lin & Chang, 2009: 501). He emphasizes instead the importance of bounded rationality,[120] uncertainty (not just calculable risk), and collective knowledge in the development process—in other words, its inherently 'messy' character—arguing that it would be impossible for a country to follow market signals closely enough to enter a given industry when its factor endowments are 'just right', as Lin's *comparative-advantage-conforming* strategy calls for. "In the real world," Chang asserts "firms with uncertain prospects need to be created, protected, subsidized, and nurtured, possibly for decades, if industrial upgrading is to be achieved" (Ibid., p. 501).

In the main, the divergence between Lin & Chang (and a host of other development economists for that matter) has to do with the extent to which defiance of comparative advantage is considered advisable: while Lin holds that such defiance should be limited (comparative-advantage-*conforming*) Chang argues that it can, and at times *must*, be large (comparative-advantage-*defying*). While there is of course always a risk that such defiance will

[119] Lin & Chang (2009: 500, emphasis my own).
[120] The idea that humans generally do not undertake a full cost-benefit analysis to determine an optimal decision, but rather, are more likely to choose an option that fulfils their own adequacy criteria.

lead to failure, the fact remains that no venture, neither purely private nor entirely state-assisted, can guarantee success.[121]

Section 2.5: Radical Political Economy Literature

A literature review on the topic of under-development the capitalist periphery (of which under-industrialization is the principal focus of the current work) would not be complete without comradely engagement with the radical political economy scholarship. Prabhat Patnaik, for example (one of the world's foremost Marxist economists working on questions of Indian political economy) has long written about the tendency for an acceleration in GDP growth rates to be accompanied by an increase in absolute poverty. "The acceleration in growth rate is typically accompanied by a process of primitive accumulation of capital, entailing an expropriation of petty producers from their meagre means of production; but it does not create an adequate number of jobs where the expropriated could be absorbed as proletarians. The expropriated therefore linger on in even more miserable conditions of existence than before, are pushed into even greater levels of distress than before, as the consequence of accelerating growth rates" (Patnaik, 2010: 33). Much of this acceleration is accounted for by the modern sector which keeps wages at or near subsistence-levels, Patnaik argues, thereby increasing the relative share of surplus value to a phenomenal degree. The promise that significant shares of this frothing surplus will ultimately be taxed and redistributed to the poor in the form of welfare expenditure (typically used to justify large-scale development projects) is never realized, since the very condition for high rates of growth are the same enticements/bribes offered by governments in order for capital to undertake investment in the first place, i.e., the ability to pay workers near-subsistence wages, under a regime of little-to-no taxation.[122]

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[121] Weiss (2016: 138) notes that the balance of professional opinion is still likely to lean in Lin's favour on this point, but that a limited number of 'strategic bets' on 'distant activities' should not be ruled out. For what it's worth, I'll side with Chang.

[122] "To take the case of Gujarat … its so-called 'success' is founded upon the incentives, both in terms of subsidies and in terms of workers' 'discipline' and lack of rights, that the state government provides to the capitalists. To persuade the Tatas to shift their Nano plant from West Bengal to Gujarat for instance, the Gujarat

JNU economist C. P. Chandrasekhar (2017) argues that India's shortfall, relative to its promise and potential for widespread industrialization, can largely be explained by two principal and proximate factors: the failure to grow an internal mass market for manufactures (especially through the implementation of land reforms that would help to raise the incomes of a large agriculture-dependent population), and the inability of the state to mobilise sufficient resources to finance the expenditures needed to drive and facilitate industrialization.[123]

The former was necessary in order to break the power of a large landowning monopoly which dis-incentivized productive investment in land on the part of feudal and semi-feudal landholders (because tremendous surplus could be generated simply through usury and control over a poorly-paid and/or bonded labour force).[124] Consequently, those who cultivated the land also had little incentive to invest. The high degree of land concentration meant further that, even where agricultural incomes did rise, it was not sufficiently widespread to stimulate mass demand for manufactured products. The latter condition is a consequence of the former, Chandrasekhar argues, which means that, because it could not be driven by internal demand, the expansion of a nascent factory sector (and manufacturing growth in particular) came to depend on government expenditure. The government set about financing state procurement purchases and stimulating demand through direct employment in the state sector, both of which generated significant multiplier effects (for a time). But with the Indian state reluctant to raise resources through taxation, which would have allowed it to continue to finance these expenditures, growth (and manufacturing growth in particular) remained sluggish (Ibid.).

Chandrasekhar argues that both features of India's development path (the failure to implement significant land reform and the fiscal crunch affecting the ability to the state to

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government … provided pecuniary concessions worth Rs 31,000 crore. A government that offers concessions on this scale can hardly have much resources left for welfare expenditure for the poor" (Patnaik, 2010: 34).

[123] See Chandrasekhar (2016) for an expanded presentation of this argument.

[124] This argument is not exclusive to Chandrasekhar, and is really part of the much broader 'mode of production debate' which, much to my chagrin, is beyond the scope of the current work. See Chapter 3 in R. J. Das (2020) for more on this topic.

continue to support manufacturing) were in turn the result of an "uneasy compromise" between rural landlords and an urban business elite who found their counterparts in both state- and centre-level governments. Land reforms remained largely unimplemented, despite wide acknowledgement in policy documentation, while direct tax revenues remained woefully inadequate to support state-led modernisation of the Indian economy.[125]

Why not push this domestic industrial elite to produce for export markets, which would have helped to earn foreign exchange (staving off balance of payments problems) while at the same time supplementing weak internal demand? Chandrasekhar says the domestic industrial elite were simply too dominant (meaning that the government could not push them to produce for export to international markets), preferring the high surpluses specially reserved for those at the top of the pyramid in a protected home market.[126] The result was "slow growth, a neglect of agriculture and balance of payments vulnerability reflected in periodic crises," which, though consequential, were not nearly as severe as they might have been, Chandrasekhar informs us, thanks to the ability of government to use temporary measures of crisis prevention and growth management.

The most significant example of this could be found in the Green Revolution strategy of the 1960s.[127] Access to borrowing from abroad in the 1980s provided further reprieve as India opened its doors to credit inflows from the international commercial banking system and non-resident Indian financial investors. Growth continued to accelerate as public and foreign debt were used to finance government expenditure, while imports helped to dampen inflation.

[125] "Structurally the economy remained the same, not merely in terms of the degree of diversification, but also in terms of the structures of economic dominance, with traditional landlords and business groups concentrating economic power in their hands" (Ibid.).
[126] One wonders what Chandrasekhar imagines might have happened, had the government offered low-interest loans or subsidies in exchange for greater orientation in favour of exports.
[127] "[T]he Green Revolution helped shift land reform and the embarrassment of having left it unimplemented out of day-to-day policy discourse. The 'success' also helped conceal the damaging effects of the way the Green revolution strategy was implemented on the soil, on the water table and on the quality of water. Those effects of the misuse of the Green Revolution are now being felt in the form of various threats to the sustainability and viability of farming" (Ibid.).

Finally, it seemed, India had escaped the 'Hindu rate of growth' to which it had been confined for so long, though the bill would soon come due in the form of a balance of payment crisis, forcing the government to turn to the IMF for bailout in the summer of 1991 (as was already noted).[128] In line with the interests of foreign lenders and the IMF, the Indian government took advantage of the crisis to launch an ambitious reform program involving aggressive liberalisation of trade and foreign investment and wide-ranging deregulation in the domestic sphere. This constitutes the third reprieve identified by Chandrasekhar, as the removal of most controls on the inflow of foreign capital (especially financial capital) served to shore up India's debt and equity markets.[129]

For Chandrasekhar then, India's positive growth performance over the last 20 years or so can be explained by the high volume of liquidity infused into the system after the post-2003 capital inflow surge (triggering a boom in bank credit concentrated largely in retail lending for housing, automobile and durable purchases, and other personal expenditures, as well as lending for investment in capital intensive industry and infrastructure). And while this did manage to spur growth (for a time), it also increased the exposure of banks to areas and projects that soon became vulnerable or defaulting.[130] More importantly, India's reliance on "fortuitous, unsustainable and volatile stimuli to drive growth" reflects a pattern "least suited to employment generation, deeply in-equalising and largely incapable of addressing even the worst forms of social deprivation" (Ibid). Thus, India remains under-industrialized, in Chandrasekhar's view, because land reform remains unimplemented (which would stimulate

[128] With a rising import bill and current account deficit, foreign lenders feared India would not have the foreign exchange needed to meet its debt service commitments; credit flows dried up, and foreign reserves cratered.
[129] This 1980s style growth strategy (where the government pump-primed the system with deficit spending and kept inflation at bay with the help of foreign exchange) persisted up until 2003, when the Fiscal Responsibility and Budget Management Act (FRBM) was introduced, forcing the government to maintain a fiscal deficit to GDP ratio of roughly 3 per cent, foreclosing any future prospect of growth based on debt-financed government spending.
[130] "The net result is that a decade after the boom began non-performing assets in the banking system have risen sharply and bank profitability and even solvency are under threat" (Ibid.).

internal demand for manufactured goods) and because the state, bound by deficit-to-GDP ratio commitments, is overly reliant on both good fortune and volatility to drive industrial expansion.

I am generally inclined to agree with much of Chandrasekhar's interpretation, and I don't have all that much to offer in the way of critique. But this narrative does raise some interesting questions of political economy. Where is production, for example, or even investment (in the form of constant and variable capital) for that matter? To be sure, Chandrasekhar does talk about investment, but only from the perspective of the state/government or from the perspective of monopoly landholders and/or smaller cultivators; investment on the part of firms as a part of capitalist production, and more importantly the *re*investment of part of the surplus generated through this process (which of course forms the basis of what we understand as modern industrialization) is nowhere to be found. What would Marx himself say about such an interpretation?

Surely he too would begin with the capital circuit (M-C-MΔ) presented in the first volume of *Capital*, where firms invest money in order to purchase commodities, which they then throw into production in order to earn more money (than was invested in the first place). We are not talking here about taxation for state coffers, or increased demand among the rural peasantry. We also are not talking about sophisticated subsidy regimes or adroit pilot agencies or relative deviations from comparative advantage. We are talking about taking a portion of the surplus generated as a result of capitalist production, and *re*investing it, either to buy better machines, hire more or better talent, expand into new lines of production, or whatever. And the fact of the matter is, one cannot do that unless one has access to capital. But capital is of two types: labour power (the ability of people to throw capital into motion) and means of production (of which land is an essential feature).

David Harvey's concept of accumulation by dispossession does take land seriously as a central and integral feature of the industrialization process under capitalism and, since the early-2000s, it has enjoyed tremendous popularity in the social sciences, including outside the discipline of geography. Harvey introduces his concept of accumulation by dispossession (henceforth ABD) in his 2003 book *The New Imperialism*, but it appears within the context of a wider body of scholarship[131] which sought to re-examine (and find new outlets for) Marx's theory of primitive accumulation (which Marx developed to explain the origins of capitalism, in direct refutation of the idyllic 'previous accumulation' tale told by Adam Smith and the early political economists).[132]

Drawing on the work of Hanna Arendt, Harvey (2003: 143) tells us that the processes Marx (following Smith), referred to as 'primitive' or 'original' constitute "an important *and continuing* force in the historical geography of capital accumulation through imperialism. As in the case of labour supply, capitalism always requires a fund of assets *outside of itself* if it is to confront and circumvent pressures of *overaccumulation*. If those assets, such as empty land or new raw material sources, do not lie to hand, then *capitalism must somehow produce them*" (Ibid., emphasis my own). Harvey explains that Marx did not consider this possibility "except in the case of the creation of an industrial reserve army through technologically induced unemployment" because for him, the stage of 'primitive' or 'original' accumulation had already occurred; accumulation under modern capitalism was ultimately the result of expanded reproduction (albeit through the exploitation of living labour in production) under conditions

[131] Harvey (2003: 144) cites M. Perelman, *The Invention of Capitalism: Classical Political Economy and the Secret History of Primitive Accumulation* (Duke University Press, 2000) as well as De Angelis (1999, 2001) in situating his intervention on this topic (see Harvey, 2003: 233, n5).

[132] "Long, long ago there were two sorts of people; one, the diligent, intelligent and above all frugal elite; the other, lazy rascals, spending their substance, and more, in riotous living. The legend of theological original sin tells us certainly how man came to be condemned to eat his bread in the sweat of his brow; but the history of economic original sin reveals to us that there are people to whom this is by no means essential. Never mind! Thus it came to pass that the former sort accumulated wealth, and the latter sort finally had nothing to sell except their own skins. And from this original sin dates the poverty of the great majority who, despite all their labour, have up to now nothing to sell but themselves, and the wealth of the few that increases constantly, although they have long ceased to work. Such insipid childishness is every day preached to us in the defence of property. (…) In actual history, it is a notorious fact that conquest, enslavement, robbery, murder, in short, force, play the greatest part. (…) So-called primitive accumulation, therefore is nothing else than the historical process of divorcing the producer from the means of production. It appears as 'primitive' because it forms the pre-history of capital, and of the mode of production corresponding to capital" (Marx, 1982: 873-75).

of ‘peace, property and equality’ (Ibid., p. 143-44). Where Marx, in Harvey’s view, confines accumulation “based upon predation, fraud, and violence” to an earlier, distant phase which is no longer relevant, Luxemburg, he says, relegates it to a distant territory “outside of capitalism as a closed system” (Ibid.).

Harvey’s ABD concept should indeed be praised for ‘unmooring’ Marx’s concept of primitive accumulation from the inauguration of capitalist social relations (in other words, for recognizing and delineating its ongoing character under contemporary capitalist conditions), and for its ability to explain diverse forms of dispossession which have little to do with agriculture (Levien, 2013). We must be honest and admit that Marx did make certain assumptions, not only about the spatial and temporal limits of primitive accumulation, but also about the availability of land in its commodity form. Luxembourg went a step further in recognizing the persistent and ongoing character of primitive accumulation into the modern period, but for her it was still primarily a feature of colonialism, that is, the expansion of capitalist colonies into “non-capitalist social units” (Luxemburg, 2003: 370-71).

ABD takes us closer still, recognizing the ongoing and persistent character of capital’s need for land. There remain however some fundamental tensions and ambiguities with respect to Harvey’s definition of the term, resulting in weakened scholarship for those who seek to employ it. For starters, such scholarship tends to view dispossession as the dominant moment of capitalism, such that virtually any conflict over land is seen to be a case of, and therefore explained by, a theory of ABD. Harvey himself says that ABD has become the “dominant form of accumulation, relative to expanded reproduction” (2003: 153). R. J. Das (2017a: 601) offers the following observation:

> The over-inflation of the ABD concept in Harvey’s work, especially since the early 2000s, has resulted in an overaccumulation of ABD research: much more attention is being paid to dispossession (and to similar excesses of capitalism as a predatory and violent practice) and indeed to neoliberalism of which ABD is a most important feature, than to capitalism as such,

> that is, the system of capitalist exchange relations, capitalist property rights, and capitalist exploitation (based on production relations). (...) There is indeed a cottage industry of ABD (or 'ABD by …') studies. In these studies, as in Harvey's own work, neoliberalism is now capitalism's main form, and ABD is the form that neoliberalism takes.

Furthermore, after liberating the concept from its narrow origins, Harvey redefines ABD through another, more contemporary function: namely, the absorption over-accumulated capital in the global economy. "What accumulation by dispossession does is to release a set of assets (including labour power) at very low (and in some instances zero) cost. Overaccumulated capital can seize hold of such assets and immediately turn them to profitable use" (Harvey, 2003: 149). This is of course very different from what Chandrasekhar and Patnaik and others are arguing, and for whom the problem is hardly one of overaccumulated capital looking for somewhere to invest.[133]

Furthermore, rather than link ABD to processes that provide outlets for capital through extra-economic means, as in Marx's characterization of primitive accumulation involving, "conquest, enslavement, robbery, murder, in short, force" (1982: 874), Harvey writes that ABD is exercised primarily through the credit system and financial power, defining it is a manifestation of primarily economic (as opposed to *extra*-economic, i.e., political) power (2006: 159).

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[133] In a recent episode of his podcast the *Anti-capitalist Chronicles*, titled "Dumping Surplus Capital," David Harvey uses the term "mindless forms of urbanization" referring to the tendency on the part of capital to dump huge amounts of surplus into non-productive investment, so that such investment does not increase the ratio of fixed to variable capital, thus staving off a decline in the falling rate of profit. "What are the mindless forms through which capital can successfully dispose of its surplus product? There are two mindless forms which come straight away to mind. Since 1945, one of the mindless forms is military expenditure … an unproductive absorption of surplus capital and surplus labour in an activity which doesn't have anything whatsoever to do with changing daily life for anybody in the economy. (…) The other way is through what I would call mindless, stupid urbanization. Now, actually, a lot of what is going in urbanization right now … doesn't contribute to anyone's wellbeing … it's not as if it's about affordable housing, decent schools and hospitals, those kinds of things … No, it's about building spectacular shopping malls and consumer palaces, big sports stadia, and all those kinds of things … In other words, what we are looking at is the reshaping of urbanization by fixed capital formation which is designed to counter the falling rate of profit by creating forms of consumption which do not increase the social productivity of labour." From season 3, episode 15, originally published June 17, 2021, on Harvey's *Anti-Capitalist Chronicles* podcast; quotation runtime: from 36:24 to 39:49 (Harvey, 2021).

While it is true that Harvey (2005, p. 160) qualifies this position, claiming that, from a dialectical perspective, it is "impossible to separate 'formally' where state power ends and capitalistic logic begins," Michael Levien (2013: 382, following Brenner, 2006) argues that without a "means-specific definition, it is no longer clear what separates ABD from other spatial fixes and the 'normal' expanded reproduction of capital."[134] By "vitiating" (eroding) the concept's boundaries, therefore, Harvey undermines ABD's analytical utility, leading ultimately to an underemphasis of the "most significant aspect of land dispossession: namely, that it is a deeply political process in which owners of the means of coercion transparently redistribute assets from one class to another" (Levien, 2015: 149).

In the section that follows I summarize briefly the review of literature presented above, and return to some of the fundamental questions of political economy raised here. I then offer my own alternative framework in an attempt to overcome some theoretical gaps/lacunae as they relate to the two fundamental questions which have guided the preceding interrogation, namely, why neoliberalism has failed to deliver industrialization to much of the global south and, relatedly, why industrialization has failed to benefit many people in the few places where it has occurred under neoliberalism.

[134] Brenner (2006: 100) offers his own assessment: "[I]f the employment of the notion of accumulation by dispossession, like that of primitive accumulation, is intended to make clear that capital accumulation is strictly limited in the extent to which it can create the socio- political conditions for its own expansion and to call attention to the political conflicts and social struggles that are required to bring about the subjection of pre- and non-capitalist economies and sectors to the logic of capital, it sows confusion to assert, as does Harvey, that 'capitalism necessarily and always creates its own other', as this might convey precisely the opposite impression. It is, moreover, downright counterproductive to assimilate to accumulation by dispossession, as he also does, *a virtual grab bag of processes* – by which claims to assets are transferred from one section of capital to another, exploitation of the working class is made worse, or the state moves to privilege its own capitalists at the expense of others – that are quite normal aspects or by-products of the already well-established sway of capital" (emphasis my own).

Chapter 2 (Part II)

Towards an Alternative Framework for Understanding Under-Industrialization in the Global South in the Contemporary Period

Structuralists built on the work of Keynes and demonstrated that virtuous cycles of development could be achieved by targeting investment in key areas with strong linkages and positive externality effects for the wider economy and society. The ISI model they advanced achieved significant success in the decades after the second world war in many parts of the developing world, though keeping up with technology requirements while simultaneously moving up the value chain proved difficult, particularly in the context of debt crises and rapidly changing world market conditions in much of the 1970s. The tremendous success of the East Asian NICs demonstrated the benefits of an industrial strategy focused on exports, and where neoliberal interpretations of the period no longer enjoy much currency in western social sciences, the neo-Weberian developmental state scholarship has filled the gap with a much more historically accurate account of the deftness and adroit sophistication of state managers and policy makers in much of East Asia.

But the DS framework is not without its limits. It is nationally focused (territorially trapped) often ignoring both sub-national deviation from broader structural trends at the national scale, as well as broader trends in the world economy more generally (the advanced countries are also in crisis, and world trade has been in decline for almost a decade, for example), not to mention the fact that many of the policy prescriptions employed by the most successful late-industrializers are no longer available under current WTO rules. It is also clear that, without the appropriate institutional support and the corresponding ability of state managers to reach into society and deliver effective services (via civil society), states cannot create the conditions either to generate or sustain growth, let alone meet broader social development goals.[135] The Post-Washington consensus scholars were also critical of the neoclassical approach to industrialization in the periphery. They openly encourage government intervention, in the form of active industrial policy, but argue about the *degree* to which this should occur (this can largely be reduced to a question of how far countries should deviate from their comparative advantage). The radical political economy scholars take us closer to capital flows and access to means of production, though for many leading scholars the focus stops at the lack of effective demand, the inability of developing country governments to discipline firms, or the domination of peripheral countries by an imperialist core. A table summarizing the approaches and explanations reviewed thus far is presented below (Table 2.1).

Table 2. 1 Summary of Approaches and Explanations for Under-Industrialization in the Capitalist Periphery

Approaches	Market-Related	State-Related
Structuralist Approach	Industrialization incapable of occurring 'spontaneously' in periphery; declining terms of trade, measured against the export of primary commodities, led to the transfer of income from resource-intensive developing countries to capital-intensive developed countries	Developing countries face structural challenges not present in advanced economies; Big Push is required (large-scale, sector-wide, highly coordinated investment); Governments should directly allocate resources for investment and establish public enterprises in large heavy industries
Neoclassical Approach	Developing countries should focus on their comparative advantage, economies should be export oriented, and manufacturing firms should seek to innovate in niche markets in order to insert themselves into global supply chains	Subsidies and other redistributive policies/measures distort efficient functioning of markets and allocation of resources; austerity
Neo-Weberian / Developmental State Approach	World market prices do not always benefit local producers	States should go out of their way to get prices wrong; focus on capability expansion (making use of civil society networks) and

[135] Clearly, calls by Harvard economists to increase the flexibilization of an already over-exploited labour force are not the answer (see my expanded discussion on this topic in Appendix C).

		subnational variation must also be taken more seriously
Post-Washington Consensus Approach	IFIs have been too aggressive in their demands for structural adjustment	Wrong government policies and weak institutions (governments in the south are not savvy/too corrupt, need even more western tutelage); governments do not protect domestic firms enough (from international competition)
Radical Political Economy Approach	Industry dominated by monopoly; Lack of effective demand; overaccumulation	State is too supportive of monopoly; Imperialist states are subordinating the periphery; more money and capital in the hands of the peasantry will create the effective demand the country needs

But these approaches, taken together, suffer from a collective weakness: they say very little about the process of land acquisition, or the nature of labour exploitation in the global periphery. The radical political economy approach is somewhat of an exception in this regard, though here explanations tend toward relying on either under- or over-accumulated capital, telling us essentially very little about production or investment. To fill these gaps in the existing theory of under-industrialization, I begin with Marx's general formula for the circulation of capital M-C-MΔ (where M = Money; C = Commodities; MΔ = M + surplus value).[136] At base, the formula represents a process whereby money is thrown into circulation to obtain more money. But as Marx himself makes clear, the sphere of circulation is where everything takes place on the surface and in full view of everyone, and so in that sense, it tells us very little about the "hidden abode of production, on whose threshold there hangs the notice 'No admittance except on business'."[137] An expanded formula helps shed further light: M-C (LP +

[136] Marx, 1982: 247-57.
[137] Ibid., p. 279-80. Marx continues: "The sphere of circulation or commodity exchange, within whose boundaries the sale and purchase of labour-power goes on, is in fact a very Eden of the innate rights of man. It is the exclusive realm of Freedom, Equality, Property and Bentham. Freedom, because both buyer and seller of a commodity, let us say of labour-power, are determined only by their own free will. They contract as free

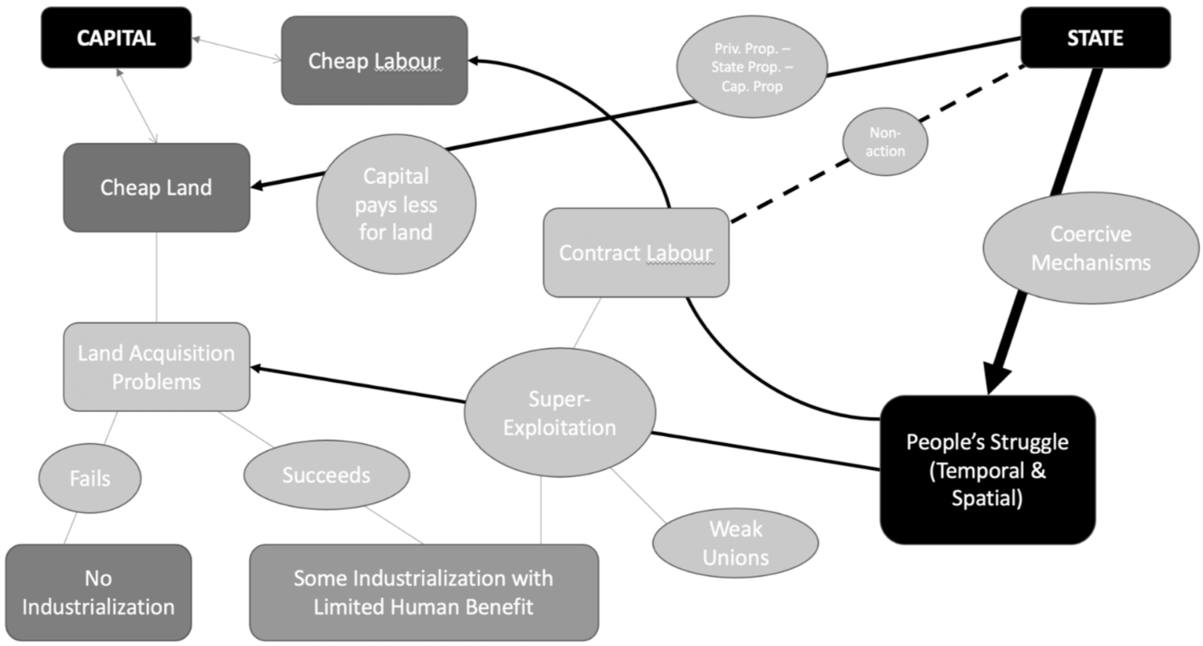
MP) … P … C'-M' (etc.) (where M = Money; C = commodities; LP = labour power; MP = means of production, including raw materials and energy plus instruments of production; P = production; C' = new commodities produced; and M' = M + surplus value) (R. J. Das, 2017b: 350; Harvey, 2006: 71). Here we can see that money is invested to buy commodities, and that these commodities are of two types: labour power (LP) and means of production (MP). This latter category refers to commodities which are separate from labour power, such as land or raw materials, as well as those already produced in the labour process (like machines, or parts of machines, for example). The framework I employ in the study that follows focuses on a very small part of the circuit, that pertaining to means of production in the form of land, as well as labour (see figure 2). It also points to a potential gap (or perhaps it is best described as a general assumption) in Marx's work where land tends to be treated as though it exists *already* in its commodity form.[138]

Figure 2. 1

Alternative Theoretical Framework Diagram

persons, who are equal before the law. Their contract is the final result in which their joint will finds a common legal expression. Equality, because each enters into relation with the other, as with a simple owner of commodities, and they exchange equivalent for equivalent. Property, because each disposes only of what is his own. And Bentham, because each looks only to his own advantage. The only force bringing them together, and putting them into relation with each other, is the selfishness, the gain and the private interest of each. Each pays heed to himself only, and no one worries about the others. And precisely for that reason, either in accordance with the pre-established harmony of things, or under the auspices of an omniscient providence, they all work together to their mutual advantage, for the common weal, and in the common interest. When we leave this sphere of simple circulation or the exchange of commodities, which provides the 'free-trader *vulgaris*' with his views, his concepts and the standard by which he judges the society of capital and wage-labour, a certain change takes place, or so it appears, in the physiognomy of our *dramatis personae.* He who was previously the money-owner now strides out in front as a capitalist; the possessor of labour-power follows as his worker. The one smirks self-importantly and is intent on business; the other is timid and holds back, like someone who has brought his own hide to market and now has nothing else to expect but—a tanning" (emphasis original).

[138] "The wealth of societies in which the capitalist mode of production prevails appears as an 'immense collection of commodities'; the individual commodity appears as its elementary form" (Ibid., p. 125).



Note. Broken line represents non-intervention. Priv. Prop = Private Property; State Prop = State Property; Cap. Prop = Capitalist Property.

My own aim, building where Marx laid the foundation, is simply to suggest that by focusing on the complex series of interconnected processes through which land itself becomes commodified, one can gain important insight about the industrialization process in general, and under-industrialization in particular. Michael Levien has made significant contributions in this area already, pointing out that as far back as the early-1970s, most Indian states had already begun forming parastatal industrial development corporations (IDCs) whose main functions were to acquire (take possession of) land, develop industrial areas and attract entrepreneurs (Levien, 2013a: 389-90). And while it is true that these industrial areas, on a cumulative scale, quickly became the largest source of "forcible land-acquisition for non-extractive industries" in the country, by the 1990s, the IDCs had become the main instruments for acquiring "public grazing land" for industrial purposes, developing "highly rationalized land banks with yearly acquisition targets" (Ibid.).[139] So we cannot assume that land is simply already available to the

[139] "The Rajasthan Industrial and Infrastructural Development Corporation (RIICO), for example, had by 2010 acquired over 60,000 acres of land for 322 industrial areas across the state (RIICO, 2010: 5). By 2002, the Maharashtra Industrial Development Corporation had acquired 130,000 acres of land for 225 industrial areas. The Andhra Pradesh Industrial Infrastructure Corporation had acquired 130,000 acres for industrial areas

capitalists who need it. Indeed, though capital depends on the fixity of land (and its attendant infrastructural features and agglomeration benefits) we know there is an ongoing, state-effectuated process to free it up, to make it available to industry (for the purposes of industrial production). At the same time, it is not enough for the state simply to present land on a platter—capital is a picky eater, after all, preferring to dine on cheap land, or no land at all. So the state has not only to catch capital's dinner, but cook and season it as well, thus ensuring it is 'sold' to capital a rate far below its actual value (both in present and future terms). The process can be simplified as follows: (Pp) private property (with a present value of X) → (SD) state-enabled dispossession (with a compensation rate paid below the value of X) → (Sp) state private property (which will be sold above the rate originally paid) → (Cp) capitalist private property (which will reach, either through speculation or productive investment, a future value above X).[140] Thus, the ease with which industrialization occurs depends, partly at least, on the ease with which (and the financial terms upon which) capital can obtain land, both for production purposes, as well as 'associated' speculation purposes.[141]

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by 2010. By 2011, the Gujarat Industrial Development Corporation had acquired 79,000 acres for 184 industrial areas" (Levien, 2013a: 389). The relevant body for the state of Odisha is the Industrial Development Corporation of Odisha (IDCO). On their website today, they have an interactive map of the state, broken into districts. The total amount of land listed in the "immediately available" category is just 25,354 acres. The second category, that pertaining to "land reserved by district collectors for industrial use" lists a total of over 133,374 acres. Together, both categories account for nearly 160,000 acres a total which exceeds even those diligently compiled above by Levien (see Invest Odisha, 2021). For more from Levien on land banks in India, see Chapter 2: Genesis of the Land Broker State in Levien (2018) which looks at the evolution of the state of Rajasthan into a 'land broker state', where dispossession for public sector industries and infrastructure projects no longer reflects the social commitments of Nehruvian planning (which persisted up until the reform period of the early 1990s), but is instead justified on the basis of any growth enhancing activity, including real estate development.

[140] My focus here is private property in the means of production, principally land, and secondarily labour (private property in food is not the same as private property in the land that produces food). Private property of a small-scale producer, who produces his own food, his own labour, is private property; commodification is *informed* (gives a formative principle); it is not the same as capitalist private property *as such*.

[141] It is important to note that, despite the rhetoric used to justify land acquisition in developing countries for special economic zones (SEZs), the total amount of land area dedicated to actual production (factories and associated infrastructure and facilities), represents only a small portion of the total land acquired. Indeed, according to an audit report filed by the Government of India in 2013, only 62% of SEZ land area had been used for its intended purpose, generating less than eight percent of the total jobs forecast (Mohanty & Chandran, 2017). Worse, according to a petition filed by the Farmer's Protection Welfare Association in 2017, of the almost 5,000 hectares (12,000 acres) of land acquired for SEZs in India in the previous five years, only 362 hectares (less than 14 percent) had been used for its intended purpose (Ibid.). Those interested in more on this topic would be keen to note the language UNCTAD's World Investment Report 2019 used to describe the recent

But what happens when the land that capital needs is relied upon by local people for whom it provides a source of livelihood, knowledge, and meaning? Such a scenario is of course all the more common (and all the more dire) in the context of low-income countries of the Global South, where both state institutions and private enterprises alike offer comparatively little in the way of alternative (non-land based) livelihood opportunities.[142] So the struggle between people and capital is, in more concrete terms, the struggle over the locational attribute of land as a means of production. (The great) Rosa Luxemburg called attention to the ugliness of this struggle over a century ago:

> It is an illusion to hope that capitalism will ever be content with the means of production which it can acquire by way of commodity exchange. In this respect already, capital is faced with difficulties because vast tracts of the globe's surface are in the possession of social organisations that have no desire for commodity exchange or cannot, because of the entire social structure and the forms of ownership, offer for sale the productive forces in which capital is primarily interested. *The most important of these productive forces is of course the land*, its hidden mineral treasure, and its meadows, woods and water, and further the flocks of the primitive shepherd tribes. If capital were here to rely on the process of slow internal disintegration, it might take centuries. To wait patiently until the most important means of production could be alienated by trading in consequence of this process were tantamount to

history of SEZs in India: "India was among the first in [South Asia] to adopt SEZs, establishing an EPZ in 1965. Its SEZ programme largely stagnated in the 1960s and the 1970s, however. In the 1990s, in the context of economic liberalization, many of the controls that had stymied SEZ operations were removed. A new scheme introduced in 2000 permitted state governments as well as the private sector to establish SEZs. The SEZ Act in 2005 aimed to push private sector investment to support industrial development. The Act converted EPZs to SEZs and clarified the rules for establishing other SEZs, resulting in a proliferation of new zone plans—*although many were subsequently withdrawn in the face of contentious land acquisitions, a lack of demand for SEZ space*, economic slowdown and a change in the tax incentive regime for SEZs. [They say all this without a hint of irony or introspection, of course.] Today, 231 SEZs are operational, more than 60 per cent of which specialize in ICT-related manufacturing and services. India is now taking a more cautious approach to SEZ development, having eliminated incentives for developers in 2016 and currently phasing out direct tax benefits for tenants by 2020" (UNCTAD, 2019: 144, emphasis my own). This language suggests quite clearly to me that land acquisition (for industrial purposes) is an ongoing, if not an intensifying problem in India, even for SEZ development, which offers heightened incentives/bribes and reduced regulatory oversight for industry.

142 For more scholarship on the politics of land dispossession in India, see Balaton-Chrimes & Haines (2017), Balaton-Chrimes & Pattnaik (2018), Kroger (2020), Macdonald et al. (2017), Nilsen (2010), Sanchez & Strümpell (2014), Strümpell (2014, 2017).

renouncing the productive forces of those territories altogether. Hence derives the vital necessity for capitalism in its relations with colonial countries to appropriate the most important means of production. Since the primitive associations of the natives are the strongest protection for their social organisations and for their material bases of existence, capital must begin by planning for the systematic destruction and annihilation of all the non-capitalist social units which obstruct its development. With that we have passed beyond the stage of primitive accumulation; this process is still going on.[143]

And yet, as everyone knows, if people depend on land for their livelihood, they are likely to resist their collective dispossession. Luxemburg continues:

> Accumulation, with its spasmodic expansion, can no more wait for, and be content with, a natural internal disintegration of non-capitalist formations and their transition to commodity economy, than it can wait for, and be content with, the natural increase of the working population. Force is the only solution open to capital; the accumulation of capital, seen as an historical process, employs force as a permanent weapon, not only at its genesis, but further on down to the present day. From the point of view of the primitive societies involved, it is a matter of life or death; for them there can be no other attitude than opposition and fight to the finish—complete exhaustion and extinction.[144]

Still, struggle over land does not happen in vacuum—it is a geographical process, meaning that stories of dispossession and struggle travel (both spatially and temporally) from one time and place to another. Memories also travel, which means the experience of past struggle and dispossession can inform current and future land-based resistance movements, providing a source of inspiration and strength through space and time. There is also, importantly, a scalar aspect to this process, because while people live their lives locally, they make use of allies and networks at the extra-local (provincial, national, and even international) scale (Cox, 1998).

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[143] Luxembourg (2003: 370-71, emphasis my own).
[144] Ibid.

Of course, the state is intimately involved at every stage of this process, decrying those who refuse to sell their land as anti-development (too backward to know what's good for them) and, in the most extreme cases, sanctioning lethal acts of violence on the part of uniformed and non-uniformed (vigilante) forces alike. Still, it would be incorrect to say the outcome is prefigured. I am willing to allow that dispossession is likely the long-run tendency under capitalism, but one must admit by the same token that neoliberalism has made struggles over land more acute than ever. Levien (2013b) details the rise of 'land wars' in India—widespread agrarian uprisings against the expropriation of land from farmers for privatized industrial, infrastructural, and real estate (i.e., land speculation) projects—in the post-1990 period, which have emerged as a major focus (as well as a pesky and persistent feature) of Indian politics in recent years, while at the same time garnering increased scholarly attention both in and outside the country. In some cases, including the POSCO case investigated in the present work, it could even be said that land-based resistance movements have succeeded in 'dispossessing capital' (from its pursuit of *specific* tracts of land), at least for a time. This latter point is crucial, because it is not simply a fact that capital needs land, or that it needs land in a specific place, but that it needs land in a specific place, at a specific price, within a specified period of time (the value of a deal or a commodity at one time will not necessarily valued in equal terms at another time, for example).

What implications does this increased focus on access to means of production in the form of land (in the context of rising spatial and temporal limits) hold for an analysis of under-industrialization in the Global South? Simply put, problems of land acquisition are problems of production. Indeed, as Marx says in the *Grundrisse*, distribution of the means of production is in fact part of the production process itself:

> In the shallowest conception, distribution appears as the distribution of products, and hence as further removed from and quasi-independent of production. But before distribution can be the

distribution of products, it is: (1) the distribution of the instruments of production, and (2), which is a further specification of the same relation, the distribution of the members of the society among the different kinds of production. (…) The distribution of products is evidently only a result of this distribution, which is comprised within the process of production itself and determines the structure of production. To examine production while disregarding this internal distribution within it is obviously an empty abstraction; while conversely, the distribution of products follows by itself from this distribution which forms an original moment of production. Ricardo, whose concern was to grasp the specific social structure of modern production, and who is the economist of production *par excellence,* declares for precisely that reason that *not* production but distribution is the proper study of modern economics. This again shows the ineptitude of those economists who portray production as an eternal truth while banishing history to the realm of distribution.[145]

Without production there can be no profit; and if there is no profit to be had, why would a capitalist invest? This then is the first premise in my alternative framework, that part of the story of under-industrialization in the capitalist periphery is also a story of the increased opposition—on the part of rural land holders—to a life without land. In other words, neoliberalism has brought with it a sense that the trade-off (of giving up one's tie to the land in exchange for money or employment, or whatever else is thrown their way) simply isn't worth it. So they fight back, frustrating the land acquisition process and, by extension, the industrialization process in general. All things remaining equal, the higher the potential for an industrial project to encounter land-based resistance, the higher the potential for a delayed return on investment, thereby increasing the relative risk associated with the project, without in any way increasing the potential reward.

Crucially however this must be understood as only part of the story. Indeed, if it weren't, I would in essence be arguing that the reason some countries remain under-

[145] Marx (1993: 96-97, emphasis original).

industrialized is because capitalists don't have enough access to land, or that states aren't doing enough to get them land.[146] This certainly is not the case, and this is not the premise of my argument. Instead, we have to go beneath this surface level explanation and ask why it is that people (small holders in particular) are unwilling to give up their land. The answer is threefold: (i) capital is pursing the wrong type of land (often preferring fertile land in relative proximity to existing centres of population and commerce);[147] (ii) they are going about it in an incorrect way (offering temporary jobs or one-time cash payments in exchange for land, rather than a legitimate voice in determining how the industrial project will operate and be sustained, which would generate social-license and community 'buy-in'); and (iii) the price they are offering is inadequate (relative to the perceived value of land by smallholders, both now and into the future, and relative to wage-labour opportunities available as alternatives). The reason people are unwilling to give up their land, in other words, has nothing whatsoever to do with backward attitudes or an unwillingness to support industrial development. It is rooted instead in a deep understanding that the land (the land they lay claim to) is worth far more (in basic monetary terms) than whatever meagre compensation the government (on behalf of corporations) deigns to offer. They also know that the industrial-sector jobs on offer are likely to be temporary,

[146] This has been a familiar cry among right-wing politicians in India. Following a recent consultation between Modi's ruling BJP government and industry representatives and economists affiliated with the Hindu-nationalist Rashtriya Swayamsevak Sangh (RSS, of which the BJP is a political branch), Gopal Krishna Agarwal (national spokesperson for the BJP on economic affairs) noted that: "Land acquisition has become a tedious job and needs to be simplified. To attract investment and to make India a manufacturing hub, it is required to reduce the overall cost of doing business, including reforms in the labour market." He continued: "There are times that while 80 per cent of the land is acquired easily, the rest gets embroiled in some issue or the other. Many end up going to court and the case gets stuck for years. Naturally, business persons will think twice before investing" (Pandey & Arnimesh, 2020).

[147] It would be one thing if states and capital were working together to promote the establishment of industry in relatively less accessible areas, away from existing centres of population and commerce. But because greater geographical accessibility makes greater profitability possible, industry prefers to locate in close proximity to such centres. This creates a problem, because while both industry and farmers need land, they don't need the same type of land—the former need fertile land in order to raise livestock and harvest crops, while the latter require land simply as a locus of operations (a place to build and run a factory), or as a source of raw materials (neither of which depend on the fertility of soil). "Location of a factory on or close to a fertile land destroys natural fertility of soil which is almost impossible to manufacture in industry. It is indeed a great social cost to use a fertile land for industrialisation which does not need it" (Das, 2011). So part of the issue is the type of land capital is pursuing. Forcing industry to relocate into more remote areas, away from existing centres of population and commerce, would not only develop new means of transportation and communications in presently less accessible areas (stimulating job growth), but would also provide an impetus to agriculture.

precarious, poorly-compensated and, most importantly, are simply not preferable/superior (let alone meaningful) when compared to the land-based work/employment they have traditionally engaged in (in some cases for generations). This latter point should be surprising to no one, considering a similar state of affairs is currently on display in many advanced capitalist countries (though admittedly for a different assemblage of causal factors).[148]

Simply put, if capital were to increase its efforts in acquiring land upon which people do not already depend, and/or if they were to do so in such a way that local people had a greater say and personal investment in the day-to-day decision-making of the industrial project being considered, and/or if they were to offer compensation rates which took greater accounting of the future value of the land in question, and/or were offering dignified jobs at dignified wages, it is likely they would encounter far less resistance, and would have far less difficulty obtaining land. This is very different than simply saying land access is a barrier to industrialization. On the contrary, I am saying that one cannot speak of land scarcity (from the perspective of industry) until one addresses the inadequacy of what is being offered in exchange for land.[149]

Still, it must be emphasized yet again that obtaining land is only part of the problem. Indeed, more and more we find that, even when capital gets the land it wants, people benefit

[148] Indeed, as Kolhatkar (2021) has recently pointed out, despite the siren calls among mainstream media pundits about labour shortage crises in Canada and the US (the apparent result of extended public benefits in these countries in the response to the Covid-19 emergency), labour *shortages* don't actually set in (in an economic sense) unless firms find themselves incapable of filling labour needs *in the context of rising wage offers*. Set against the backdrop of the sub-prime mortgage crisis of 2007-08, a period during which pundits and 'experts' were blaming low-income home-buyers for wanting to purchase homes they could not afford, one wonders why workers today might not blame employers for wanting labour they cannot afford (or rather, for which they refuse to pay fairly). Kolhatkar also uses an example drawn from techno-capitalist scion Uber, who proclaim: "With surge pricing, Uber rates increase to get more cars on the road and ensure reliability during the busiest times. When enough cars are on the road, prices go back down to normal levels." Perhaps many of the smallholders who refuse to part with their land in the face of one-time cash payments and/or low-paying factory jobs should respond, "when sufficient compensation (in whatever monetary or employment-based form) is offered, the amount of available land for industrial purposes will go back down to normal levels."

[149] Now, one might also ask, why is it that capital is reluctant to pay more for land (or offer better paying jobs for that matter, or even play a larger role the development of local infrastructure, from which a range of industries would benefit)? For this one would also have to consider declining profitability in a given sector, non-performing assets, debt, and so on, which in some respects is beyond the scope of the current work, though I do offer some thoughts in the concluding chapter. For a recent report on mounting debt and non-performing assets in the Indian steel sector, see Mukherjee & Dasgupta (2019).

very little. Why? The answer, once again, is to be found in the capital circuit I began with. Capital needs not just land, but cheap land, as well as an adequate supply of labour, at the cheapest rate available (the higher the wage rate, the lower the rate of profit, and vice versa). So what we have seen is a massive rise in the share of informal and contract labour, both in the core and the periphery, which downloads labour costs away from the firm and onto the labourer and labour-recruiter classes. This labour is recruited on behalf of capital by a complex network of inter- and intra-state contractors and sub-contractors who pull from local, regional, and national labour markets. Breman (2019) describes the trend in the following terms:

> Unlike the stereotypical premise that supply and demand are mediated by the market … employers prefer labour from elsewhere because migrants—often attached in a state of neo-bondage—are not only cheaper to recruit and maintain but also easier to discipline. Recent case studies in Gujarat—of, amongst others, salt-pan workers, the army of labour employed to cut sugar-cane, nomads from far-off regions who come to Alang on the coast to break ships, the cruel subjugation of almost one *lakh* (100,000) children (girls and boys) from Rajasthan as cotton pickers, and the employment of men, women and children in many hundreds of brickworks—show the massive scale of the migration in search of work throughout the country. The sites of their temporary employment, for which they are mobilized in separate circuits of recruitment, cross state borders and are not covered by official statistics. They are not on record thanks to a deliberate attempt to cover up the footloose character of the workforce at the bottom of the economy.[150]

Contract recruitment networks take on different forms in different places. Breman describes the situation with specific reference to the Gujarati construction sector:

[150] Breman (2019: 182). He continues, making specific reference to special economic zones (SEZs). "The swarms of time-bound migrants recruited from all over India to work in the Special Economic Zones (SEZs) contracted out to corporate business are also beyond critical scrutiny. These large-scale enclaves, set apart from the public domain, are growth poles established within the state but cut off from its territory and gifted to private enterprise operating with national or international capital. As part of the neoliberal policy regime, the SEZs have become a favoured brand of economic activity kickstarted with government subsidy, tax exemption and other generous facilities. Gujarat has more of these zones than any other state, privatized domains in which labour laws and regulations do not apply and mandatory environmental protections are not enforced" (Ibid.).

> The jobber comes from the same milieu as the labourers he contracts, usually accompanies the gang to the building site and acts as foreman to supervise the work. He is responsible for everything going as planned on the site. The real estate developer, a builder or contractor himself, has no direct contact with the workers hired for the season and leaves it up to his agent to distribute an advance before they leave their homes in the countryside and settle their remaining wages monthly or at the end of the dry season. The jobber is at the pinnacle of circular migration, a type of mobility that is well organized from the workfloor right up to the commanding heights of corporate capitalism. The contracting of labour has become a big business in the informalized economy and relies on a long chain of mediation incorporating contractors and subcontractors.[151]

But while it takes on different forms across states and sectors, the effect is ultimately the same, i.e., the downloading of the cost of employment, recruitment, housing, etc. away from employers and onto the jobber/contractor class (who are paid by the firms), and the labourers themselves (who make themselves available for whatever contracts might be available). The role of the contract recruiter system therefore is to reduce the cost of labour power to the maximum, which benefits capitalist firms, while undermining the ability of industrial sector workers to improve their standard of living.[152] It also makes it much harder for workers to organize, because the jobbers/recruiters deliberately recruit from a wide range of faraway sites and locations, thereby dividing the workers along linguistic, religious, caste, and other lines (which tend to correspond to region of origin).[153] This then is the second premise of my alternative framework, that even when industry gets the land it wants, people are unlikely

[151] Ibid., p. 180.
[152] For more on the exploitation of labour under capitalism, and the ways in which capitalism benefits capital over labour, see also Selwyn (2013, 2015, 2017).
[153] "A significant proportion of workers in private iron ore mines are contracted as the owners seek to maximise profits through the reduction of labour costs. At the same time, the use of contract labour through a multiplicity of labour contractors also means the *owners can divide the labour force and enhance the control of it*. In some cases, this also includes the strategy of rotating local labour contractors over time. (…) As a whole, contract labourers may be subject to longer working hours and it is not uncommon that they are paid less than workers hired directly by the principal employer and performing similar tasks. In many cases, this means being compensated at below the minimum wage." (Adduci, 2017, emphasis my own).

to benefit much, because of the high degree of exploitation occurring in the industrial sector, made possible through a wide range of contracting and sub-contracting networks which both divide and undermine labourers, while at the same time reducing wage conditions and job protections to the maximum (to the benefit of firms).[154] Ultimately, this only reinforces the first premise, that the (neoliberal) alternative on offer (in exchange for giving up one's tie to the land) is generally not worth it for many rural farmers and smallholders.

Finally, we must also be attentive to conditions at the scale of the world economy. Without over-stressing this final point, we know that, for example, world trade has been contracting for some time. Consider that, in the period between 1980-2008, the total value of world trade grew from US $2,049 billion to $16,149 billion (a rise of nearly 688 percent over the period). Contrastingly, in the period between 2008-2020, world trade grew from US $16,149 billion to just $17,583 billion (a rise of only 8.8 percent over the period).[155] So while the global export value of trade in goods continues to grow, it has grown far less quickly in the period since the great crash of 2007-08.[156] Of course, global trade is not the only area of contraction in the world market. Indeed, as Benanav (2019a, 2019b) has also shown with painstaking detail, productivity and output are also down, not just in the advanced core, but at the global scale as well. I include this simply to point out that, in the context of contracting world trade as well as declining productivity and output, it is expected that some degree of contraction/stagnation will also be observed in the capitalist periphery; and in low- and middle-income countries in particular. This, then, is the third and final premise of my alternative

[154] While I am not aware of specific research on this question, one would expect that, under such a scenario (where workers are exploited not by an extension of the working day, but by a reduction in the costs of reproduction for which the firm pays directly, but pays instead through a jobber/contractor) firms would have the ability to increase the rate of labour exploitation, without being forced to increase the rate of labour productivity.

[155] I am drawing these figures from Statista's *Trends in global export value of trade in goods from 1950 to 2020* (Statista, 2021).

[156] This trend of slowing growth in world trade is of course expected to continue for some time in the wake of the Covid-19 global pandemic.

framework, that stagnation in Indian industry must be seen as at least partly related to contraction in trade, productivity, and output at the world scale.

Summary to Chapter 2

The theories of industrialization presented in Part I of the current chapter provide important tools and frameworks for understanding how regions and territories (nation states in particular) have performed (relative to the already industrialized countries) in the development of their economies. In the broadest terms however, all of these approaches can be grouped into one of two categories: either the market is too constrained (states are not letting markets operate freely), or the kind of interventions the state is making are not the right kind (so the state is too constrained / not permitted to operate freely). What is missing, however, is a causal connection between capitalism (as a totality of social relationships on one hand) and industrialization (on the other). Moreover, the connection to capitalism as a class system (and a class process) is also missing. Indeed, where is capitalism *as such*? Where is the beast? Unequal distribution is not really capitalism; neither is lack of land reform, or lack of demand. What is missing is a totalizing view, a more comprehensive view of the capitalist social relation itself.

My own claim is that we must return first to Marx. He tells us that M-C-MΔ will lead to industrialization, but this isn't happening. Marx's theory, in other words, tells us how capitalism operates, not how if fails. Could it be because one of the claims of Marxism is that a point comes when relations of production *themselves* become a barrier? Factories dot the landscape, but because capital cannot turn a profit, the factories sit idle. How would Marx explain lack of industrialization? To say that capitalism operates according to M-C-MΔ doesn't tell us why sufficient capital is not being invested (in industrial processes). Could it be that access to crucial means of production are not sufficiently available? Could access to cheap land and cheap labour be part of the problem? Marx assumed that land would be already available (both as a use value, and in its commodity form). Harvey recognized this lacunae in Marx's thinking, and he should rightly be commended for pointing out that land itself has to be produced as a commodity before it can be integrated into the capital circuit.

The problem with Harvey is that as soon as he foregrounds the significance of land (which may not be readily available in its commodity form), he then disconnects it from the sphere of production, telling us that in fact, land (as a portion of the means of production) is not actually the central issue. Instead, land is coveted for its value in the sphere of *exchange* (so that it can be bought and sold or speculated on) not in production. This is not what I am saying. Indeed, I agree that dispossession is a crucial and ongoing feature of contemporary capitalism, but it is also more than that—it has to be thought about in terms of exploitation and production. For Harvey, overaccumulated capital flows happily around the world until it finds the right piece of land at the right price. But if this were the case then capital would itself not be dispossessed; projects like POSCO in India and the Keystone XL pipeline (which would have carried bitumen slurry from northern Alberta to the Gulf of Mexico), along with a growing list of other industrial projects, would have gone forward, but they have not. So we need a more nuanced and totalizing view of this process. If people are not giving up land, it is worth asking what is being offered in exchange. If capital is not offering enough in exchange for land, perhaps there is a reason? If profit rates are falling, it should come as little surprise that capital would be unwilling to raise total investment. And where capital is unwilling to raise total investment (to meet the demands of smallholders), then the state is needed to 'convince' people to give up their land. In such cases it is clear that, without state intervention (on behalf of industry) no industrialization can happen.

But if the state is likely to intervene, then why has there not been more industrialization? Well, for one, struggle over land leads to delays in its acquisition. More importantly however, even after capital gets the land it needs, little industrialization occurs. So the question of (the lack of industrialization) is also a question of politics (not just political economy or access to land in the capital circuit). It is a political question from the top (in terms of the state) and form the bottom (in terms of grassroots/movement-based struggles).

Marx assumed that, after the original phase of primitive accumulation, everything is essentially already a commodity, so for him wage-labour became the central focus. But what about small-producers who don't depend on wages (entirely) for their survival? The oppressed category, in other words, must also include smallholders (of land). At the same time, we cannot blame smallholders for refusing to part with their land. They bear historical memory. They are well-aware of the struggles that have befallen other communities, both near and far, who did part with their land (for one reason or another). Stories travel, both through time as well as across space. So if people are reluctant to part with their land, it is because the alternatives provided under neoliberal capitalism (whether in terms of direct cash payments, wage-based employment, or some other form of compensation) are not considered sufficient.

Chapter 3

Background and Historical Context, Part 1: Indian Industrialization at the National Scale

The current chapter sets the historical stage for the events discussed in the empirical chapters (Chapters 5, 6, and 7).[157] It is an attempt to condense nearly a century of Indian industrialization into some 12,000 words, so perhaps I can be forgiven for the somewhat compendious character of my presentation. In any case, the purpose of this chapter is threefold. First, it demonstrates that industrial planning in India is far from new. Indeed, as I discuss in some detail part one, even in the decades prior to independence, the role of the state was seen as central to the task of industrialization by the Indian Congress. Second, the chapter shows that this commitment to a leading role for the state in the industrialization process was maintained in the decades immediately following independence, well into the 1970s. Indeed, Indian planning reached its high-water mark during this period, and while the country generally underperformed relative to some of its peers in the area of industrialization and development, it also saw significant advances in terms of the establishment of an industrial base and improved standards of living across much of the country. This period forms the subject of part two. Still, India's development trajectory came under increasing criticism in the mid-1960s, and the tenor intensified the 1970s. In part three I discuss these critiques from the period and show how, despite claims liberalization would free Indian industry from the shackles of state control, neither industry nor manufacturing have emerged as major drivers of the Indian economy (in

[157] Given the unequal distribution of resources in rural India, and the attendant exploitative conditions, peasant's struggle has always been an important part of India's history and geography (for more on this, see Bhalla, 1983; Banerjee, 1984, 1986, 2017; Desai, 1986; Dhanagare, 1991; Gough, 1976; Konar, 2015; Mukherjee, 2004; Singh, H., 2002, 2003; Singharoy, 2004; Sundarayya, 2006; Surjeet, 1986; Tiwari, 2019). For peasant movements in Odisha specifically, see Bag (2007), Padhy (2012), and Pathy (1998).

terms of employment or GDP share) in the decades since. A short summary concludes the chapter.

Section 3.1: The Politics of Indian Industrialization on the Eve of Independence

In its 1931 Karachi session, the All-India Congress Committee passed a resolution on Fundamental Rights and Economic Policy (based on the party's social, economic and political programme) which later came to be known as the Karachi Resolution. Among other things, it declared that the postcolonial Indian state would "own or control key industries and services, mineral resources, railways, shipping, and other means of public transport" (Chattopadhyay, 1985: 82). All subsequent policies and programmes put forward by the Congress on the subject of economic development held this resolution as a point of reference, and the majority of leading political and economic opinions on India converged on this point, including that of the colonial bureaucracy itself, which felt that, on its own, private enterprise was not up to the task of large-scale industrialization (Ibid.).

It is important to emphasize however that, even at this early stage, consensus around industrial planning was not formed in opposition to the Indian bourgeoisie, but in fact reflected its strong influence. As long as it could be prevented from limiting profit flows and private property arrangements, Indian industrialists demanded state participation in the development of key industries and means of communication (Ibid., p. 83). The formal articulation of these demands was best reflected in the Bombay Plan of 1944, the genesis of which I discuss below, drawing largely on the meticulous work of Chattopadhyay, whose 1985 doctoral thesis constitutes what is arguably one of the most detailed account of Indian planning from 1930 to 1951, aside, of course, from Nehru's own accounts, from which I also draw.

3.1.1: The National Planning Committee (NPC)

On the heels of landslide election victories in ministries across much of the country in 1937, the Indian National Congress (INC) established a National Planning Committee (NPC), which held its first session in Bombay on December 17, 1938. With Nehru appointed as chairman, the 15-member body sat daily from the 17th to the 21st of December, 1938. Representatives from the Congress-led provincial governments and feudatory states of Hyderabad, Mysore, and Baroda were also in attendance (Ibid., p. 98-99). Given the task of devising a framework for future economic planning, the committee developed a comprehensive questionnaire for circulation to the Provincial Governments, Governments of Indian States, Departments of the Central Government, and others, which consisted of 237 questions, arranged under 27 headings, and which "touched on almost all aspects of economic life in the country" (Ibid., p. 99). In developing the questionnaire, three major points of contention were debated during the NPC's first session over the proper role of the state in the industrialization process.

The first of these concerned the installation of major industries in each province. Proposed by committee member M. Visvesvaraya, the idea was that such a strategy would lead the country on a path of rapid industrialization (Ibid.). The proposal was rejected however on the grounds that such an initiative would encroach upon provincial jurisdiction, given that the industrial sector was constituted as a provincial matter in the Government of India Act of 1935. Nehru, for his part, was of the view that it was the responsibility of the committee to develop a general plan for economic development, not make specific recommendations for particular industries (Ibid.).[158]

[158] It is worth noting the degree to which Nehru admired Russian politics and the Soviet approach to industrialization more generally. In the late-1920s, shortly after attending celebrations in Russia on the tenth anniversary of the October Revolution, he wrote: "For us in India, the fascination [towards Russia] is even greater, and even our self-interest compels us to understand the vast forces which have upset the old order of things and brought a new world into existence, when values have changed utterly and old standards have given place to new. (…) Russia thus interested us because it may help us to find some solution for the great problems which face the world today. It interests us specially because conditions have not been, and are not even now, very dissimilar to conditions in India. Both are vast agricultural countries with only the beginnings of industrialisation and both have to face poverty. (…) If Russia finds a satisfactory solution of these, our work in India is made easier" (quoted in Tchitcherov, 1994: 64). Commenting on Lenin in particular, he wrote: "Lenin stood supreme. Saint or sinner, the miracle was chiefly of his doing and we may say with Romain Rolland that Lenin was the greatest man of action in our century, and at the same time the most selfless" (Ibid., p. 65).

The second major debate that occurred during the first session of the NPC concerned the relation between cottage and large-scale industries. Nehru's view was that there was no inherent conflict, but this position was challenged by committee member J. C. Kumarappa (a staunch Gandhian) who argued that "as the key industries were more or less under State control, the background was bound to be capitalistic. What the Congress had in mind was a socialistic, and this Committee in considering the key industries would be deviating from the policy laid down by the Congress" (Ibid., p. 100). After submitting a note on resolutions adopted by the Congress on the question of the relation between large- and small-scale industry since 1920, Nehru concluded that, although the Congress had always emphasized the need to develop cottage industries "it did not decide in any way against large-scale industry," adding "[n]ow that the Congress [was], to some extent, identifying itself with State it [could] not ignore the question of establishing and encouraging large-scale industries. There can be no planning if such planning does not include big industries … [and] it was not only within the scope of the Committee to consider large-scale industries, but it was incumbent upon it to consider them" (quoted in Ibid.). The majority of the Committee's members ultimately disagreed with Kumarappa's position and it was resolved that questions regarding large-scale industries would be included in the questionnaire.

The third major debate was raised by a well-known industrialist sympathetic to Gandhian positions on the village economy, Ambalal Sarabhai, who challenged the Committee to take up the question of land reform. Members responded that because the Committee was established on the basis of resolutions adopted by the Industries Ministers' Conference, the question of land reform lied outside the Committee's purview. Further deliberation however made clear that agrarian issues could not be omitted and, in the end, questions relevant to land systems were incorporated into the questionnaire as well (Ibid., p. 101).

The debates outlined above are representative of ideological positions circulating within the Congress during this period. Congress was identified with the state by many (if not most) Indians at the time, and the role of the state, as envisaged by the Congress leadership, was the industrialization of the Indian economy. While this process was meant to reserve significant space for the private sector, the latter would receive considerable state support in the form of subsidies, finance, cheap inputs, and protection from foreign competition. The function of the state, in other words, was to "ensure the easy availability of the 'means of production' to the Indian capitalists" (Ibid., p. 102). While disagreement arose over the degree of state control over industry, either through outright ownership or regulation, there was a general consensus that defence industries and public utilities would be owned and run by the state, as would most capital goods industries, virtually all of which were imported at the time (refer to Appendix D for a full breakdown of these industries and categories). Because these industries were highly capital-intensive and required relatively long gestation periods to become efficient and competitive, private enterprise was seen as incapable of accomplishing large-scale industrialization on its own. It is also clear that India's capitalist bourgeoisie knew well that they would be incapable of competing in markets dominated by multinational firms based in Japan and the industrialized West (Sen, 1982: 91).[159]

On December 21st, 1938, the NPC ended its first session with the completion of the questionnaire which was then circulated among the Provincial Governments, Indian States, and the relevant Departments of the Government of India. While the meeting was seen to have generated significant enthusiasm in intellectual circles, both within and outside India, British capitalists were apprehensive, while Nehru, for his part, was unsatisfied with the overall accomplishments of the session (Chattopadhyay, 1985: 102).

[159] See Bagchi (1976) for a discussion of Indian de-industrialization in the 19th century.

Given that debates over the pace of industrialization, antagonism between large- and small-scale industry, land reform, and (most importantly) the degree to which the state would exercise ownership, management, or control over key industries, persisted throughout subsequent NPC sessions, I see little utility in summarizing them at any length here. Readers interested in the specifics of the NPC's four subsequent sessions (concluding in September, 1940) are encouraged to refer to Chattopadhyay (1985, Chapter 3). Important for the current study is simply to emphasize the fact that India's early capitalist industrialists, via the NPC, were both integral to and highly influential in shaping early planning efforts on the eve of Indian independence. Nehru ([1946]1994: 395) described the committee's membership and resulting conflicts in the following terms:

> Towards the end of 1938 a National Planning Committee was constituted at the insistence of the Congress. It consisted of fifteen members plus representatives of provincial governments and such Indian states as chose to collaborate with us. Among the members were well-known industrialists, financiers, economists, professors, scientists, as well as representatives of the Trade Union Congress and the Village Industries Association. The non-Congress Provincial Governments (Bengal, Punjab' and Sind), as well as some of the major states (Hyderabad, Mysore, Baroda, Travancore, Bhopal) co-operated with this committee. In a sense it was a remarkably representative committee cutting across political boundaries as well as the high barrier between official and non-official India—except for the fact that the [Colonial] Government of India was not represented and took up a non-co-operative attitude. Hard-headed big business was there as well as people who are called idealists and doctrinaires, and socialists and near-communists. Experts and directors of industries came from provincial governments and states. It was a strange assortment of different types and it was not clear how such an odd mixture would work. I accepted the chairmanship of the committee not without hesitation and misgiving; the work was after my own heart and I could not keep out of it. Difficulties faced us at every turn. There were not enough data for real planning and few statistics were available. The Government of India was not helpful. Even the provincial governments, though friendly and co-operative, did

> not seem to be particularly keen on all-India planning and took only a distant interest in our work. They were far too busy with their own problems and troubles. Important elements in the Congress, under whose auspices the committee had come into existence, rather looked upon it as an unwanted child, not knowing how it would grow up and rather suspicious of its future activities. *Big business was definitely apprehensive and critical, and probably joined up because it felt that it could look after its interests better from inside the committee than from outside*.[160]

I quote this passage at length to demonstrate the diverse make-up of the committee and its fraught character. It is also important to note that while India's industrial bourgeoisie was intimately involved in the NPC process, their general orientation towards postcolonial planning was apprehensive and critical, and should not therefore be portrayed as having 'led the charge' towards state-directed industrialization in India, as is often claimed. Nehru continues:

> Constituted as we were, it was not easy for all of us to agree to any basic social policy or principles underlying social organization. Any attempt to discuss these principles in the abstract was bound to lead to fundamental differences of approach at the outset and possibly to a splitting up of the committee. Not to have such a guiding policy was a serious drawback, yet there was no help for it. We decided to consider the general problem of planning as well as each individual problem concretely and not in the abstract, and allow principles to develop out of such considerations. Broadly speaking, there were two approaches: *the socialist one aiming at the elimination of the profit motive and emphasizing the importance of equitable distribution, and the big business one striving to retain free enterprise and the profit motive as far as possible, and laying greater stress on production*.[161]

Nehru's vision for a postcolonial compromise between these two approaches therefore was one in which planning would bring about economic development without infringing upon interests "already vested in the economy" while at the same time mitigating "new encroachments" (Chattopadhyay, 1985: 105).

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[160] From Nehru's (1994: 395) *The Discovery of India*, originally published in 1946, emphasis my own.
[161] Ibid., p. 396-397, emphasis my own.

> It may not be impracticable to insist on state management of the existing industries in which vested interests have already taken root. But whenever even an established industry under private control, receives aid or protection from the state and tends to develop into a monopoly or comes into conflict with the general policy of the state in regard to workers or consumers, the state should take necessary steps to assure conformity in all such ventures with its basic policy and with the objective laid down in the plan.[162]

Expressing a similar position in a letter to K. T. Shah in May, 1939, just before the second NPC session was to convene, Nehru wrote:

> I suppose that we shall have to determine at an early stage what our general objective and policy are going to be. Real planning, I take it, is hardly possible under the ordinary capitalist structure of society where so many vested interests intervene. Some measure of planning might be done in a fascist state. But planning, as most of us conceive it, is inevitably connected with a socialist society. Obviously, constituted as we are, and constituted as the planning committee is, we can hardly begin tackling the question on a socialist basis. We have to accept to a large extent the present structure, at any rate, as a jumping off ground. At the same time, we must aim at something different, though that need not be, so far as the committee is concerned, full-blooded socialism. Even according to the present Congress policy it is our objective to nationalise key industries and key services and banking, etc. That is something definite to go upon. (…) Further, we should try to aim at, as far as possible, producing for consumption rather than profit. In any event, the profit motive should be subordinated to the social motive. How far this is possible under the present circumstances, it is difficult to say. Perhaps it is not possible. If so, inevitably we have to consider the changes necessary to make it possible. If we start with the dictum that only under socialism there can be planning, we frighten people and irritate the ignorant. *If on the other hand, we think in terms of planning apart from socialism and thus inevitably arrive at some form of socialism, that is a logical process which will convert many who are weary of words and*

[162] From Nehru's *Selected Works*, Volume 9. The passage comes from a note circulated to the members of the National Planning Committee titled 'The Need for Planning for Free India', dated June 4, 1939 (Nehru, 1976).

> *slogans*. I imagine that our approach should be something on these lines without challenging the existing structure. At the same time, it would be folly to strengthen vested interests in the existing structure. We should do nothing to create fresh barriers in the way of the change-over. Could we then concentrate on a few major items of policy which should guide us in our planning and which are not obviously in conflict with the basic structure today, though they change it considerably?[163]

Socialism thus remained a motto for Nehru in 1939, but it was a socialism to be admitted through the 'backdoor' (Chattopadhyay, 1985: 106). While the existing social-economic structure was to remain intact, planning, if driven by the appropriate government policies, would set the nation on the path to socialism. The task of the planning committee, correspondingly, was to formulate correct policy and realize the miracle of industrialization. For Chattopadhyay, Nehru's was a socialism rooted in the ideology of the urban petit bourgeoisie, based not on class struggle, but on class-collaboration; a socialism "denuded of its political content so that it could be made acceptable to all and sundry" (1985: 107). Here the planners ('experts') stood above the middle classes who were, in effect, the human material upon which the former would work to realize their aims (Ibid). NPC collaborators who were considered to be too public in their political orientation quickly found Nehru's ire, as was the case with H. V. Kamath, to whom Nehru wrote: "It is evident that you are far keener on active political work than on the quiet type of work required in the planning committee" (quoted in Ibid.). Indeed, it was the quiet 'economic scientism' of collecting statistics and setting targets that Nehru sought, not 'principled politics' (Ibid.).

When the NPC process came to a close the following recommendations were made: defence industries were to be owned and controlled by the state; public utilities were to be state owned; businesses were to be licensed and regulated by a public authority; banking would be

[163] This passage is excerpted from a letter to K. T. Shah, dated May 13, 1939, in Nehru's *Selected Works*, Volume 9 (Nehru, 1976: 373-374, emphasis my own).

licensed and regulated; and a national board would be established to supervise insurance (Sen, 1982: 94).

3.1.2: The Quit India Movement

Adding to the climate of the NPC process, and the subsequent genesis of the Bombay Plan, was what came to be known as the Quit India movement, initiated in August, 1942, as a protest against Britain's unilateral inclusion of India in the Second World War.[164] Isolated from the decision-making process, the Congress party responded to the move by claiming that India would voluntarily join the war effort in exchange for full independence, to which the colonial state responded by promptly arresting Congress party leaders. Scarcely were they apprehended however before a mass movement spilled onto the streets, far exceeding anything either colonial authorities or the Congress itself could have anticipated. Beginning as a largely urban and working-class phenomenon, within a matter of just a few weeks the movement took on a distinctly rural character as peasant groups and associated organizations "embarked on an ambitious campaign of land seizures, agitations, and clashes with authorities that lasted until the end of the year" (Ibid., p. 92).

For most of its duration, the movement was largely out of the hands of the Congress leadership. Most worryingly for colonial authorities and the right wing of the Congress party however was the fact that those leaders who had managed to escape imprisonment and assume leadership of the movement were firmly aligned with the Congress party's socialist flank, such as Jayprakash Narayan and Aruna Asaf Ali. In London, colonial officials were initially convinced that the movement had the backing of the Indian business class, given its alignment

[164] With the onset of the Second World War in September, 1939, Britain's Viceroy of India, Victor Hope Linlithgow, unilaterally associated India with Britain's war against Germany without any prior consultation with Indian leaders or provincial ministries. Congress was keen on declaring its support for the Allies on the condition that a post-war constituent assembly be established to determine the political structure of a free and independent India, and that a genuine responsible government be established in the Centre. Such conditions would be essential, after all, if the Congress was to be successful in mobilizing Indian opinion in favour of the war effort (Sarkar, 2002). Linlithgow promptly rejected these demands and in October, 1939, the Congress resigned in protest from the Provincial Governments.

with the Congress leadership. A key feature of Chibber's (2003) work, however, has been to dispel this all-too-common interpretation. According to him, available evidence points squarely in the opposite direction and, to the extent that the Indian business class can be said to have aided the movement, "it was either under duress and on pain of retaliation by radical elements, or in conditions where it did not interfere with profits" (Ibid., p. 93).

This does not mean, however, that Indian elites could afford to oppose the Quit India movement publicly. Indeed, to have done so in light of the extreme repression visited upon movement activists by the colonial state would have been popularly perceived as an endorsement of colonial suppression. Instead, industrialists issued public calls for negotiations and social peace, though in private they grew increasingly apprehensive about the potential for a mass movement against colonial rule to mutate into a broader mobilization against capital itself. In other words, the primary concern of the Indian business class was not national independence, but the protection of profits and investment, and ensuring that business as usual continue unabated.

3.1.3: The Bombay Plan

The subsequent effect of the NPC process was to convince India's industrialists that a regime of capitalist planning was all but certain once national independence was formally achieved. There was also genuine concern among India's bourgeoisie that leftist elements within the Indian National Congress (INC) might begin to exercise increasing power and influence, the conditions for which were only being further exacerbated under the heat of the Quit India movement. Throughout the month of August, 1942, leading industrialists such as Lala Shri Ram (a textile magnate from Delhi), Purshotamdas Thakurdas (a cotton trader based in Mumbai), and G. D. Birla (a prominent industrialist and moneylender) met repeatedly with British officials in an effort to allay colonial concerns about their role in the movement, and to push for a softer line against the INC leadership (Chibber, 2003: 95). In actual fact, these industrialists feared not just rising radicalism, but the potential for this radicalism to escape the INC's influence and control, the worst consequences of which would fall hardest on the business community and propertied classes more generally.

Looking to the future, India's business elites knew they were far better served appearing as the champion of mass aspirational demand for economic growth and redistributive justice than as the backroom dealmakers and profit mongers they were popularly (and appropriately) perceived to be. Planning would be key to accomplishing this, and in the fall of 1942, Tata and Birla took the initiative of establishing a committee of industrialists and economists to develop a comprehensive proposal for long-term planning in post-colonial India.[165]

Published in two parts, the first appeared in January 1944 with the far from ambitious title *A Brief Memorandum Outlining a Plan of Economic Development in India*. The modesty of the title was reflected not so much in the goals set out in the document, but in its blatant avoidance of issues hotly debated within the NPC at the time, namely the degree of state control over the industrial sector, and the role of labour in it. More a forecast of fiscal magnitudes required for the rapid growth of per capita income than a blueprint for planning, the memorandum had four key features: (i) an acknowledgment of mass poverty in India; (ii) a linking of the alleviation of this poverty to economic development; (iii) the claim that such alleviation would be impossible without concerted an coordinated public action; (iv) and finally, having established this, the laying out of a set of propositions regarding the scale of public expenditure and industry necessary to achieve a doubling of per capita income within fifteen years (Ibid., p. 97-98).

The plan was met with significant enthusiasm among the Indian press and intelligentsia, and generated significant debate within the government and business community. Still, much

[165] The committee was made up of six of the country's most prominent industrialists (G. D. Birla, J. R. D. Tata, Lala Shri Ram, Purshotamdas Thakurdas, Kasturbhai Lalbhai, and A. D. Shroff) as well as two well-known 'experts' (John Mathai and Ardishir Dalal) who were both already employed in the Tata business empire (Chibber, 2003: 95).

of this discussion remained confined to the realm of generalities established by the planners themselves. Where commentary and analysis did approach specifics, it was restricted to financing and the achievability of targets. Still, precisely because it avoided any concrete discussion of the instrumentation that would bring the plan into effect, including the role of the private sector, the degree and form of state intervention, taxation, and so on, it was able to achieve the desired effect, i.e., mass support among influential circles and, perhaps most importantly, widespread public perception that the 'leading lights' of Indian industry were now in lock-step with the nationalist movement's call for a planned strategy of national development (Ibid., p. 98).

Barely a year later, in December, 1944, Part II of the plan was released. Where Part I focused largely on rough estimates of fiscal magnitudes, Part II presented a series of proposals for the plan's implementation and administration. In keeping with the broader objective of making planning compatible with private property, state control of industry was strongly recommended over ownership. State control included the right to license investment projects, control prices, allocate foreign exchange, set wages, and control trade, but was qualified with statements assuring that the national government would be accountable to the people, and that such measures would not prefigure a slide toward socialism (Ibid., p. 103).

Scholarship has varied however with respect to the significance of the plan's second part. Baru (1995: 119) for example characterizes a chapter from Part II titled 'The State and Economic Organization' as a "virtual manifesto of state capitalism in India at the time." Indeed, despite rejecting state ownership and management on a broad scale, the chapter is clear that, in those industries considered to be important to public security and welfare, state ownership may be necessary into the long-term, though with the following caveat:

> If later on private finance is prepared to take over these industries, state ownership may be replaced by private ownership, but it is essential in the public interest that the state should retain effective control over them.[166]

To further support his claim that industrial policy in post-independence India was designed to promote a 'state capitalist' industrial economy, Baru (1995: 120) includes several additional passages from Part II which concede a 'wide berth' to government control, two of which I include here.

> In discussing different types of economic organizations from the point of view of planning, it is perhaps worthwhile pointing out that the distinction which is generally drawn between capitalism and socialism is somewhat overdone … [this distinction] has lost much of its significance from a practical standpoint (…). In our view, no economic organization can function effectively or possess lasting qualities unless it accepts as its basis a judicious combination of the principles associated with each school of thought.[167]

And further,

> These principles may be summed up as follows: first, that there should be sufficient scope for the play of individual initiative and enterprise; secondly, that the interests of the community should be safeguarded by the institution of adequate sanctions against abuse of individual freedom; and thirdly, that the state should play a positive role in the direction of economic policy and the development of economic resources. It is from this angle that we approach the problem of determining the place of the State in a planned economy in India.[168]

In Baru's interpretation, Part II of the plan provides evidence that the involvement of the state in the industrialization process, "both directly, through public goods investment in the infrastructure, capital and intermediate goods industries, and indirectly, through the introduction of appropriate trade and fiscal policies, was aimed at aiding the development of

[166] Baru (1995: 120, quoting directly from Thakurdas et al., 1944 [Part II]: 28).
[167] Ibid., quoting from Thakurdas et al., 1944 [Part II]: 25.
[168] Ibid.

indigenous capitalism" (1995: 120). This was, in Baru's view therefore, an industrial policy geared to promote a 'state capitalist' industrial economy in the post-independence period; a historical conjuncture in which 'socialist' planning had succeeded in generating rapid industrialization elsewhere, and in which even much of the capitalist West was espousing state interventionism as necessary to overcoming flaws considered inherent to the free market system (Ibid., p. 121). Sen (1982) reflects a similar interpretation:

> After the Second World War many mechanisms of state intervention, such has state control of the banking system, government participation in the development of new technology, the reaction of a trained labour force suitable for the adoption of the new technology, the nationalization of private enterprises, etc., were resorted to in order to infuse new life into post-war capitalism in the advanced capitalist countries. These steps were taken over and above the Keynesian prescriptions to reduce business risks and speed up the process of investment.[169]

Still, Sen goes further than Baru on this point, characterizing the Bombay Plan as a 'revolutionary step' in that it represented economic planning *on behalf* of India's bourgeoisie, at a time when planning was associated almost exclusively with the Soviet system. Indeed, while European states had turned to planning after WWII to accelerate growth and remove "certain imbalances in the capitalist structure," India was likely the first non-bloc country to attempt long-term economic planning with state ownership (not just management and control) of key industries (Sen, 1982: 93, n20). Explaining how this was possible, Sen argues that capitalist interests were incapable of resisting the Planning Committee's "determination to monopolize for the state the ultimate say in the future of industrialization in India" (Ibid., p. 95). Sen then further distinguishes the Indian trajectory from state intervention in advanced capitalist countries where, due to the lack of "capitalist class cohesiveness and coherent policy guidelines," states were forced to devise decisions and rules that reproduced private capital

[169] From Anupam Sen's (1982) *State, Industrialization and Class Formation in India* (pages 91-92).

accumulation (Ibid.). In the Indian context, by contrast, a distinct class-originated policy guideline did emerge, and though it ultimately rejected state ownership over key industries in principle, it did concede to a significant degree of state control, albeit reluctantly. Ultimately then, Sen concludes, the state intervened in India not because it was delegated the power to do so by the bourgeoisie, but precisely because the latter was too weak to prevent it from doing so.

> Despite protests from the bourgeoisie, the state in India could take the decision to own and manage the basic industries because it was independent of bourgeois control, and its freedom to act in the economic field could not be thwarted by the lack of support from the bourgeoisie (such as non-investment or withdrawal of investment).[170]

Chibber takes a very different tack on this matter, drawing out a much more nuanced analysis which argues that, far from being "independent of bourgeois control," it was in fact the state's industrial planning efforts which were ultimately thwarted. Shortly after the release of Part II of the Bombay Plan, the colonial government's newly created Planning Department released its *Statement of Government Industrial Policy* in April, 1945. Left out of the *Statement* was any reference to labour as a partner in production or profit sharing, a major point of contention during the NPC process. The statement also said that basic industries "*may* be nationalized" but only in cases where "adequate private capital is not forthcoming *and* it is regarded in the national interest to promote such industries," or in industries that rely too heavily on state funds, i.e., "in which the tax element is much more predominating than the profit element" (Chibber, 2003: 105). Despite these careful qualifications, however, both the Bombay Plan and the Industrial Policy Statement were met with hostility from wider segments of the capitalist class who characterized the proposals outlined therein as "undue interference

[170] Ibid., p. 95.

and restriction" and pushed instead for the fullest possible decontrol of prices and investment (Ibid.).

Far from the 'revolutionary step' outlined in Sen (1982), Chibber (2003: 105) notes that, when faced with this hostile reaction from the broader business class, signatories to the Bombay Plan "beat a quick retreat." Rejecting the idea that this 'loaded silence'[171] was rooted in bourgeois apprehension to conceding excessive control to the colonial government, Chibber offers a much simpler explanation: by 1945, the Indian business class saw no need for concessions to the Left (because by then the 'Old Guard' of the Congress were firmly back in control of the party machinery) while at the same time immense business opportunities were emerging in areas formally dominated by British firms (Ibid., p. 107-108).

India's early industrialists were in favour of subsidization, indeed, they knew they would not be competitive without it, but the disciplinary powers that would be vested in the state, as described in the second iteration of the Bombay Plan, were simply too unpalatable to a capitalist class that saw a left in decline and unprecedented domestic investment opportunity, following the flight of British capital. Comparing the Indian and Korean industrialization models, Chibber (2003: 108) puts it thusly:

> Whereas [state-led planning] in Korea could be regarded as a condition for garnering high profits—because of the nature of ELI [export-led industrialization] as an investment model—in Indian conditions there was ample opportunity for profits *without* state discipline. Markets would be protected from international competition; many lines opening up were those in which Indian industry already had a toe-hold, so the state's logistical support—as in export markets—was not necessary; the need for closely coordinated investment was not dire, since the absence of competition made it possible to accept a slower emergence of backward and forward linkages. So state managers simply did not have the leverage to demand performance that their Korean counterparts did. Of course, state *assistance* was seen as very important by business and it never

[171] *Bombay Free Press Journal*, April 24, 1945, cited in Chibber (2003: 106, n90).

stopped clamouring for it. Where it drew the line was on the issue of such assistance coming with *conditions* in tow.[172]

I can't help but agree with Chibber on this point, though perhaps its significance need not be overstated. The crucial take away is that most historiographies of Indian industrialization tend to characterize the period just prior to independence (1939-1946) as one in which the industrial class in India was largely in favour of disciplinary planning; the myth of the so-called 'developmental bourgeoisie'. The reality is that while opposition did intensify after independence, the Indian business class was not under any great degree of pressure to accept a disciplinary bargain (again, largely because they already occupied a dominant position in most key industries, and because they already enjoyed a high degree of protection in the home market). Congress was already committed to a protectionist ISI agenda, and besides, its members likely did not have the leverage to overcome resistance on the part of the business class anyway, whether they needed logistical support from (yet to be named) state agencies/institutions, or not. My concern with this chapter in Indian history is not so much with how it differs from the East Asian experience, or with state-building more generally (as in Chibber's case) but with how the struggle between an emergent post-colonial state and nascent industrial bourgeoisie shaped India's prospects for structural change in the in the decades to follow, that is, in the early post-independent period, to which I now turn.

Section 3.2: Indian Industrialization in the Late Colonial and Early Independence Period (1940s to 1980s)

In the late summer of 1947, after nearly a century of Crown Rule under the British Raj,[173] India achieved formal independence from colonial occupation. India's economy during this period (1858 to 1947) was oriented towards the promotion and protection of British interests, with the bulk of public revenues absorbed by tax collection, defence expenditures,

[172] Chibber (2003: 108; emphasis original).
[173] Which followed nearly a century of rule under the British East India Company.

and law & order enforcement activities (Kumar & Desai, 2008: 947).[174] At the time, agriculture and related activities (such as animal husbandry, forestry and fishing) employed some three-quarters of India's workforce, accounting for well over half of national income (Tomlinson, 2013: 24). Notably, while the percentage of workers employed in agriculture grew from 74.8 percent in 1911 to 75.7 percent in 1951, the share of national income derived from the sector fell from 66.6 percent in 1900-1/1904-5 to 57.6 percent in 1942-3/1946-7, resulting in an overall decline in the relative product (percentage of workforce divided by percentage of national income) from 0.89 to 0.76 over the period (Ibid.).[175] Per capita foodgrain availability also declined during this period, falling by nearly 1 percent per year between 1911-1947 (Ibid.). Output was not static overall, however. Rather, as Tomlinson (2013: 25) makes clear "progressive forces were always cancelled out by regressive ones, and … periods of dynamism were interspersed with periods of enervation." Cash-crop booms occurred alongside declining agrarian productivity and food security and, between 1872-1921, the life expectancy of the average Indian citizen fell by as much as 20 percent (Davis, 2002: 312). Where progress was achieved under Crown Rule, it was by and large "ephemeral and quickly absorbed into the huge inertia of rural poverty" (Ibid.).[176] Even in the most dynamic cash crop sectors, peasant agriculture remained "radically undercapitalized," meaning only a select class of "moneylenders, absentee landlords, urban merchants and a handful of local industrialists"

[174] The colonial government did prioritize large-scale investment in India's railway network and, though these and related strategic requirements were designed primarily to facilitate the transport of resources extracted from hinterland regions to ports, the subsequent effect on local industry was cheaper and easier access to wider markets. Still, public investment in irrigation, roads, and related development-oriented infrastructure was minimal, while active and consistent policy to promote indigenous industry was non-existent; and this despite what was widely perceived to be a shift in attitudes on the part of colonial rulers to problems of local development after the 1930s (Kumar & Desai, 2008: 947).

[175] Tomlinson (2013: 23, n. 1) adds that, over the same period, the relative product of workers rose from 1.71 to 2.13 in manufacturing, and from 0.95 to 1.38 in services.

[176] As the American historian and philosopher Will Durant wrote in 1930: "The British conquest of India was the invasion and destruction of a high civilization by a trading company [the British East India Company] utterly without scruple or principle, careless of art and greedy of gain, over-running with fire and sword a country temporarily disordered and helpless, bribing and murdering, annexing and stealing, and beginning that career of illegal and 'legal' plunder which has now [1930] gone on ruthlessly for one hundred and seventy-three years" (quoted in Tharoor, 2018).

benefitted in any significant measure from India's renewed position *vis-à-vis* world trade (Ibid.). According to Singh (2008) the GDP growth rate in the second half of the twentieth century was ten times faster (averaging nearly 5 per cent per annum between 1950-2000) than in the first half (compared with just 0.5 per cent per annum between 1900-1950).

In the industrial sector specifically, it is clear that the British destruction of textile competition from India led to the first great de-industrialization of the modern world.[177] In the 1750s, for example, the value of Bengal's textile exports alone is estimated to have been around 16 million rupees annually (roughly a third of which was exported by European traders based in India); Bengal's silk exports were worth another 6.5 million rupees annually (Tharoor, 2018: 25). Things changed dramatically however when the British took over, as they refused to pay for textiles and silk in pounds from Britain, preferring instead to settle accounts with revenues they extracted from Bengal, with the resulting deflationary effect on prices (Ibid.). They also forced out other foreign buyers, instituted at monopoly under the British East India company, and cut-off export markets for Indian textiles. Where this was not sufficient, East India Company soldiers destroyed looms and broke weavers' thumbs at the behest of British manufacturers, who otherwise found it impossible to compete (Ibid., p. 26).[178] Where destruction and extortion were crude tools of imperial violence, "[m]ore sophisticated modern techniques" came in the form of duties and tariffs, reaching as high as "70 to 80 per cent on whatever Indian textiles survived, making their export to Britain unviable" (Ibid.).

Despite this brutal legacy, and the daunting developmental challenges ahead, tremendous optimism surrounded the newly-independent nation as it prepared its first 5-year

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[177] For more on this topic, see also Bagchi (1976), Hickel (2018), Kumar (2015), Simmons (1985), as well as Tharoor (2015, 2018).

[178] "As British manufacturing grew, they went further. Indian textiles were remarkably cheap—so much so that Britain's cloth manufacturers, unable to compete, wanted them eliminated. The soldiers of the East India Company obliged, systematically smashing the looms of some Bengali weavers and, according to at least one contemporary account (as well as widespread, if unverifiable, belief), breaking their thumbs so they could not ply their craft" (Tharoor, 2018).

national development plan, arguably the most ambitious strategic development plan ever attempted in the developing world (Chibber, 2003), making India likely the first developing country in the non-communist world to institute comprehensive industrial policy (Singh, 2008). This early policy programme was greatly influenced by the close association of Indian planning architects with Fabian Socialism and UK Labour Party politics, drawing yet further inspiration from the highly successful Soviet planning model of industrial development (hence the adoption five-year plans).[179] High optimism rested on the general consensus among prominent observers that the essential precursors to successful economic 'take-off' were already firmly in place in India: a rich stock of natural resources; an advanced industrial base and administrative bureaucracy, relative to its Southern counterparts; and a political leadership committed to industrial transformation (Chandrasekhar, 2016). India's industrial sector had also become significantly diversified after the First World War and, given the sheer size of its population, boasted a relatively large domestic market for manufactured goods (and this despite low per capita income levels). Further, because it emerged out of a national movement against colonial rule, the newly formed independent government had the social sanction necessary to pursue the sweeping structural transformation goals it championed (Ibid.).

In the broadest terms then, India's economic strategy in the roughly three decades after achieving formal independence (1950-1980) are characterized by an emphasis on the role of heavy industry in the economic development process and the rapid build-up of the capital goods sector; a leading role for the public sector in the structural transformation of the wider economy; private sector investment allocation on the basis of plan requirements and objectives, not overall profitability; and an overall inward-orientation based on technological self-reliance, with a bias against imports.[180]

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179 See Tchitcherov's (1994) excellent work detailing the influence of Russian socialist planning on Nehru's thinking in this regard.
180 See Singh's (2008) working paper *The Past, Present and Future of Industrial Policy in India* for the University of Cambridge.

3.2.1: Managing the Indian Economy in the Era of Planning (1948-1966)

Among the myriad challenges which confronted India's independent government upon the transfer of power, they had also to contend with the social and political consequences of the Partition,[181] placing tremendous strain on the nation's financial and administrative resources, which were marshalled to control inflationary pressures, alleviate food shortages, and respond to a bourgeoning refugee crisis (Kumar & Desai, 2008: 949).[182] With respect to industry, the general lines of approach emerged rather quickly, crystalizing in the Industrial Policy Resolution (IPR) of 1948 which made explicit the principle that government would play a progressively active role in the industrial development process, "not so much through nationalization of existing enterprises as through an expanding role for the government in relation to new investments, particularly in the strategic sectors" (Ibid., p. 958). The government reserved for itself however not only the ability to regulate and oversee the industrial sector, but also to take over or expand existing enterprises, as well as invest in or initiate industries in areas typically reserved for private sector firms.[183] Still, areas reserved for public sector activity were restricted, and the nascent government would have to wait for later IPRs for an expansion of its regulatory powers and direct investment privileges (Ibid.).

India's First 5-Year Plan was put into action in 1951 and was characterized by significant investment from both the public and private sector. National income rose by 18 percent (at constant prices) between 1950-1 and 1955-6, and while the economy's overall

[181] The partition of India in 1947 into India, Pakistan and what would eventually become Bangladesh, displaced millions, creating a refugee crisis essentially overnight. Total migratory inflows between the three countries is estimated at 14.5 million, with total migratory outflows estimated at nearly 18 million, based on census figures from 1951 (Bharadwaj, Khwaja, & Mian, 2008). It is estimated that between 1 and 2 million people lost their lives in the brutal violence that ensued (*Hindustan Times*, 2017).

[182] It terms that today appear almost fantastical, it is notable that the Indian Constitution made explicit directive principles for the rights of citizens to "adequate means of livelihood, regulation of ownership and control of material resources for the common good and the avoidance of concentration of wealth and means of production."

[183] Kumar and Desai (2008: 958) list irrigation, transport, power and infrastructure as strategic sectors, along with defence industries, metallurgical and heavy machinery as areas typically reserved for public sector enterprises.

growth was less than remarkable (averaging roughly 3.5 percent growth, year-over-year, across this period)[184] the fact that sustained growth was achieved at all was indeed significant, especially in light of the tremendous uncertainty and instability which had surrounded the country over the previous 10-20 years (Tomlinson, 2013: 144-45). There was a surge in agricultural production under the First Plan (buoyed by especially good monsoons in 1953-4 and 1954-5) which helped soften inflationary pressures and stimulate demand for manufactured goods (Ibid.). Foreign exchange constraints furthermore, which loomed large in the immediate years after independence, were overcome through a revival in international trade, the securing of international aid packages, and drawings on India's sterling balances (short-term assets held in London against India's wartime expenditure on Britain's behalf, which could be spent with British agreement, largely on sterling goods) (Ibid.).

While the First Five Year Plan set the tone for an interventionist industrial policy framework, it was the Second Plan that provided the analytical foundation for the development strategy that was to be pursued, in some form or fashion, for the next several decades.[185] A more pronounced role for the state in the Second Plan was also generally considered necessary because: "first, … the scale of investment required in many industries was often too large for the private sector; second, … the public sector was seen to offset the economic power that concentrated in private hands; and third, … private investors often required higher risk premia for investment in some industries than was considered socially desirable" (Kambhampati, 2016: 336-337). The public sector was thus seen as an effective policy instrument capable of controlling the composition of economic activity, influencing wage and employment policies,

[184] I am basing this on data compiled in a 2003 report from the Indian Council for Research on Indian Economic Relations (ICRIER), see Acharya, Ahluwalia, Krishna & Patnaik (2003: 14, figure 2.1).
[185] The strategy was the brainchild of P. C. Mahanalobis, a mathematician and professor of statistics at the Indian Statistical Institute, also considered Nehru's most trusted advisor (Tomlinson, 2013: 145). He argued the "key to growth" was to be found "in investment in capital goods production, led by a public-sector-dominated 'industry-first' policy" (Ibid.). According to the model, depressed consumption during the *early* phases of the plan would allow extra savings to be stored up for release during a *future* phase of investment, and so "by switching resources to the production of capital goods and steel," the share of investment goods in the country's overall GNP would rise, while the share of consumption goods fell correspondingly (Ibid.).

and generating investable surpluses. The Industrial Development and Regulation Act (IDRA) introduced along with the Second Plan empowered the state "to use industrial licenses to channel public investment and to control entry, exit, product mix, expansion and therefore the patterns of investment in the economy," and called for the public sector to take a more "active role … in the development of infrastructure and of key sectors of the economy like defence, iron and steel, power and energy" (Ibid.).

The Industrial Policy Resolution (IPR) which accompanied the Second Plan referred explicitly to the "socialist pattern of society as the objective of social and economic policy"[186] (Ministry of Industry, 1956: 1, n2).[187] It identified seventeen strategic industries (including arms and defense equipment, iron and steel, heavy plant machinery, as well as most mineral extraction and processing activities, etc.) over which the state would take "exclusive responsibility" (Ibid., p. 2, n7; see also p.2, n8; see also Schedule A on p.5). Twelve more 'basic industries' (including machine tools, ferro-alloys, antibiotics and other essential drugs, fertilizers, as well as road and sea transport, etc.) were placed into a second category (Schedule B) which would be "progressively State-owned" (Ibid., p.2, n7). The idea here was that the state would take the lead role in establishing new undertakings, with the expectation that "supplemental contributions" would be made by the private sector[188] (see Ibid., p.1-2, n5; see also Schedule B in MoMSME, 2011). All remaining industries were to be put into a third

[186] On p.1, note 5, the IPR reads: "In order to realise this objective [that of governing industrial policy by the principles and directions of a socialistic pattern of society], it is essential to accelerate the rate of economic growth and to speed up industrialisation and, in particular, to develop heavy industries and machine making industries, to expand the public sector, and to build up a large and growing cooperative sector" (Ministry of Industry, 1956).

[187] The document continues: "The Second Five Year Plan will soon be placed before the country. This policy must be governed by the principles laid down in the Constitution, the objective of socialism, and the experience gained during these years [referring to the 8 years that had passed since the first IPR was adopted in 1948]". On the following page, the IPR of 1956 reads: "The adoption of the socialist pattern of society as the national objective, as well as the need for planned and rapid development, require that all industries of basic and strategic importance, or in the nature of public utility services, should be in the public sector. Other industries which are essential and require investment on a scale which only the State, in present circumstances, could provide, have also to be in the public sector. The State has, therefore, to assume direct responsibility for the future development of industries over a wide area" (Ministry of Industry, 1956: 2, n6).

[188] On p.2, note 5, the IPR reads: "The principle of cooperation should be applied whenever possible and a steadily increasing proportion of the activities of the private sector developed along cooperative lines."

category (see Schedule C in MoSME, 2011) where "future development" would be "left to the initiative and enterprise of the private sector".[189]

Both the Second and Third Plans placed heavy emphasis on industry over agriculture (Tomlinson, 2013: 147).[190] Because the increased capital required to improve production processes could not come entirely from domestic savings or budgetary resources, however, the Second and Third Plans became increasingly dependent on deficit financing and foreign investment (Ibid.). So while industry did expand significantly under the Second and Third Plans (see tables 3.1 and 3.2 below), underperformance in the agricultural sector had a constraining effect on India's overall national product (Ibid.).

Table 3. 1 Rates of growth of agricultural production, industrial production and national product, India, 1950/1951–1971/1972 (three-year moving averages, percentage change)

Years	Agricultural Production	Industrial Production	National Product
1950/1–53/4	7.03	5.11	4.23
1951/2–54/5	6.30	8.56	4.06
1952/3–55/6	4.32	10.51	3.45
1953/4–56/7	2.13	8.95	3.16
1954/5–57/8	-0.35	5.01	1.96
1955/6–58/9	4.66	4.89	3.67
1956/7–59/60	1.78	6.76	2.65
1957/8–60/1	7.10	8.95	3.29
1958/9–61/2	2.04	9.62	2.20
1959/60–62/3	2.40	9.05	2.38
1960/1–63/4	0.39	8.84	3.92
1961/2–64/5	3.89	8.85	5.30
1962/3–65/6	-1.78	5.45	2.39
1963/4–66/7	-2.57	2.35	1.29
1964/5–67/8	0.59	1.57	1.92
1965/6–68/9	6.13	4.32	4.14
1966/7–69/70	8.16	6.06	5.12

[189] On p.2, note 10, the IPR reads: "All the remaining industries will fall in the third category [Schedule C], and it is expected that their development will be undertaken ordinarily through the initiative and enterprise of the private sector, though it will be open to the State to start any industry even in this category" (Ministry of Industry, 1956).
[190] "Despite significant increases in investment, the growth rate of output in the economy as a whole remained roughly constant until the mid 1960s, and then fell somewhat, suggesting that the capital intensity required for incremental output was rising over the period, especially in the mining and manufacturing sectors" (Tomlinson, 2013: 147).

1967/8–70/1	4.15	4.84	3.55
1968/9–71/2	3.91	5.01	3.65

Note. Reproduced from Tomlinson (2013: 149, table 4.4).

Table 3. 2 Rates of growth of output, India, 1950– 1965 and 1965–1972

	1950-1965	1965-1972
Agriculture	5.16	1.70
Industry	7.70	3.82
National Product	3.60	2.32

Note. Reproduced from Tomlinson (2013: 149, table 4.5).

Distributional aspects of growth emerged as an area of emphasis in the late-1960s. This included increased controls on the domestic economy, measures to generate more equitable growth (including a tightening of the industrial licensing system), an accelerated drive towards ISI, and the adoption of progressive regulation in the foreign trade sector (Aggarwal & Kumar, 2012). Acts such as the Foreign Exchange Regulation Act (FERA) of 1973, and the Monopolies and Restrictive Trade Practices Act (MRTP) imposed further restrictions on foreign direct investment (FDI) and technology transfers, as well as the expansion of large firms. A "reservation policy was introduced to protect the small-scale sector; and banks and other financial institutions were nationalized to ensure the flow of credit to the designated sectors" (Ibid., p. 14). A series of redistributive programs were also launched "to generate employment and alleviate poverty; industrially backward regions were given special attention, and tax rates were raised to curb the consumption of the rich in favour of the poor" (Ibid.).

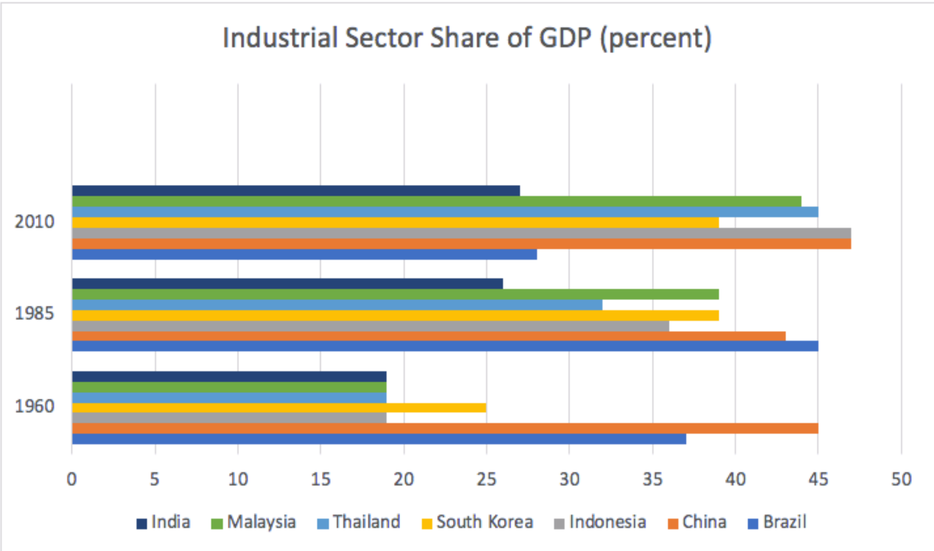
While there has been considerable debate over the question of India's industrial performance from the mid-1960s to early-1980s, it is worth remembering that for Nehru and Mahalanobis, the first wave of capital-goods based production was never intended to be labour intensive, nor was it be expected to create large numbers of goods for the under-employed peasants who wanted to vacate the countryside for better work (Corbridge, 2009). Instead, as mentioned briefly above, in order for the plan to work, this 'Lewisian' transformation (of moving 'unnecessary' labour from traditional into modern sectors) would—by design—have to wait for the *second* stage of India's industrial revolution. Again, the idea was that high rates of economic growth for India would ultimately depend on high rates of personal and government savings (equivalent to present consumption forgone) (Ibid.). Thus, if deployed efficiently for purposes of large-scale industrialization, cheap steel, chemicals and power could be mobilized by the state and its institutions for an expanding range of Indian-run companies, themselves capable of producing an expanding range of finished manufactured goods (from bicycles and motorbikes to radios, refrigerators and tractors, etc.) which the final consumer would then be able to purchase, given the aforementioned rise incomes and savings (Ibid.).

With the exception of the role of foreign capital in the postwar development process, prior to the 1960s, industrial policy in India enjoyed considerable consensus (Baru, 1995). Policy responses to a series of events including wars with China (1962) and Pakistan (1965), catastrophic drought (1965-67), and foreign exchange crisis (1966) served to undermine this consensus by allowing easier entry of foreign capital while at the same time feeding subsidies to Indian firms exporting to hard currency areas. More lurches towards liberalization were undertaken in the 1970s as greater concessions were offered to both foreign and domestic capital (Ibid.). The period of The Emergency (1975-77) witnessed a further decisive swing towards the political right in economic policymaking, leading to what Baru (1995: 126) has called the “final rupture” of national consensus on Indian industrial policy.

All of this is to say that the results of India’s first five 5-year plans (spanning roughly 3 decades) were contradictory. Industrial development remained locked in a cycle of high-cost production, causing manufacturing, which had been solid through the 1950s and 60s, to slow down considerably in the 1970s. Indeed, while the contribution of manufacturing to India’s GDP grew from 9 to 13 percent between 1950-51 to 1966-67, it would take another decade to reach 14 per cent, before peaking at 16.4 per cent in 1996-97 (Chandrasekhar, 2016). Successes from this period include the development of local industry, expansion of agricultural output (India became self-sufficient in wheat by 1975), and rising social development in areas such as life expectancy and employment. Still, industrial and agricultural output were inefficient, its effects were uneven, and inequalities persisted (Kiely, 1998: 94-95). Moreover, India's development experience over this period contrasts sharply with those of other, similarly placed developing countries (see figure 3.1):

> In 1960, industry contributed 37 per cent of GDP in Brazil, 45 per cent in China, 19 per cent in India, 19 per cent in Indonesia, around 25 per cent in South Korea, 19 per cent in Malaysia, and 19 per cent in Thailand. By 1985, the figures were 45 per cent in Brazil, 43 per cent in China, 26 per cent in India, 36 per cent in Indonesia, 39 per cent in South Korea, 39 per cent in Malaysia, and 32 per cent in Thailand. Thus, the period between 1960 and 1985 was one where, in most developing countries, rapid diversification in favour of manufacturing was occurring, but India had not shown the same tendency.[191]

Figure 3. 1



Note. The figure shows industrial sector share of GDP for India (dark blue) and comparable countries for three time segments, covering the period from 1960 to 2010.

In other words, despite some positive gains in the early post-independence period, India generally underperformed on the industrialization score relative to many of its peers when the

[191] Chandrasekhar (2016: 4) continues: "By 2010, industry's share in GDP fell in some of these countries (due to the rise of services), but increased further in others. The figures were: 28 per cent in Brazil, 47 per cent in China, 27 per cent in India, 47 per cent in Indonesia, 39 per cent in South Korea, 44 per cent in Malaysia, and 45 per cent in Thailand. Thus, long-term slow growth and subsequent near-stagnation of the share of industry in GDP in India were more of an exception than the rule among [comparable] developing countries."

entire period from 1950-80 is considered. Still, output from mining and manufacturing rose some 160 percent, and that of modern industry by more than 250 percent (Kumar & Desai, 2008: 961). Even more significant has been the widespread diversification of factory industry: in 1950, India's metallurgic, chemical, and other engineering industries were either non-existent, or were rudimentary at best, producing only consumer goods, spare parts, and other simple machinery inputs (Ibid.). By the early 1980s, by contrast, India was producing machinery, transport vehicles, and electrical equipment, demonstrating an "impressive range of industrial sophistication," while having significantly reduced the economy's overall reliance on the import of raw materials and capital equipment (Ibid.).[192]

Section 3.3: India's New Economic Policy and the Liberalization of Indian Industrialization After 1980

While commentators have pointed out that India's upward growth trend began as far back as the mid-1970s, consistent expansion above 4 or 5 percent per annum was not achieved with any regularity until after reforms were introduced in the early-1990s (Kohli, 2006a, 2006b). The Industrial Policy statement of 1977 did not extend public sector involvement in the economy and, generally speaking, the industrial sector was not seriously prioritized again until the Seventh Plan (1985-90) when the focus shifted to increasing industrial productivity through technological progress (Kambhampati, 2016). Reforms implemented during this period were designed to limit import licenses (especially on capital and intermediate goods), improve capacity utilization, and increase flexibility in production (Ibid.). The criteria for monopoly was raised from firms having Rs. 200 million in assets to those having over Rs. 1

[192] "[T]he three-fold increase in aggregate index of industrial production between 1951 and 1969 was the result of a 70 per cent increase in consumer goods industries, a quadrupling of the intermediate goods production and a ten-fold increase in the output of capital goods. The latter two categories are estimated to have contributed less than a third of the value added by large-scale industry in 1951; by the mid-1960s their share had risen to nearly two-thirds" (Kumar & Desai, 2008: 961).

billion, while further reforms exempted 27 industries entirely from the provisions of the Monopolies and Restrictive Trade Practices Act (MRTP) (Ibid.).[193]

Pressure to further liberalize Indian industry was intensified in the late-1980s (Kohli, 2006a). The once Governor of the Reserve Bank of India and eventual Director of the London School of Economics, I. G. Patel, claimed to speak for a consensus of policy makers in 1987 when he argued that "Indian industry must be subjected increasingly to the forces of competition, both internal and international, if it is to become more efficient and this requires that it be made increasingly free from the shackles of industrial licensing, import controls and other forms of control."[194] An often-quoted passage from *The Economist* magazine in the spring of 1991 echoes the sentiment:

> The hopes of 1947 have been betrayed. India, despite all its advantages and a generous supply of aid from the capitalist West (whose 'wasteful' societies it deplored), has achieved less than virtually any comparable third-world country. The cost in human terms has been staggering. Why has Indian development gone so tragically wrong? The short answer is this: the state has done far too much and far too little. It has crippled the economy, and burdened itself nearly to breaking point, by taking on jobs it has no business doing. At the same time, it has neglected essential tasks that only the state could have discharged. The more closely you examine this combination of hyperactivity and sloth, the more heroic India's modest achievements since independence come to seem.[195]

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193 "Under the governments of both Indira and Rajiv Gandhi (1980–4; 1984–9), bureaucratic controls on the industrial economy became less intrusive in some areas. Central government gave encouragement and patronage to a small group of established corporations, simplifying licensing legislation and weakening restrictions on monopolies, to allow them to expand operations and move into new areas of production, especially in partnership with foreign firms that provided advanced technology. At the same time, centrifugal political forces led to a decentralisation of economic power and some state-level governments adopted new policies to attract private investment, helped by the gradual dismantling of the old industrial licensing system that had used regional equity as one of the primary criteria guiding industrial investments. A new Industrial Policy Statement in 1980 to accompany the Sixth Five Year Plan (1980–5) stressed the need to promote competition in the domestic market, and encourage foreign investment in high-technology areas" (Tomlinson, 2013: 185-86).

194 Here Tomlinson (2013: 187) is quoting from I. G. Patel, 'On Taking India into the Twenty-First Century (New Economic Policy in India)', *Modern Asian Studies*, 21, 2, 1987.

195 From *The Economist* (May 4, 1991, p. 9) Volume: 319, Issue: 7705. The 'India Survey' from this issue was titled: *Tiger Caged*, an obvious reference to the fact that India had been unsuccessful in achieving 'Tiger' status, unlike some of its East Asian counterparts. More importantly, it amplified and reinforced rhetoric about the

Isher J. Ahluwalia, former Chair of the Board of Governors at the Indian Council for Research on International Economic Relations (ICRIER), summarized the adverse consequences of India's post-independence planning model in the following terms:

- "Barriers to entry into individual industries that limited the possibility of domestic competition;
- Indiscriminate and indefinite protection of domestic industries from foreign competition;
- The adverse effects of protecting small-scale industries and regional dispersal of growth on the choice of the optimal scale of production;
- Barriers to exit by not allowing firms, even when they were non-viable to close down, and the failure to move the resources to an alternative growing industry;
- Administrative hurdles inherent in a system of physical controls;
- Increased incentives for rent-seeking activities that resulted in dampening entrepreneurship;
- Little or no incentive to upgrade technology;
- Adverse effects of universal credit rationing through the nationalized banking system;
- Poor performance of public sector enterprises."[196]

In his 1992 book *India's Economy: The Shackled Giant*, liberal economist Jagdish Bhagwati grouped the factors responsible for India's economic failure into three broad categories: "extensive bureaucratic controls over production, investment and trade; inward-looking trade and foreign investment policies; and a substantial public sector, going well beyond the conventional confines of public utilities and infrastructure" (quoted in Srinivasan, 1996: 14). While the former two, in his view, "adversely affected the private sector's efficiency," the last, due to the "inefficient functioning of public sector enterprises," further undermined the contribution of public sector enterprises contribution to the overall economy (Ibid.). He adds that none of the stated rationales for the control system—such as the prevention of concentration of economic power, encouragement of small-scale and cottage

untapped "animal spirit" of India's capitalist entrepreneurs (see also Kohli, 2006a). *The Economist* reprised the metaphor nearly 20 years later with its 2010 India Survey: *Tiger Uncaged*, based on its prediction that India would eventually overtake China as the world's fastest growing economy, which it has done on several occasions since.

[196] Singh (2008: 6) is drawing from I. Ahluwalia's 1991 book *Productivity and Growth in Indian Manufacturing*, Oxford University Press, Delhi. (He credits the last two points on this list to the World Bank.)

industries, correction of the tendency of resource allocation based on market signals reflecting demand arising from the prevailing unequal distribution of income and wealth, or the development of backward areas—were "compelling in logic," that all were "misguided," and that their collective costs were "certainly considerable" (quoted in Ibid.). Singh (2008: 6) argues that the mediocrity of India's performance over this period was due primarily to a combination of massive and far-reaching shocks which rocked India's economy between 1965-75, including: "two wars with Pakistan in 1965 and 1971, suspension of foreign aid for various periods following each of the wars in 1965 and 1971, the economic effects of the earlier war with China in 1962, drought in the late 1960s, maxi-devaluation of the rupee around the same time and oil price-rise in 1973-74."

The 1980s did see significant industrial expansion in India, spurred on by rapid public expenditure growth (particularly in mining, electricity, and other capital-intensive industries)[197] and liberalization of the capital goods import sector (Mazumdar, 2012). Strong domestic demand, reduced dependence on petroleum imports (through import substitution), and significant export growth further bolstered the sector (Acharya, et al., 2003). Much of this industrial production relied on debt-financed public expenditure to shore up demand[198] and drive growth, however, tying the government to ever-widening fiscal and revenue deficits (Chandrasekhar, 2016). And as the decade wore on, it became clear that India's export growth would not be sufficient to offset rising expenditure outflows. The result was increased external borrowing (on loans of increasingly shorter maturity) from the IMF as well as commercial sources, further depressing net factor incomes.[199] India's twin deficit crises included a current account deficit, which had grown from 1.7 to 3 percent of GDP during the decade (Acharya, et

[197] Production of cars and jeeps (etc.), rose by 355%, motorcycles and scooters by 292%, and TV receivers by 964%! See tables 6 and 7 in Mazumdar (2012).
[198] In order to facilitate investment in non-essential manufactured goods consumption, aimed primarily at upper-income segments.
[199] It is also worth noting that, despite the impressive levels of industrial growth achieved during the decade, its employment effects were largely negligible (Patnaik, 1994).

al., 2003), alongside a fiscal deficit which had grown to 9.4 percent of GDP (Ghosh, 2006). The ratio of interest to exports meanwhile rose from 3.7 to 17.4 percent (Acharya, et al., 2003: 102).[200] The Gulf crisis of August, 1990 further exposed India's strategic dependence on the Middle East (and this despite significant ISI in the sector), with petroleum import costs reaching nearly US$ 6 billion in 1990-91 (Ghosh, 2006; Patnaik, 1994).

These conditions created the potential for a balance of payments crisis which, according to Patnaik (1994), was triggered in July, 1991, as Non-Resident Indians (NRIs) took out 'hot money', and as Indian exporters withheld foreign exchange earnings. With few options at hand, the Indian government turned to the IMF for emergency loans, seeding the ground for a broader economic policy shift towards liberalization; not just deregulation (of trade and foreign investment sectors), but also fiscal reform (which would tether public expenditure to fiscal deficit ratios) (Chandresekhar, 2016). The newly formed Rao government unveiled its Union Budget on July 24, 1991, announcing India's now full-throated embrace of liberalization under the New Economic Policy (NEP) banner. The 1991 budget was accompanied by the government's Statement on Industrial Policy, the "bedrock" of which would be to "let the entrepreneurs make investment decisions on the basis of their own commercial judgement" while reorienting government policy, institutions, and procedures to assist them in these efforts (Government of India, 1991).

The ambitious NEP reforms initiated in 1991 mimicked those advocated by structural adjustment policies globally, with an emphasis on increasing exports and relieving currency pressures. To achieve this, the government made the rupee convertible and further dismantled import controls. Topalova (2007) calculated tariffs decreased from 0.96 in 1989 to only 0.33 in 2001. Input tariffs also declined dramatically, going from 0.60 to 0.19 over the same period. The policy of nationalizing foreign-owned firms was reversed while controls regulating foreign

[200] India's fiscal deficit grew to 9.4 percent of GDP in 1990-91 (Ghosh, 2006).

direct investment were rolled back in all sectors, with the exception of arms, atomic energy, railway transport, coal and lignite, and mining. Following the reforms, India's GDP rose to 5.62 percent per annum in 1995, 7.7 percent in 2005, and almost 9 percent in 2010 (Kambhampati, 2016). India's GDP growth performance remained impressive through the last decade (2010-20), and it overtook China on this score on more than one occasion.[201]

Consistent GDP growth since the late-1970s has meant that per capita income has also risen steadily in recent decades. In 1980, India's GNI per capita was just $270.[202] In 1989 that figure had reached $390, and a decade later it was up to $440. GNI rose slowly at the turn of the century, but then shot up dramatically in 2003, rising by more than 13% over the previous year.[203] By 2005 India's GNI per capita had reached $710, and by the end of that decade it was up to $1,220; an increase of more than 127% in just three decades.[204] Looking at the most recent data available, India's per capita GNI for 2018 was up to $2020, an increase of more than 150% from levels recorded at the beginning of the liberalization period in 1980.[205] Despite this unprecedented growth, however, there is much debate about how growth in national income has been distributed. Note that, though data is somewhat sparse, between 1983 and 2011, India's Gini coefficient rose from 32.1 to 37.8, with the most significant rise occurring between 1993-2004 when it jumped from 32.7 to 36.8, an increase of nearly 12%.[206] More recent data from the ILO (2018: 55) shows that wage inequality increased for both regular rural workers (rising from 0.38 to 0.47 for men, and from 0.46 to 0.54 for women) and regular urban workers (rising from 0.39 to 0.44 for men, and from 0.48 to 0.52 for women) between 1993-94 to 2011-12. Casual workers across all categories (both rural and urban, male and female)

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[201] India's GDP growth rate outpaced China's in 2015, and 2016 (based on World Bank figures, available at https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=IN-CN).
[202] Here I am using figures from *Macrotrends*, available at https://www.macrotrends.net/countries/IND/india/gni-per-capita.
[203] Ibid.
[204] Ibid.
[205] Ibid.
[206] These figures are based on World Bank data available at https://data.worldbank.org/indicator/SI.POV.GINI?locations=IN.

have experienced somewhat reduced wage inequality over the period, though these gains appear to have ended for casual urban workers who are male.[207]

Since 1980, the share of labour in the national income has risen, on occasion, growing from 38.5 percent in 1981, surpassing the 40% mark in 1986, and peaking around 41% in 1988 (ILO, 2018: 56). About half a decade later there was another small expansion when the labour share of national income rose from roughly 35% in 1993 to roughly 39% in 2000 (Ibid.). The most recent rise began in 2007, but that expansion was the weakest of all, peaking at around 35% in 2013, after which the labour share of national income once again began to taper off (note further that between 1990-2007, the wage share index was 17.6 per cent *lower* compared to 1980).[208] Outside of these protracted periods of expansion, however, the long-term trend over the period for which we have the most reliable data (1980 to 2013) has been one of precipitous decline.[209] This secular decline, stretching more than three decades, is consistent with broader global trends: for developed countries, the labour share of national income dipped from 61.5% in 1980 to 54% in 2018, while in developing countries it fell from 52.5% to 50% between 1990-2018 (Takkar, 2019).

With respect to poverty, the World Bank has estimated that 456 million Indians, or 42 percent of the total population, lived under the global poverty line of $1.25 per day (based on purchasing power parity) in 2005–6, down from 60 per cent of the population in 1981 (World Bank, 2008). According to figures compiled by Narayan & Murgai (2016), poverty declined from 45.3 percent of India's population in 1993-94, to 37.2 percent in 2004-05. It is also notable that the pace of poverty decline improved after 2005, reaching 29.8 percent in 2009-10, and 21.9 percent in 2011-12 (Ibid.). The most recent World Bank figures currently available, which date to 2011, show that India's poverty rate fell to just 22.5% of the total (headcount ratio at

[207] For the report's discussion on wage inequality in India, see ILO (2018: 49-53). For the report's discussion on inequality in general, based on Gini coefficient figures, see ILO (2018: 53-55, in particular figures 35 and 36).
[208] These figures are drawn from the ILO's *India Wage Report* (2018: 56).
[209] Ibid., figure 37.

$1.90/day) that year.[210] When the dollar/day ratio is increased from $1.90 to $3.20, however, the poverty rate rises to 61.7% (approximately 750 million people).[211] In 2012, India accounted for more than a quarter (26 percent) of the world's poor (Narayan & Murgai, 2016).[212]

One must of course be somewhat cautious in extrapolating too much from aggregate national-level data, however, particularly with a country as large and diverse as India, because it fails to distinguish the huge range of local conditions/spatial variance.[213] For example, while it is indeed the case that absolute poverty rates declined between 1994 and 2012 in all Indian states, (including in the low-income-states, or LIS category)[214] there has been divergence, rather than convergence, in terms of relative declines across states.[215] In order for convergence (between richer and poorer states) to be achieved, in other words, poorer states (including most of the LIS) will need to accelerate significantly the rate of poverty reduction.[216] Poorer states also tend to lag in reducing the share of their population vulnerable to falling *back into* poverty (what is often called the 'vulnerability line') (Naryan & Murgai, 2016).

3.3.1: Embracing Globalization

Imports and exports of both goods and services have increased as a share of GDP since the 1980s, though the latter category did not really begin to take off until after the third wave

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[210] From the World Bank's Development Research Group, Poverty headcount ratio at $1.90 a day (2011 PPP) (% of population) – India, available at https://data.worldbank.org/indicator/SI.POV.DDAY?locations=IN

[211] From the World Bank's Development Research Group, Poverty headcount ratio at $3.20 a day (2011 PPP) (% of population) – India, available at https://data.worldbank.org/indicator/SI.POV.LMIC?locations=IN

[212] Based on the updated $1.90 (2011 PPP) international poverty line.

[213] The south-western state of Kerala, for example, has in recent decades experienced rates of development comparable with some of the most advanced areas of China, while in states like Bihar and Uttar Pradesh, by contrast, "gender inequality in access to life-chances" are considered to be more severe than in many countries of Sub-Saharan Africa (Tomlinson, 2013: 193).

[214] According to the World Bank, the LIS group refers to the following: Assam (AS), Bihar (BH), Chhattisgarh (CT), Jharkhand (JK), Madhya Pradesh (MP), Uttar Pradesh (UP), Orissa (OR) and Rajasthan (RJ). The other states (out of the 21 larger states considered here for the analysis) are Andhra Pradesh (AP), Delhi (DL), Haryana (HY), Gujarat (GJ), Himachal Pradesh (HP), Jammu & Kashmir (JK), Karnataka (KK), Kerala (KL), Maharashtra (MH), Punjab (PJ), Tamil Nadu (TN), Uttarakhand (UK) and West Bengal (WB) (see Narayan & Murgai, 2016: 11, n17).

[215] States with initially higher rates of poverty saw smaller relative declines, both between 1994-2005, as well as between 2005-12 (Narayan & Murgai, 2016: 12).

[216] Consider that, despite accounting for roughly 30 percent of India's total population in 2012, just three states (Uttar Pradesh, Bihar and Madhya Pradesh) accounted for 44.2% percent of India's poor (Narayan & Murgai, 2016: 12).

of economic reforms were introduced in the late-1990s.[217] Recent work by Sinha (2016) on structural change in the composition of India's exports in the post-reform period, based on RBI data, found major growth categories were concentrated primarily in petroleum products (rising from 4.14 percent of total exports in 1987-88 to 20.05 percent in 2013-14), basic chemicals and pharmaceuticals (rising from 4.38 to 8.81 percent) and transport and equipment (rising from 1.61 to 6.86). Other important categories such as machinery and instruments, metal manufactures, and iron & steel also saw gains over the period, though none by more than 1 or 2 percentage points (see Appendix E for a comprehensive breakdown of changes in the composition of India's export basket between 1987-88 to 2013-14). It is perhaps worth noting that categories such as readymade garments, cotton yarn & fabrics, and leather manufactures, as well as primary commodities like tea and even iron ore, also saw declines over the period, demonstrating (or at the very least strongly suggesting) an important shift towards higher value-added manufacturing processes in the wider economy, though few if any of these categories comprise a significant share of India's export basket on their own.

Indeed, as noted before, India's export sector remains dominated by services. In 2003-04, India's IT sector[218] was valued at (USD) $16.7 billion (with exports accounting for about 77% of the total), ballooning to (USD) $120 billion in 2014-15 (with the export share rising to 85%); increasing the total value of the sector by more than 600% in just 11 years (Rao, & Balasubrahmanya, 2016). The ITES segment accounts for about 56% of total IT sales in India, though its share had declined relative to the other two higher-end segments (BPM and ER&D) in recent years (Ibid.).[219] India has emerged to become the world's leading destination for IT-

[217] The composition of India's imports has remained relatively stable since the 1980s, though there has been a clear shift from away from primary and towards manufactured goods in the composition of exports, going from 58 percent of the total in 1985 to 75 percent in 2002 (Tomlinson, 2013: 196).

[218] Which, in this context, refers to IT-enabled services (ITES), business process management (BPM), and engineering and research and development (ER&D).

[219] India's computer software/services and IT enabled services (ITeS) grew to USD 111 billion in 2016-17 (*The Economic Times*, 2018).

related outsourcing services, accounting for 55% of the global market (Ibid.). The sector also constitutes India's largest private employer in the organized sector, providing 3 million direct jobs, 7 million indirect jobs, and accounting for nearly 10% of GDP (Ibid.).

One must remember, however, that IT services (whether call centres, medical transcription services, or business-process outsourcing, etc.) are themselves heavily export-dependent (less so for software exports), are geographically concentrated (in terms of their distribution across the country) and, perhaps most importantly, draw their very life-blood from low-wages; i.e., "cyber-coolies" (Bidwai, 2003). Characteristics which led the eminent Indian columnist Praful Bidwai to presciently describe India' IT sector as an 'island phenomenon', meaning it was "structurally incapable" of driving the country "to another stage of development" (Ibid.). It seems his predictions have proven largely correct, as recent analysis from the Reserve Bank of India shows that the rate of growth of software and IT-enabled services exports (combined) has fallen from 21% in 2012-13, to 15% in 2014-15, to a low of 7.3% in 2015-16 (Chandrasekhar & Ghosh, 2017). Further data from the WTO suggests that the IT sector's ability to earn the foreign exchange sufficient to finance IT hardware imports has been shrinking (Ibid.).[220] The key take away here is that positive performance in the IT sector should "by no means" be taken as evidence that "services growth can substitute for manufacturing growth" (Ibid).

It should therefore come as little surprise that India's overall contribution to the world economy in the post-independence period has remained modest. In 1948, for example, India accounted for 2.2 percent of world merchandise exports, while China accounted for just 0.9 percent (Srinivasan, & Tendulkar, 2003). By the year 2000, however, China's share had climbed to 4.0 percent, while India's had fallen to just 0.7 percent (Ibid.). Today India accounts

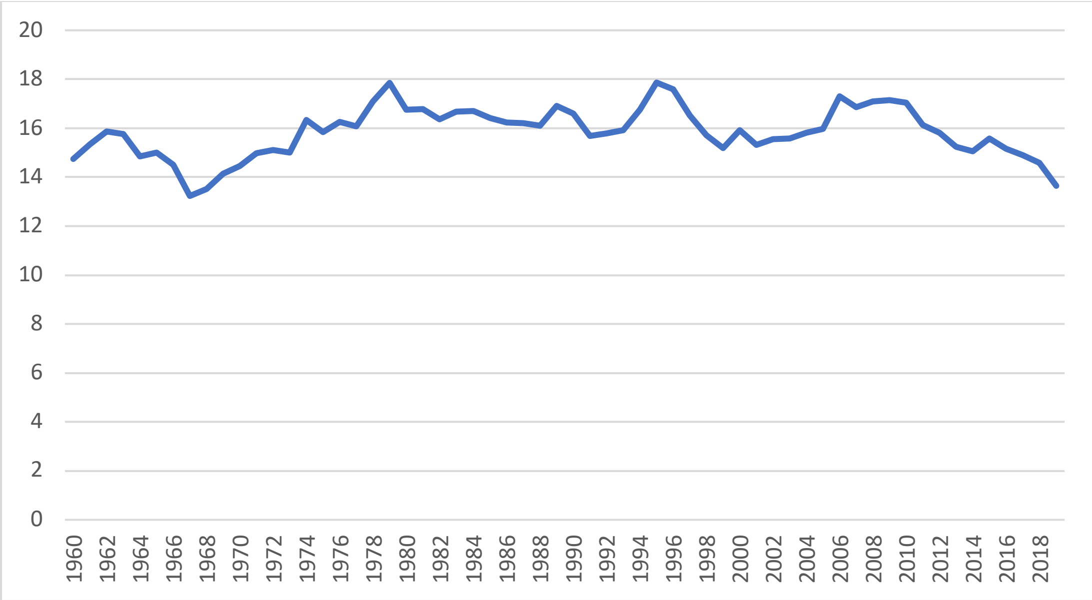
[220] Imports of electronic data processing and office equipment, for example, rose from 1,413 million in 2000, to 4,481 million in 2008, eventually reaching 8,293 million in 2015 (a trend showing no signs of slowing) (Chandrasekhar & Ghosh, 2017).

for only 1.7 percent of world merchandise exports (compared to China's 13.1 percent), and 2.6 percent of world imports (compared to China's 11 percent) (WTO, 2019).

With respect to manufacturing,[221] between 2010-2018, the total value of India's manufacturing output rose from $285 billion to $403 billion, but as a percentage of GDP, manufacturing output has actually fallen, declining from 17% to 14.8% over the period.[222] Where expansion of Indian manufacturing has been observed, it has relied heavily on imported technology coming from foreign partners (Tomlinson, 2013: 211). More recently, MVA in India declined from 15.6% in 2015, to14.9% in 2018, to just 13.1% in 2020.[223] This means, of course, that after roughly half a decade of Modi's 'Make in India' industrial strategy, MVA is worse today than the 13.71% achieved back in 1960, and down not insignificantly from a peak of 17.87% achieved in 1995-96 (refer to figure below).[224] In fact, looking at the nearly thirty-year history of the NEP post-reform period, we see that MVA accounted for 16.6% of GDP in 1990, peaked at 17.3% in 2006, and has since then only declined to its currently disappointing levels (see figures 3.2 and 3.3).

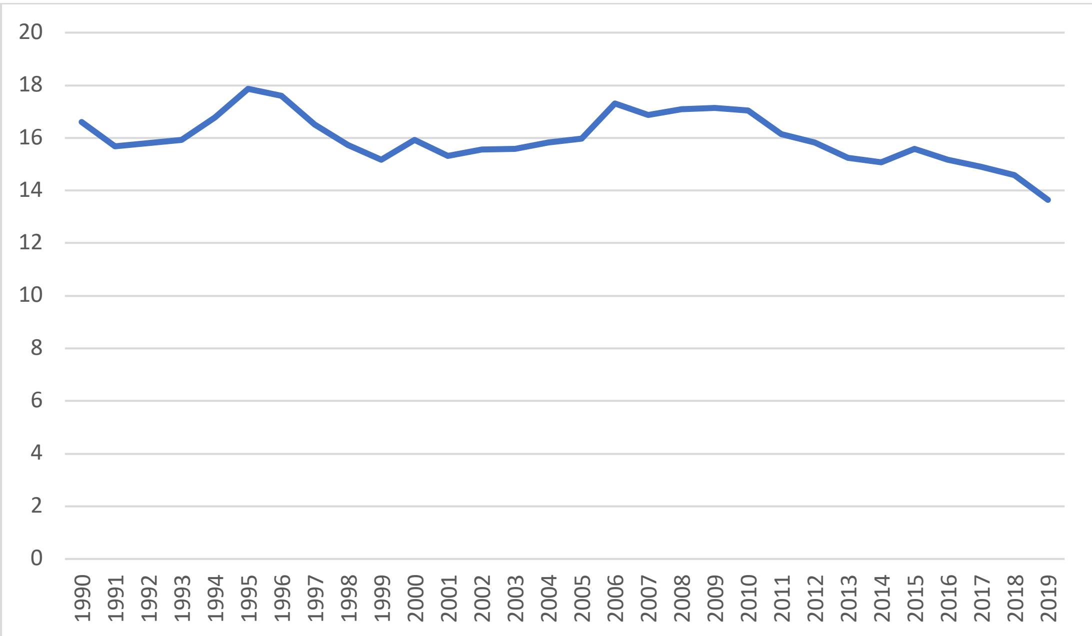
Figure 3. 2
Manufacturing, Value Added (MVA) as Percentage of GDP (India, 1960-2019)[225]

[221] "Between 1980 and the early 1990s, manufacturing output doubled, with electrical machinery and appliances, rubber and plastic goods, paper products, wood and wood products, and non-metallic mineral products leading the way. (…) Between the early 1990s and 2010, manufacturing output more than tripled, with the highest increases in machinery and machine tools, beverages and tobacco, and transport equipment" (Tomlinson, 2013: 210).
[222] These are World Bank figures compiled by *Macrotrends*, available at https://www.macrotrends.net/countries/IND/india/manufacturing-output
[223] These figures are from the World Bank, available at https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=IN
[224] A recent *Bloomberg | Quint* article, 'The Unmaking Of Make In India', provides a timely snapshot of Make in India's dismal failure to reach "any of its stated goals" (Dubey, 2021).
[225] Based on World Bank data from TradingEconomics.com (https://tradingeconomics.com/india/manufacturing-value-added-percent-of-gdp-wb-data.html).



Note. Source: Based on World Bank data from TradingEconomics.com (https://tradingeconomics.com/india/manufacturing-value-added-percent-of-gdp-wb-data.html)

Figure 3. 3
MVA as Percentage of GDP in the Post-Reform Period (India, 1991-2019)



Note. Source: Based on World Bank data from TradingEconomics.com (https://tradingeconomics.com/india/manufacturing-value-added-percent-of-gdp-wb-data.html)

3.3.2: Current Trends & Trajectories

Even before the Covid-19 global pandemic hit India's shores, it was clear the country's growth engine had begun to sputter. In fact, India's GDP growth rate slowed to its lowest levels in more than half a decade in the second quarter of 2019-20, plummeting to just 4.5% after reaching 7.1% in Q2 the previous year (*India Today*, 2019). Recent reports suggest that household consumption spending, including on food items, also fell in 2017-18, making it the first time this has happened in more than four decades (Kasliwal, 2020). Further, in May of 2019, it was reported that India's unemployment rate had reached a 45-year high, rising to 6.1% in 2017-18 (*Live Mint*, 2019). Looking at income distribution, income for the top 1% of earners in India increased by as much as 750% between 1980-2014, and by 1,138% for the top 0.1% of earners. Income for the bottom 50% of earners, by contrast, rose by only 89% over the same period (Sen & Walton, 2019). As if this weren't bad enough, the situation for India's rural economy, where the majority of the country lives, is even worse; rural consumption spending declined by 8.8% between FY11-12 and FY17-18, while average monthly spending on food declined by as much as 10% over the same period (Saskena, 2019).

Summary

Prior to India's independence, members of the All-India Congress were in large part committed to a lead role for the state in the industrialization process. While debates circulated over the relationship between large- and small-scale industries, the need for land reform, the role of the village economy, and so on, there was relative consensus around the idea that the prime responsibility of the state in an independent India would be the industrialization of the Indian economy; though with significant space reserved for the private sector. Indeed, not only was private enterprise largely seen as incapable of accomplishing large-scale industrialization on its own, but so too was India's capitalist bourgeoisie well aware they could not compete with multinational firms based in Japan and the industrialized West. Nehru's vision for a postcolonial compromise between a socialist- versus a profit-oriented approach was one in which centralized planning would bring about economic development without infringing upon private interests already operating in the economy, while at the same time mitigating new encroachments/entrants from the private sector.

The Quit India Movement brought significant pressure to bear, both on India's industrial elites, as well as the colonial government. While industrialists issued public calls for negotiations and social peace, in private they grew increasingly apprehensive about the potential for a mass movement against colonial rule to spill over into a broader mobilization against capital itself. Their primary concern, in other words, was not national independence, but the protection of profits and investment, and ensuring that business as usual continue unabated. The Bombay Plan is often held up as an example of a pro-state orientation among India's business class during this period; the so-called 'developmental bourgeoisie'. The reality is that while opposition did intensify after independence, the Indian business class was not under any great degree of pressure to accept a disciplinary bargain. What is crucial about this period for our current purposes is that it laid the groundwork for the state-led approach to industrialization that was pursued in the early-post-independence period (from 1947 up the 1970s), which helped to diversify economic activity away from traditional incumbents (for a time).

Improving economic conditions after 1954 set the stage for an ambitious Second Five Year Plan (1956-61). At the heart of the Second Plan was the Mahanalobis strategy which saw the capital goods industry as the main constraint on economic growth, and thus argued that investment in capital goods production, via a public-sector-dominated 'industry first' policy, was the key to growth. According to the model, depressed consumption in the early phases would store up extra savings for release during a future phase of investment, and by switching resources to the production of capital goods and steel, the share of investment goods in the country's GNP would rise as the share of consumption goods fell correspondingly. It was also during the Second Plan that a once nominal commitment to socialism was elevated to a 'central plank' in Prime Minister Nehru's approach to egalitarianism and welfare. Importantly, this was reflected in the Industrial Policy Resolution of 1956. The Second and Third Plans became increasingly dependent on deficit financing and foreign investment in order to meet outlay targets, however, and while rapid strides in industrial development were ultimately achieved during this period, lagging growth rates both in agricultural production and output depressed India's national product.

Successes from the roughly three-decade period covering the first five 5-year plans include the development of local industry, expansion of agricultural output, and rising social development in areas such as life expectancy and employment. Still, industrial and agricultural output were inefficient, its effects were uneven, and inequalities persisted. Moreover, India's industrial development experience over this period generally underperformed relative to its peers.

The ambitious NEP reforms of 1991 mimicked those advocated by structural adjustment policies globally with an emphasis on increasing exports and relieving currency pressures. Still, India's overall contribution to the world economy has remained modest, accounting for less than 2 percent of global trade in goods and services in 2019 (and this before the Great Recession), with exports concentrated primarily in low-tech sectors, while high-tech manufacturing sectors remain heavily (and on a rapidly rising basis) dependent on imports for crucial inputs. Despite calls from supporters that liberalization would liberate Indian industry from the shackles of state overreach and inefficiency, India's performance on MVA has remained largely stagnant since the 1960s, and it is lower today than it was in 1991 when the reforms were initiated.

Chapter 4

Background & Historical Context, Part 2: Focus on Odisha

In the previous chapter I provided a detailed overview of the history of industrialization in post-1947 India from the perspective of the country as a whole. In the current chapter I delve deeper, offering a condensed review of industrialization in the state of Odisha in particular, following a similar path of analysis. The chapter is broken into three sections. In section one I discuss the history of Odisha's industrialization in the pre-reform period (prior to 1991). Consistent with state-led industrialization efforts at the national scale, this period saw the establishment of one of the country's most ambitious industrial projects in the state, the steel plant at Rourkela, as well as the establishment of the Industrial Development Corporation of Odisha (IDCO, a nodal state government body which helped to coordinate industrial expansion in the pre-reform period). In section two I focus on the liberalization of Odisha's industrial policy in the post-reform period, when a very different role for the state was envisioned and effectuated. During this phase foreign direct investment (oriented towards the state's comparative advantage in cheap land and labour) was emphasized, while rules and regulations governing labour, land acquisition, and industrial licensing were dramatically scaled back. In section three I look specifically at the impact of these policies and evaluate their performance (in both industrial as well as socio-economic terms) relative to comparable states as well as to the all-India scale more generally. A short summary concludes the chapter.

Section 4.1: Early Industrialization in the State of Odisha (pre-1991)

Odisha (spelled 'Orissa' prior to 2011) achieved statehood in April, 1936, since which time its economy has remained predominantly agrarian. Industries in nearby states like

Jharkhand, as well as those farther afield like Maharashtra, Gujarat, and Tamil Nadu sourced raw materials from Odisha, where modern industry was virtually non-existent (Mohanty, 2016: 114). Indeed, at the time of India's independence in 1947, the main planks of Odisha's industrial sector were handlooms and handicraft industries, and by 1950-51, the state accounted for only 0.26 percent of India's total industrial production (Ibid., p. 113-114).

In the decade that followed, concerted attempts were made to lay the foundations for a dynamic industrial sector. Plans for the establishment of ferromanganese plants and paper mills, as well as cement, tube, aluminum and cable factories were planned for multiple districts across the state (Ibid.). Some of the country's largest hydroelectric projects in Hirakud and Machkund were also commissioned for power generation and transmission, as state and national highways were developed and expanded. A proposal to develop the country's first public sector integrated steel plant at Rourkela was finalized in November, 1955, and was accepted by the Government of India in February, 1956. Construction for the plant began in October that year and in February, 1959, the Rourkela Steel Plant was officially commissioned; its establishment a landmark in the industrial history not only of Odisha, but of the country more generally. Indeed, by 1960-61, Odisha's share of India's total industrial production had climbed to 2 percent (Ibid.).

The 1960s saw the completion of many industrial projects planned in the previous decade, along with intensified efforts for the development of infrastructure facilities. The Industrial Development Corporation of Orissa (IDCO) was established in 1962 with a mandate of promoting both public as well as private sector industries (Ibid.). Acting as both "pacesetter and pathfinder" for the industrialization of the state, IDCO began with the ambitious goal of financing some 800 registered factories with a total capital investment of roughly Rs. 290 crore, and by 1965-66, Odisha's share of India's total industrial output had risen to 2.5 percent (a nearly ten-fold increase in just fifteen years) (Ibid., p. 114-15).

It was also during the 1960s that several schemes were introduced to accelerate rural industrialization. One such scheme, Panchayat Industries, aimed at setting up local (panchayat-level) industries by floating industrial cooperative societies to "diversify occupational patterns" among rural people (Ibid., p. 115). Industries promoted under the scheme included agro-processing, light engineering, and foundry and fabrication industries. Difficulties associated with the marketing of these products, along with the lack of infrastructure and entrepreneurship in the state, however, prevented most units from thriving (Ibid.). A national recession in the latter part of the 1960s further stifled efforts for rural industrialization, such that, by 1969-70, the state's share in total industrial production had fallen to 1.9 percent (Ibid.).

By the end of the 1960s, Odisha had an established industrial profile with mining, metallurgic, and metal-based industries predominating, and with iron and steel alone constituting more than half (52 percent) of the state's total industrial output (Ibid.). Along with chemical fertilizers, electric light and power, and pulp and paper products, these highly capital-intensive industries accounted for as much as 89 percent of the total capital invested in the state's industrial sector, though they performed poorly in value added per unit of productive capital (Ibid.). Still, relative to other states, Odisha's capital intensity per unit of industrial employment was quite high. Overall, industrial activity was dominated by public sector industries, accounting for roughly half of total value added by the organized factory sector in 1964-65, raising the share to 68 percent in 1969-70 (Ibid.).

Odisha's industrial profile was little changed in the decade that followed, and as the state's population climbed to 3.5 percent of the national total, its share of total industrial production remained below 2 percent (Ibid.). Poor industrial performance could hardly have been surprising, however, given the highly unstable environment in which state politics operated. Indeed, though Odisha had come under President's rule for four months in 1961, this extreme measure was repeated four times in the 1970s (1973, 1976, 1977, and 1980).[226] Fiscal deficit challenges further complicated matters (Odisha's permanent debt more than doubled during the decade, rising from Rs. 652 million in 1970-71, to Rs. 1,311 million in 1979-80) leading the then Minister for Steel and Mines, Biju Patnaik, to argue (in a 1977 parliamentary session) in favour of taking on commercial loans from foreign countries, to be repaid with the help of partial exports of semi-finished/finished products (Shin, 2020: 114-115). Ultimately, Odisha left the decade of the 1970s trailing almost all major Indian states in terms of gross per capita output and per capita value added by manufacture: by 1978-79, Odisha's gross per capita industrial output was just Rs. 323 compared to the all-India average of Rs. 679, while per capita net value added by manufacture was just Rs. 73 compared to Rs. 146 for the all-India average (Mohanty, 2016: 116).

The 1980s, by contrast, represent a watershed in the history of Odisha's industrialization. While industrial policy statements were announced by the Government of Odisha prior to this period (in February 1968, August 1971, April 1977, and July 1979) they tended to focus on *ad hoc* measures to promote small-scale, village, and *khadi* (hand-woven) industries, and none could be said to have been comprehensive and focused. The industrial policy resolution of 1980, however, sought to turn things around (Ibid., p. 117). Renewed enthusiasm for the industrial sector was captured by the slogan 'thousand industries in thousand days investing thousand crores' popularized by then Chief Minister, Janaki Ballabh Patnaik. Under the plan, educated and unemployed youth from both from within and outside the state were encouraged with subsidies, concessions, and procedural relaxations to set up industries in the state, leading to the establishment of hundreds of small- and medium-scale industries in 'industrial estates' around Cuttack and Bhubaneswar (Ibid., p. 116).[227]

[226] See Ch. 5 in Sojin Shin's (2020) *The State, Society, and Foreign Capital in India*.
[227] Bhubaneswar replaced Cuttack as the state capital in August, 1949.

The next industrial policy statement was released in 1986, emphasizing technology upgradation, modernization of existing industrial units, and the establishment of sophisticated modern industries. Under the policy, new industrial units were exempted from sales tax for the first five years, and state districts were divided into zones corresponding to levels of industrialization: maximum incentives flowed to districts with the lowest levels, and minimum incentives to those with the highest levels (Ibid., p. 118). The industrial policy statement of 1989 added further incentives to boost pace of industrial growth in the state, including a novel provision for differentiated fixed capital subsidies aimed at reducing regional inequality, along with further tax incentives and special concessions for units employing members from key disadvantaged groups. The goal of these measures was to increase the dispersal of industries to rural areas, promote and support non-conventional energy equipment, and increase the competitiveness of the state's export sector (Ibid.). It is also notable that some of the state's largest and most successful industrial firms were established during this decade, including the National Aluminium Company (NALCO), Neelachat Ispat Nigam Limited (NINL), and Paradeep Phosphates Limited (PPL).[228]

Section 4.2: The Liberalization of Odisha's Industrial Sector (post-1990)

Odisha's Industrial Policy Statement of 1991 reflected the turn towards liberalization made at the Centre under the New Economic Policy banner that same year. It was formulated to create an industry-friendly environment through a selective process of liberalization and privatization through which private investors were provided attractive incentives, concessions, diverse institutional support, and infrastructural facilities. The framework was reformulated in 1996 when that year's industrial policy statement aimed at harnessing the state's industrial potential in the natural resources sector. Other objectives included the establishment of agro-

[228] These firms will come up again in Chapter 7, which focuses on industrialization in Odisha's Kalinganagar region.

based industries, strengthening of the rural economy, generating large-scale employment opportunities in industrial and commercial activities, the development of backward regions, as well as skills training and entrepreneurial development (Ibid., p. 119).

Odisha's industrial policy was again reformulated in 2001 in an effort to attract private capital and foreign direct investment (FDI) and make the state more "industrially vibrant" via a program of "aggressive industrialization" (Ibid.). Inflow of private capital, both domestic and foreign, was encouraged in sectors where the state had comparative advantage while benefits were offered to private investors, such as the sale of land at concessional rates, exemption of new industrial units from electricity duties, interest subsidies, tax concessions, rationalization of inspections and labour laws, and the simplification of rules and procedures for licensing and clearance (Ibid., p. 120). The 2001 policy emphasized that the relationship between government and industry was to be based on "mutual trust and belief" facilitated via the introduction a self-certification system for addressing issues of social and legal responsibility (Ibid.). The 2001 Industrial Policy also operationalized the oft' heralded 'single window system'[229] to allow for faster project clearances and information sharing, and to accelerate the pace of investment decisions.

In 2007 an even more proactive industrial policy was implemented, the objective of which was to reinforce and accelerate the industrialization process even further. Five zones were identified for the development of specific ancillary and downstream industries: Angul-Dhenkanal and Jharsuguda-Sundergarh-Sambalpur zones for the development of both steel and aluminium industries; Cuttack-Paradeep and Kalinga Nagar zones for the promotion of steel industries; and Rayagada–Kalahandi zone for aluminium sector (Ibid., p. 121)

[229] A composite three-tier application form system, with clearance levels corresponding to investments size (Mohanty, 2016).

As a result of these aggressive industrial policies and proactive investment promotion measures, including the simplification of documentation procedures and laws for conducting business in the state, Odisha has emerged as an investment hub in recent years (Ibid., p. 129). Indeed, by the end of 2013, the state had signed memoranda of understanding with 94 different investors, including "50 MoUs for steel, three for aluminium, 30 for power, four for cement, one each for auto components, oil refinery, titanium dioxide, and four for ancillary and downstream industries," with the total amount of investment earmarked in these MoUs amounting to Rs. 4,62,768.74 crore, equivalent to roughly 70 billion US dollars (Das & Acharya, 2016).

In the steel sector alone, which the Government of Odisha (2015) refers to as the "backbone of industry in the state," the 50 MoUs amount to Rs 2,30,422 crore (US$ 34.9 billion) and an estimated production capacity of 83.66 million tons per annum (MTPA). Of these, 30 projects have started partial production and correspond to an investment total of Rs. 80,506.17 crore (US$ 12.2 billion), and a production capacity of 12.66 MTPA of steel, 11.45 MTPA of sponge iron and 4.23 MPTA of related products. According to Odisha's state government, these industries have provided direct employment to 27,690 persons and indirect employment to 60,390 persons so far (Ibid.).

Prima facie one could make the argument that the aforementioned policy reforms and courting of industry have worked as intended. In the decade spanning 2004-05 and 2014-15, for example, Odisha's Gross State Domestic Product (GSDP) expanded at a compound annual growth rate (CAGR) of 11.5%, going from US$ 17.3 billion to US$ 51.3 billion, while Net State Domestic Product (NSDP) expanded at a CAGR of 10.9%, rising from US$ 15.2 billion to US$ 42.9 billion (IBEF, 2016). Below the surface, however, a more complicated and contradictory picture emerges.

Section 4.3: Evaluating Odisha's Industrial Performance in the Post-Reform Period

The section that follows provides a broad industrial profile of the state of Odisha in the post-reform period, with particular emphasis on the period after 2003-04, when the liberalization reforms described above were implemented in earnest. Fluctuations in Odisha's gross state domestic product (GSDP)[230] are considered in order to shed light on the state's economic performance in the aggregate, while sector-wise changes in the share of GSDP are presented to reveal the principal drivers of overall growth. Given that manufacturing generates significant multiplier effects (in terms of job creation and economic activity generally) in the wider economy that far outweigh contributions from all other sectors/sub-sectors,[231] I also emphasize relative changes in manufacturing value added (MVA), and in the relative share of GSDP attributed to the manufacturing sub-sector. Employment growth in the wider economy, and in the industrial and manufacturing sectors specifically, are also considered. On the socio-economic front, the section highlights per capita income, inequality, and HDI performance.[232] Taken together the data reveals, where industrial activity has occurred, few have benefited.

4.3.1: Aggregate Indicators at the State-Scale

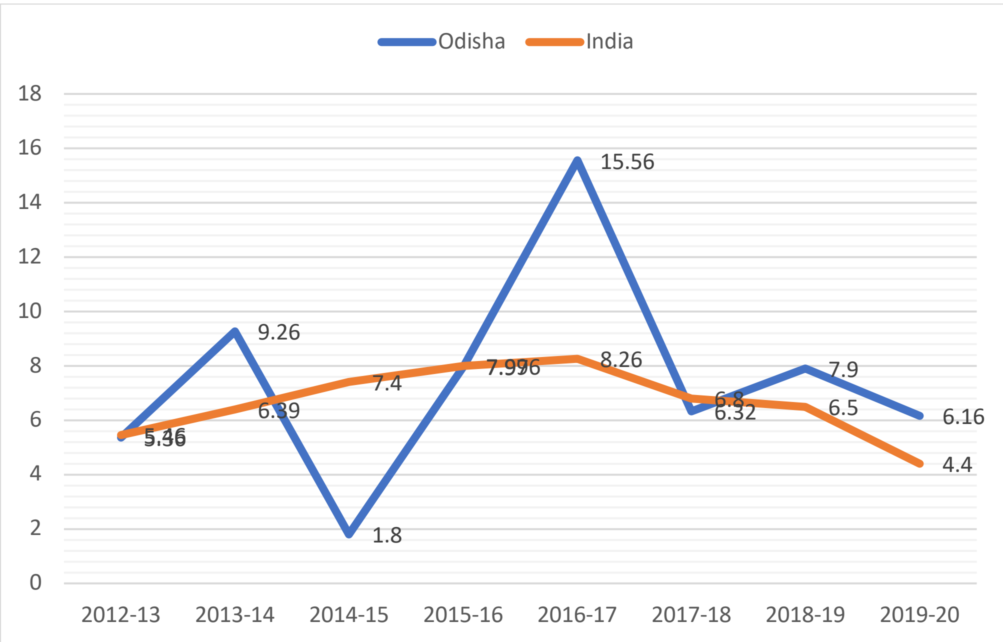
The 2018 edition of Odisha's state-wide economic survey provides a useful entry point. Using 2004-05 prices as a base, the study found that between 1951-2011 Odisha's GSDP grew at an annual average growth rate of 4.2 percent against the all-India average of 4.9 percent; a gap of 0.7 percent (Government of Odisha, 2018). Since 2003, however, Odisha's growth rate has entered a sustained period of acceleration, averaging an annual average growth rate above 8 percent against a national average of 7.5 percent, positioning it among India's fastest growing

[230] Gross state domestic product (GSDP) refers to the total value of goods and services produced, in a given financial year, within the geographical boundaries of a state.
[231] See also Haraguchi's (2016) UNIDO report for the continued relevance of this dynamic for developing countries seeking to climb the industrialization ladder.
[232] HDI refers to the UN's Human Development Index, a summary measure combining health, education, and standard of living (GNI) indicators.

states.[233] This performance gap has widened in recent years, with Odisha averaging an annual growth rate of 7.3 percent between 2012-19, as against the national average of just 6.95 percent.[234] Indeed, despite significant contraction in 2014-15, attributed to reduced mining and manufacturing activity in the state, Odisha's GSDP rate jumped to 15.6% in 2016-17 on the heels of increased agricultural production, fiscal consolidation, and manufacturing output (Government of Odisha, 2020). In the years since, Odisha's GSDP has remained above the national average (see figure 4.1 below), reaching 6.3% in 2017-18, 7.9% in 2018-19, and 6.16% in 2019-20 (Ibid.).

Figure 4. 1

Growth of GSDP in Odisha vs. Growth of GDP in India, Percent (at Constant 2011-12 Prices)



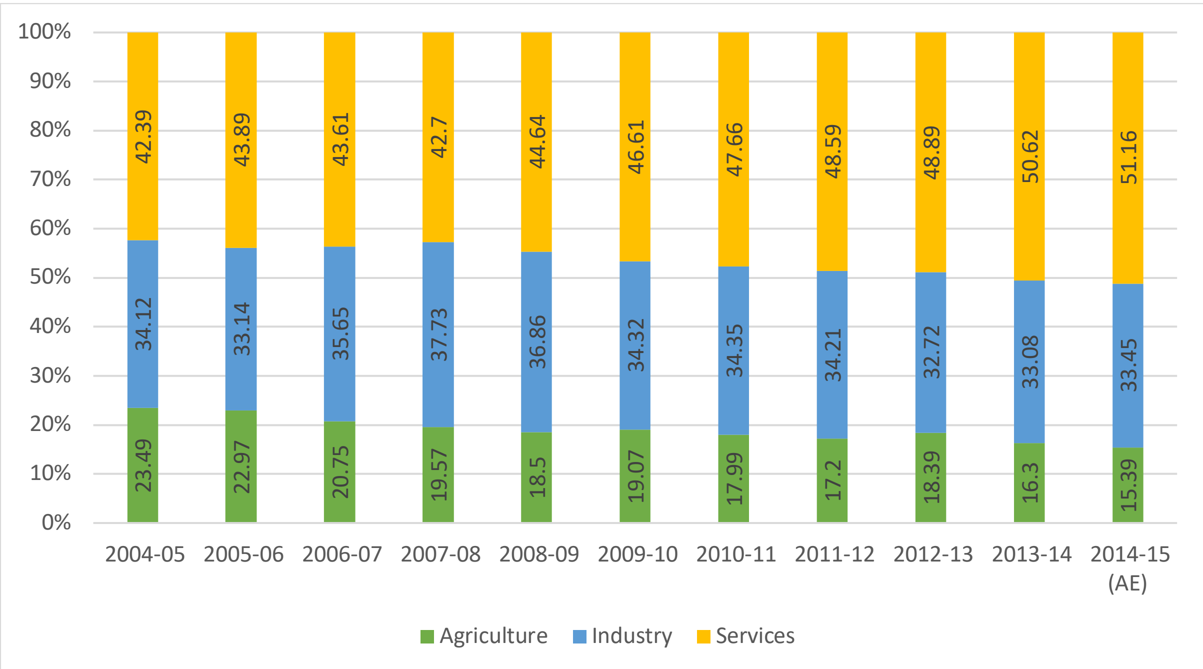
Note. Data for Odisha is drawn from DES (2020: 9), data for India is drawn from the World Bank (https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=IN).

[233] I am pulling these figures from multiple economic surveys of the state of Odisha (dating back to 2003), conducted by the state government (see the Government of Odisha, Economic Survey references in the bibliography section).
[234] These figures are pulled from *Statistics Times* (2021).

Having established Odisha's positive growth performance in the post reform period, and especially after 2003, it is worth considering how this growth breaks down by sector. In 2004-05, agriculture constituted as much as 23.49% of Odisha's GSDP, industry accounted for 34.12%, and services constituted the remaining 42.39% (Government of Odisha, 2015: 54). Over the next decade, while the share of agriculture fell to just 15.39%, much of the gains flowed to services, which grew to 51.16%, rather than industry, which actually contracted to 33.45% in 2014-15 (see figure 4.2 below).

Figure 4. 2

Composition of Odisha's Economy 2004-05 to 2014-15 (at factor cost)

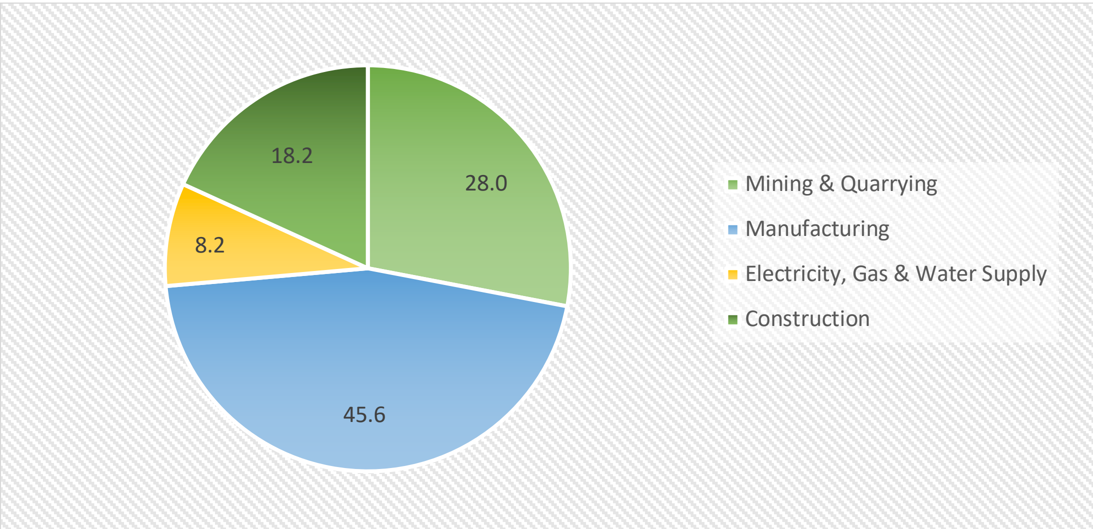


Note. The data for 2014-15 are considered advanced estimates (AE). The table is reproduced based on data provided in the 2014-15 economic survey (Government of Odisha, 2015: 2/5).

Since 2014-15 however, when it contracted by as much as 7%, Odisha's industrial sector has grown steadily, expanding by 16.47% in 2015-16, 6.3% in 2016-17, 5.23% in 2017-18 (Government of Odisha, 2018: 18). The share of Gross Value Added for Odisha's industrial sector has also performed well, averaging above 31 percent since 2011-12, while growing at a real average annual rate above 9% for the period (Government of Odisha, 2020: 68).[235]

Looking closer, we note that the industrial sector comprises four sub-sectors: (i) mining & quarrying, (ii) manufacturing, (iii) electricity, gas, and water supply, and (iv) construction. In Odisha, manufacturing accounted for 45.6% of industrial sector activity in 2018-19, with mining accounting for 28%, construction 18.2%, and electricity, gas, and water supply comprising the remaining 8.2% (refer to figure 4.3 below). This distribution has been remarkably consistent over the last decade, though with a declining trend in construction, the gains from which have flowed mainly to manufacturing (Ibid.).

Figure 4. 3
Share of sub-sectors in industry GVA in Odisha (2019-20) in percentage



Note. Shares calculated in current prices (Government of Odisha, 2020).

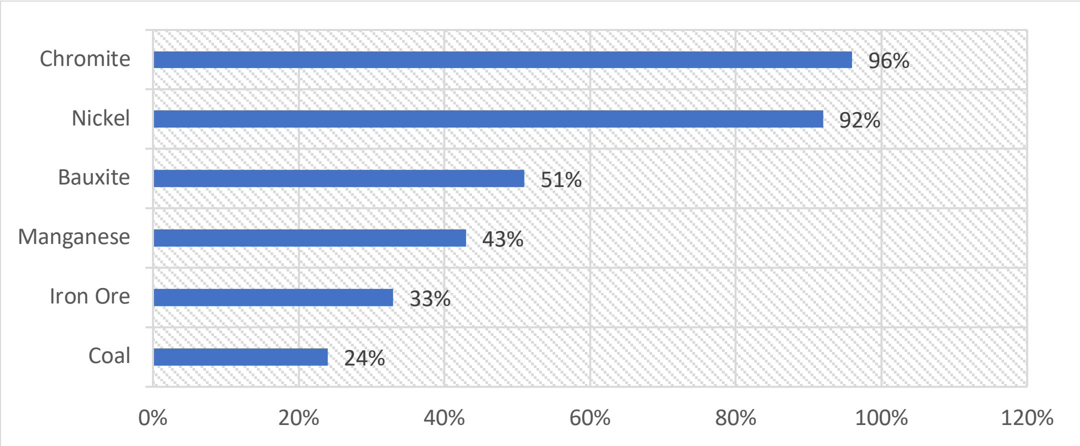
4.3.2: Mining & Quarrying (M&Q) Sub-Sector

Turning to the mining & quarrying sub-sector briefly, it is worth re-emphasizing Odisha's tremendous raw material and mineral resource wealth. According to the latest figures available,[236] Odisha accounts for 24% of India's coal reserves, 33% for iron ore, 43% for

[235] Calculated at constant 2011-12 basic prices.
[236] The reserve scenario of India is published in five-year intervals. These figures are based on data published in 2015 in Gov. of Odisha (2020: 71).

manganese, 51% for bauxite, 92% for nickel, and 96% of India's chromite reserves (see figure 4.4). The state also has a heavy concentration of limestone, china clay, quartz, precious and semi-precious stones, copper, and vanadium.

Figure 4. 4
Odisha's share of major mineral reserves in India



Note. Table reproduced based on data provided in the 2020 economic survey (Government of Odisha, 2020: 71).

Benefitting from improved exploration techniques developed over the last decade, the quantum of identified reserves of key minerals in the state has increased steadily since 2010-11 (refer to table 4.1 below).

Table 4. 1 Change in mineral/ore reserves in Odisha (in million tonnes)

Minerals/Ores	2010-11	2016-17	2017-18	2018-19	Change in Reserves in 2018-19 over 2010-11 in %
Iron Ore	5,008.3	7,168.2	7,874.6	8,065.4	61
Chromite	166.1	300.8	319.8	315.8	90
Coal	65,010.3	75,895.7	77,284.8	76,994.2	18
Bauxite	1,800.9	2,047.7	2,039.2	2,083.6	16
Limestone	1,000.7	1,764.5	2,163.8	2,158.7	116
Mineral Sands	222.3	266.4	363.9	366.1	65
Graphite	4.4	18.9	19.2	19.2	336
Manganese Ore	118.6	211.9	217.8	217.3	83

Note. Reproduced from the 2020 economic survey (Government of Odisha, 2020: 72).

With respect to mineral production, Odisha led all Indian states in 2018-19, accounting for 24.68% of the total value of all major minerals produced in the country,[237] and generating

[237] This category excludes coal, lignite, sand for stowing, and all minor minerals.

some Rs. 7,581 crore in state royalties;[238] a rise of more than Rs. 30,256 crore, or 49.95 percent over the previous year (Ministry of Mines, 2020: 38; *New Indian Express*, 2020). In fact, since 2009-10, Odisha has outperformed all Indian states (excluding off-shore production) in this category every year on record.[239]

While the growth trend in the mining & quarrying sub-sector began accelerating as far back as the early-1980s, growth since the early-1990s (i.e., in the post-reform period) has outpaced all other decades by a wide margin (see Das & Acharya, 2016: 149). Breaking this growth down by mineral, we can see that growth in Odisha's mineral sector in the post-reform period is driven primarily by accelerating iron ore production: since the late 1990s, growth in iron ore has outpaced all other major minerals, averaging 19% growth per year between 1997-98 and 2010-11 compared with just 8% for both coal and chromite, and only 5% for both bauxite and limestone (Ibid., p. 150).

On this point, three interesting features pointed out by Das & Acharya (2016) are worth emphasizing. First, the share of exports in Odisha's total mineral production rose consistently from 1999-00 to 2006-07, before falling every year to 2011-12 (driven in large measure by demand from China in the run up to the Beijing Olympics in the summer of 2008). Second, growth in iron ore production during this period was driven largely by external as opposed to internal demand. And third, China has overtaken Japan to become the major destination for iron ore exports from Odisha: in 1990-91, Japan accounted for 64% of all iron ore exported from the state, while China accounted for just 0.2%. By 2011-12, Japan's share of Odisha's iron ore exports had fallen to just 5.97%, while China's had climbed to a staggering 90.16% (Ibid.).

[238] The total amount of royalty revenue generated by Odisha in 2018-19 (Rs. 7,581 crore) was more than double that generated by the next leading state, Rajasthan, which maxed out at just Rs. 2,908 crore (Ministry of Mines, 2020: 38).
[239] After Odisha, major mineral producing Indian states (listed here in descending order) include Rajasthan, Chhattisgarh, Karnataka, Madhya Pradesh, and Jarkhand. Generally speaking, this picture has not changed over the last decade.

The total amount of state revenue generated from mineral production in Odisha (over and above the total state royalty accrual) has risen steadily over the last half decade, rising from Rs. 5,519.58 crore in 2013-14 to Rs. 10,479.12 in 2018-19. This is consistent with a longer-term rise in the share of mining in total state revenue in the post-reform period, climbing from just 2.6% in 1990-91, to 23.5% in 2018-19 (Government of Odisha, 2020: 73).

Taking a longer-term view with respect to mineral sector employment, Odisha has made consistent gains over the last 15 years or so, with the total number of persons directly employed in major mineral activities rising from 49,837 in 2004-05 to 58,600 in 2018-19 (Government of Odisha, 2012: 176; 2018: 144; 2020: 74). A closer look at the data however reveals that employment figures have fluctuated a great deal over this period. Indeed, the 58,600 persons employed in 2018-19 is lower than the 59,417 total reached in 2012-13, and only marginally higher than the 55,764 total reached in 2005-06. Furthermore, in a leading mineral state with nearly 50 million people, 55,000 jobs is hardly anything to boast about.

These aggregate employment figures however are of little value without output figures to measure them against. To this end, Das & Acharya (2016) took the ratio of the former to the latter to compute employment elasticity in the sub-sector.[240] They found that while output in the M&Q sub-sector recorded positive growth every year between 1999-00 and 2011-12 (with the exception of 2011-12), employment recorded negative growth for eight years in the time series. From this data, Das & Acharya (2016, see table 5.11) were able to conclude that, across the twelve-year period covered in the study, output growth in the Odisha's mining sub-sector was achieved by reducing employment in all but three years (2004-5, 2005-06, and 2007-08).

[240] Note that positive employment elasticity implies additional persons employed for an additional unit of output, while negative employment elasticity implies fewer persons employed per additional unit of output.

4.3.3: Manufacturing Sub-Sector

Odisha's high mineral concentration has made it an attractive destination for a range of metallurgic firms, as well as other downstream industries that use metals as raw materials, such that manufacturing has emerged as a major growth sector for the state in recent years, consistently ranking among the nation's leaders in terms of live manufacturing investments.[241] In 2016-17 for example, investment in Odisha's manufacturing sector grew by 16.5% over the previous year (compared to just 4.6% for all-India that year) (Government of Odisha, 2020: 70).

GVA for the manufacturing sub-sector amounted to Rs. 62,016 crore in 2017-18, accounting for 16.23% of gross state domestic product (GSDP) that year (Government of Odisha, 2018: 119). Between 2012-13 and 2018-19, Odisha's manufacturing sector grew at an impressive average annual rate of 11.2% (Government of Odisha, 2019: 77), though all four industrial sub-sectors experienced contraction in 2019-20 (Government of Odisha, 2020: 69).

Over the last eight years, growth in manufacturing has outpaced all other industrial sub-sectors on at least four occasions (2013-14, 2016-17, 2017-18, and 2019-20) (see table 4.2 below) and, since 2011-12, the sub-sector has dominated in terms of percentage share of Gross State Value Added (GSVA) (see table 4.3 below) (for a breakdown of GVA in lakh rupees, see Appendix F).

Table 4. 2 Growth of Gross Value Added (GVA) by economic activity at constant (2011-12) basic prices

Economic Activity	2012-13	2013-14	2014-15	2015-16	2016-17 (3rd RE)	2017-18 (2nd RE)	2018-19 (1st RE)	2019-20 (AE)
All Primary	8.68	4.35	1.29	2.95	16.96	-5.96	12.08	5.56
Mining & Quarrying	-1.96	19.29	7.94	28.83	13.74	-3.38	16.18	3.42
All Secondary	-0.46	15.07	6.66	8.88	22.73	7.15	7.89	4.42
Manufacturing	-3.19	21.21	9.43	10.66	33.17	8.56	7.71	5.92

[241] See for example Behera (2018) and *The Hindu* (2016).

Electricity, Gas, Water Supply & Other Utility Services	19.23	6.78	6.89	20.27	7.35	-1.91	10.05	5.14
Construction	2.43	6.73	-0.29	0.36	7.12	7.88	7.68	4.42

Note. The 'All Primary' activity category includes agriculture, forestry, and fishing. RE refers to *revised estimates*, and AE refers to *advanced estimates*. Green shading indicates the leading sub-sector. Table reproduced from the Government of Odisha's Directorate of Economics and Statistics (DES, 2020: 16).

Table 4. 3 Percentage share of Gross Value Added (GVA) by economic activity at constant (2011-12) basic prices

Economic Activity	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17 (3rd RE)	2017-18 (2nd RE)	2018-19 (1st RE)	2019-20 (AE)
All Primary	29.89	30.85	29.56	29.56	28.35	29.25	26.18	27.02	26.89
Mining & Quarrying	12.03	11.20	12.27	11.15	13.38	13.42	12.34	13.21	12.88
All Secondary	31.57	29.84	31.53	29.05	29.47	31.91	32.53	32.32	32.15
Manufacturing	18.69	17.18	19.12	17.10	17.63	20.71	21.39	21.20	21.17
Electricity, Gas, Water Supply & Other Utility Services	3.52	3.99	3.91	3.59	4.03	3.81	3.56	3.61	3.58
Construction	9.35	8.67	8.49	8.36	7.82	7.39	7.58	7.52	7.40

Note. Source: DES, 2020: 15.

This positive performance on the part of Odisha's manufacturing sector led the latest *Economic Survey* to describe it as the "driving force" for Odisha's economy (Government of Odisha, 2020: 80). And while such a characterization may at first appear wishful thinking, the claim does not go unsupported. Indeed, according to the latest data available, Odisha's GDSP has averaged a compound annual growth rate of approximately 7.5% growth over the last eight years, dating back to 2012-13.[242] Over the same period, manufacturing in the state has averaged an average annual growth rate of 9.31%, outpacing GDSP growth by nearly two percentage points. Further, when compared economy-wide across all Odisha's sub-sectors, including from the tertiary sector, manufacturing has led in terms of percentage share of GSVA every year since at least 2011-12 (DES, 2020: 15). Note as well that while the share of manufacturing in net state domestic product (NSDP) declined in the immediate decades prior to the 1990s (from 6.4% in 1971-80 to 5.6% in 1981-90), it rose in the post-reform period, from 5.8% in 1991-

[242] Odisha's industrial sector has averaged roughly the same rate of growth over the period.

2000 to 8.6% in 2001-12. It is also clear that, year-over-year, manufacturing growth performance has accelerated in the post reform period: 7.06 for 1971-80 and 8.65 for 1981-1990 as against 2.36 for 1991-2000 and 15.91 for 2001-12 (see Mohanty, 2016: 123).

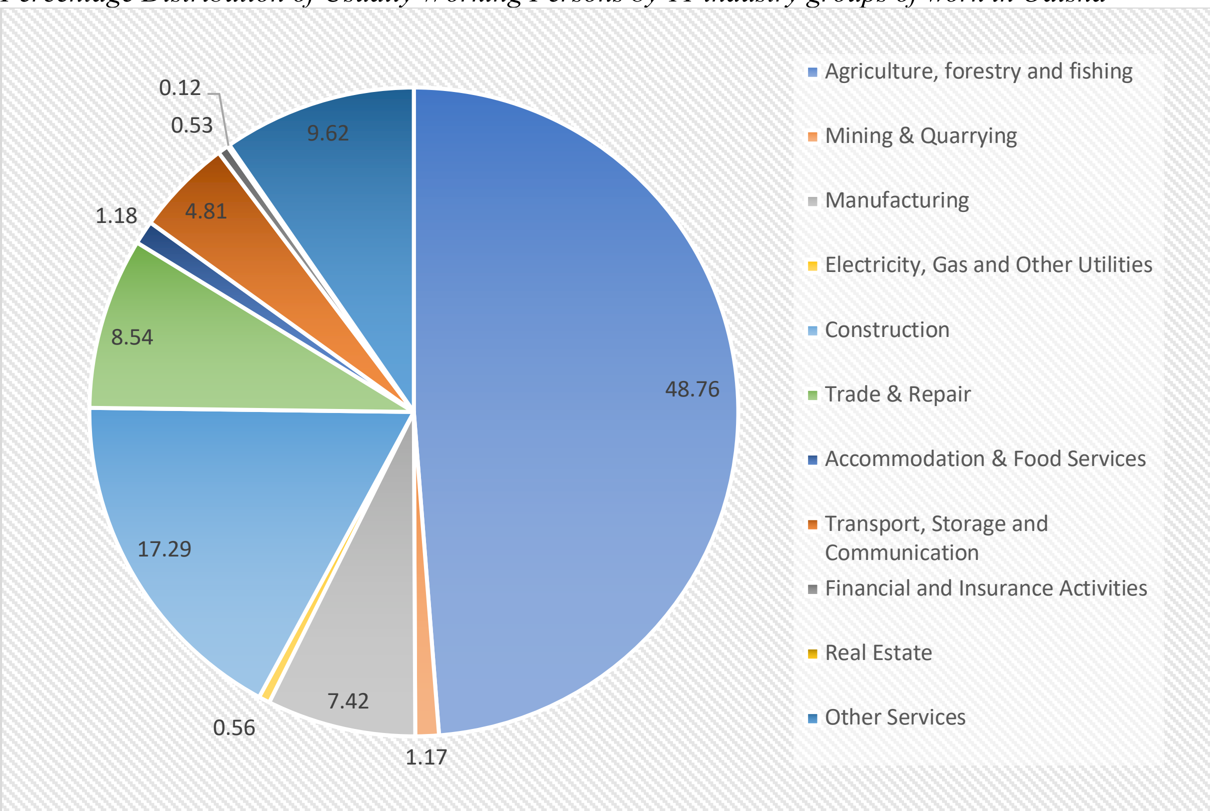
Odisha's manufacturing sector has also steadily increased its share in India's total output value, rising from just 2.0% of the national total in 2010-11 to 2.8% in 2017-18. Put another way, the total value from all manufacturing output in the state rose by some 150% over the period, rising from Rs. 9,214,154 lakhs rupees in 2010-11 to 22,996,998 lakhs rupees in 2017-18 (Government of Odisha, 2020: 80). Still, the distribution of net state domestic product (NSDP) in manufacturing reveals that, among the top 21 states in India, Odisha ranked 12th in 2015-16, meaning as many as 11 other states performed better on this metric. Further, with respect to the net entry of new factories in registered manufacturing between 2004-05 to 2015-16, Odisha ranked 19th out of 21 Indian states, having registered just 1,199 new factories over the period. Leading states like Gujarat (no. 3 with 10,823 new factories), Andhra Pradesh (no. 2 with 15,642), and Tamil Nadu (no. 1 with 16,278) saw far more new factory entries, by contrast (Ramaswamy, 2019: 18). So in sum, in terms of year-over-year growth rates, and in terms of percentage share of gross value added, Odisha's manufacturing sector has indeed emerged as a significant driver of growth for the state economy. When compared across India's other major manufacturing centres, however, Odisha is middle of the pack at best, and has some distance to go (to put it kindly) to increase its share in India's total manufacturing output.

4.3.4: Employment

Turning to look at Odisha's employment scenario, we note that the agriculture, forestry and fishing sector dominates, accounting for 48.76% of total employment as against 44.14% at the all-India level (Government of Odisha, 2020: 21). Industry and services followed, with 26.44% and 24.80% of total employment in the state, respectively. While the migration of workers out of agriculture and into industry (and manufacturing in particular) has been slow, it is notable that, based on current figures, the industrial sector accounts for a larger share of employment than services (suggesting that premature *de*-industrialization, a concerning trend at the national level, has not yet taken hold in the state). Across the eleven sub-sectors comprising Odisha's economy, agriculture (and allied industries) accounted for nearly half of all workers with 48.76% of the total. Construction was the next leading sector, with 17.3% of the total. The 'other services' category, followed by trade & repair, and then manufacturing round out the top 5 sub-sectors with 9.62%, 8.54%, and 7.42% of total employment, respectively (refer to figure below) (Government of Odisha, 2020: 21).

Figure 4. 5

Percentage Distribution of Usually Working Persons by 11 industry groups of work in Odisha



Note. Source: Government of Odisha, 2021: 21.

The proportion of self-employed, regular wage/salary, and casual workers in Odisha is also not particularly impressive. Indeed, for 2017-18, only 10.9% of rural workers enjoyed waged or salary work (Government of Odisha, 2020: 21). Another 29.4% were employed in casual labour, while a staggering 59.7% of all rural workers in Odisha were categorized as self-employed (Ibid.).[243] Comparable figures for rural workers at the all-India scale were 12.7%, 25%, and 52.2%, respectively, so while not wildly different, Odisha still underperforms on all three measures (NSO, 2020: 43). Figures for urban Odisha are understandably better, though they still fall short of national averages. Here, as many as 41.6% of all urban workers enjoy regular wage/salary work, while another 43.8% are self-employed, and only 14.5% are employed as casual labourers (Government of Odisha, 2020: 21). At the all-India scale, by contrast, as many as 41.4% of urban workers earn a regular wage/salary, while only 32.4% are self-employed, and 11.8% are casually employed (NSO, 2020: 43). For urban workers then, while Odisha underperforms significantly with respect to regular wage/salary work, self-employment figures are almost identical, and in terms of casual employment, Odisha actually outperforms the national average by more than a percentage point.

Turning to unemployment, Odisha has typically underperformed when compared to the all-India average (Government of Odisha, 2012: 16). In 2017-18, the unemployment rate[244] for Odisha was 7.1% (for all age groups) as against 6.1% at the all-India average (NSO, 2020: A-74). While the gap is certainly not glaring, the trend of underperforming the national average on this metric persists across other age group categories as well, as demonstrated in table 4.4 (below).[245] Perhaps most concerning is the gap for those aged 15-29, where nearly a quarter (roughly 24%) are found to be out of work, as against the all-India average of just 17.8% (NSO, 2020). The figures suggest significant work remains to increase employment opportunities for youth in the state.

[243] Self-employed workers are those workers who (working on their own account or with one or a few partners or in cooperative) receive remuneration in direct proportion to the profits derived from the goods and services produced. Self-employed workers include four sub-categories: employers, own-account workers, members of producers' cooperatives, and contributing family workers (*Index Mundi*, 2019).
[244] Defined as the percentage of persons unemployed among the persons in the labour force.
[245] Adapted from NSO (2020: A71-A74).

Table 4. 4 Unemployment Rate (UR) in percent according to usual status

	Aged 15-29	Aged 15-59	15 years and above	All ages
Odisha	23.6	7.7	7.1	7.1
All-India	17.8	6.5	6	6.1

Note. Adapted from data provided by the National Statistical Office (NSO, 2020: A71-A74).

Turning to labour force participation,[246] we note that while the gaps between Odisha and the all-India average are indeed narrower, the state still underperforms across all age group categories (see table 4.5 below).[247]

Table 4. 5 Labour force participation rate (LFPR) in percent

	Aged 15-29	Aged 15-59	15 years and above	All ages
Odisha	37.3	51.7	48.3	36.4
All-India	38.2	53	49.8	36.9

Note. Source: NSO (2020: A63-A66).

Despite these gaps, the state has reduced its unemployment rate over the last decade, falling from 9.37% in 2007-08, to 8.76 percent in 2011-12, to 7.1 percent in 2017-18, the latest year for which reliable data is available.[248] India's national unemployment rate, by contrast, has fluctuated little in the last three decades, falling marginally from 5.45% in 1991 to 5.36% in 2019; with a max of 5.73% in 2003, and a low of 5.28% in 2008 (MacroTrends, 2020). So while it is true that Odisha continues to underperform when measured against the all-India average, the fact that it has managed to narrow this performance gap is significant.[249] Perhaps more importantly, the trend at the national level in the postreform period should be a damning indictment to those who claimed large swaths of India's unemployed mass could only be saved by liberalizing the Indian economy.

4.3.5: Per Capita Income and Inequality

Odisha's per capita income (GNI) has grown substantially over the last decade, rising from Rs. 48,370 in 2011-12 to Rs. 101,587 in 2019-20 (based on advanced estimates), an

[246] Referring to the percentage of persons in the labour force in the population.
[247] Adapted from NSO (2020: A63-A66).
[248] See Government of Odisha (2012: 17) for these earlier unemployment figures.
[249] For a detailed study of rural unemployment in Odisha, see R. K. Panda (2016).

increase of 110% for the period. Year-over-year growth has fluctuated significantly however, rising by as much as 19.6% in 2016-17 after growing by just 2.26% the previous year. Over the last seven years (2012-13 to 2019-20) Odisha's per capita income grew at an annual average rate of 9.4% (Government of Odisha, 2020: 11). At the national scale, India's per capita GNI has also grown significantly, rising from Rs. 70,980 in 2011-12 to Rs. 140,804 in 2018-19 (based on 2011-12 prices), an increase of some 98% in just 7 years.[250] Advanced estimates for 2019-20 put India's per capita national income at Rs. 150,927 (based on current prices) (MoSPI, 2020). Over the last seven years, India's GNI per capita grew at an average annual rate of just 5.7%, meaning average annual income growth in Odisha has outperformed the national average by nearly four percentage points, dating back to 2012.[251]

But while this positive performance is indeed encouraging, we must keep in mind the extremely low base from which Odisha begins. For example, despite the fact that per capita income growth in the state has outpaced the national average in recent years, it still lags the national total in nominal terms (per capita GNI of Rs. 101,587 in 2019-20 for Odisha as against Rs. 150,927 at the national level, as we have just seen). Further, when compared across other Indian states, Odisha remains among the worst performers. In 2013-14 for example, Odisha ranked 24th out of 27 states in terms of net state domestic product (NSDP) per capita, with just Rs. 25,891 (based on 2004-05 prices) (Government of Odisha, 2015: 2/3). Conditions have improved in the years since, but when compared across 14 other major Indian states in 2018-19, Odisha was still one of only 6 states with a per capita income below Rs. 100,000 (Government of Odisha, 2020: 11).[252]

[250] This data can be found at *Statistics Times* (2020).
[251] Per capita GNI annual growth averages are for India drawn from MacroTrends (2022).
[252] Of the six Indian states who were found to have per capita incomes below Rs. 100,000, Odisha (Rs. 95,164) trailed only Chattisgarh (Rs. 96,887), with Madhya Pradesh, Jharkhand, Uttar Pradesh, and finally Bihar (the lone state with a per capita income below Rs. 50,000) completing the list.

Turning briefly to the subject of inequality, we note that Odisha's Gini coefficient actually declined between 2004-05 to 2011-12, falling marginally from 30.62 to 29.87.[253] Over the same period, India's national Gini coefficient moved in the opposite direction, climbing from 34.4 in 2004-05 to 35.7 in 2011-12 (Government of Odisha, 2018: 29). This suggests that, despite Odisha's lagging performance with respect to income growth, the state is making gains in terms of reducing overall inequality vis-à-vis the national average. Meanwhile, as with unemployment, we see that neoliberalism's gains on the inequality score have also moved in the wrong direction at the national scale.

Broadening our time horizon over the last several decades, however, we note that Odisha has always been less unequal than the all-India average. Indeed, when Gini coefficient figures are compared for the period from 1973-74 to 2004-05, Odisha was found to have a higher ratio on only one occasion, that being the first time scale (1973-74), and even then, only for rural residents (0.34 for rural Odisha as against 0.30 for rural India) (see Nayak, Chattopadhyay, Kumar, & Dhanya, 2010: 113). Further, in the period between 1973-74 and 1999-2000, Odisha's Gini coefficient actually fell for both rural *and* urban residents, declining from 0.26 to 0.24 for rural, and from 0.34 to 0.29 for urban residents. In other words, prior to the economic reforms of the early-1990s, Odisha had *already* made significant gains in terms of reducing overall inequality. Indeed, it was not until the post-reform period, which really did not take hold in Odisha until the early-2000s, that the state's Gini coefficient once again began to rise, climbing from 0.24 (rural) and 0.29 (urban) in 1999-2000 to 0.28 (rural) and 0.35 (urban) in 2004-05 (Nayak et al., 2020).

Turning back to national figures, it is interesting to note that while the Gini coefficient rose from 0.30 to 0.34 for urban India between 1973-74 to 1999-94, it remained constant over the period at 0.28 for rural India. Contrast this 20-year pre-reform performance with that of the

[253] Note that these figures refer to both urban and rural residents.

post-reform period, up to 2011-12, when the national Gini coefficient climbed to 38.0 for urban India, and to 0.29 for rural India. In other words, inequality in India (based on Gini coefficient figures) appears to have risen slightly faster (at least for rural India) in the eighteen years or so after the reforms than it did in the two decades prior. A better representation of this trend is offered by World Bank data combining both rural and urban households. In the ten-year period between 1983-1993, for example, India’s Gini coefficient fell from 32.1 to 31.7. Since the early-1990s however, India’s Gini coefficient has climbed precipitously, reaching 34.4 in 2004, 35.4 in 2009, and 35.7 in 2011.[254] Combining these figures with those presented above, we can see that the trend for both Odisha, as well as India more broadly, is one of accelerating inequality in the post-reform period.

4.3.6: Human Development

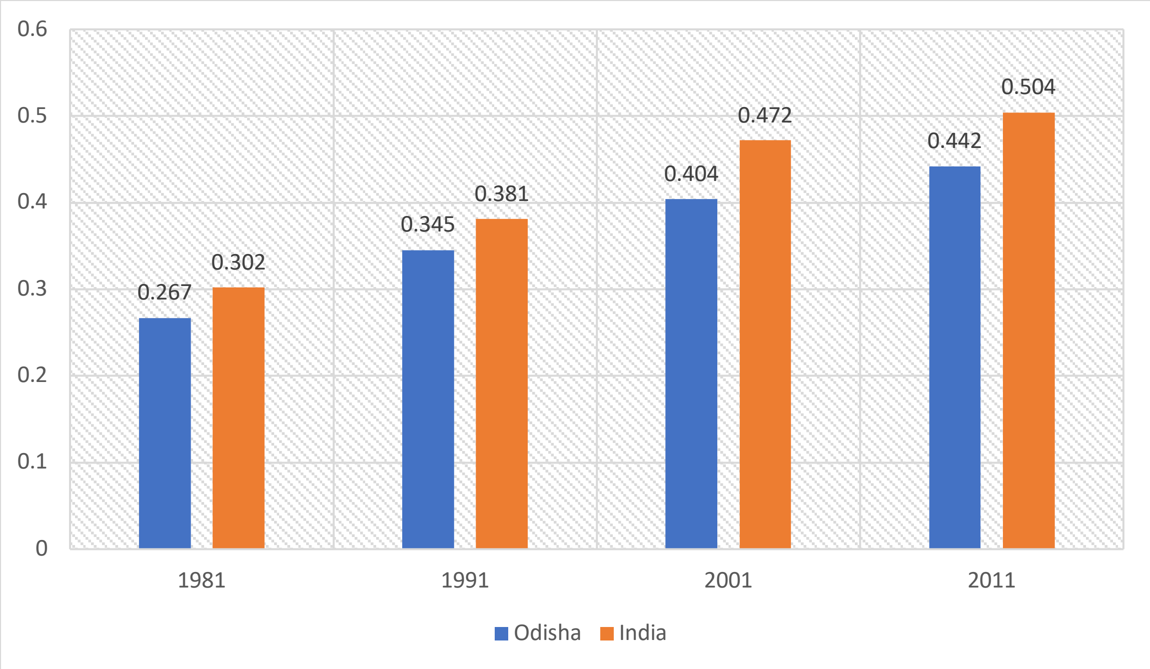
While it is true that Odisha has seen improved outcomes as reflected in the UN’s human development index (HDI),[255] climbing from 0.267 to 0.442 in the thirty-year period from 1981 to 2011, it is notable that the state continues to lag scores at the national level, just as it has for every year on record (see figure below) (Government of Odisha, 2018: 227).

Figure 4. 6

HDI Comparison for Odisha and India

[254] Gini index (World Bank estimate) – India, available at https://data.worldbank.org/indicator/SI.POV.GINI?locations=IN

[255] The human development index (HDI) is a composite index (summary measure) which looks at health, education, and economic wellbeing. The health dimension is assessed by life expectancy at birth, the education dimension is measured by mean of years of schooling for adults aged 25 years and more, and expected years of schooling for children of school entering age. The economic dimension is measured by gross national income per capita.



Note. Adapted from data provided in the 2018 economic survey (Government of Odisha, 2018: 227).

Looking at the historical data however, we note that, back in 1990, Odisha's HDI was just 0.40, meaning that, out of the 35 sub-national units that were measured, Odisha ranked 34th, with only Uttar Pradesh performing worse. By 2018 (nearly three decades later), Odisha had climbed just two spots to reach the 32nd position out of a possible 36 sub-national units. Other states with comparable rankings are Madhya Pradesh (tied with Odisha at 32/36), followed by Jharkhand (34), Uttar Pradesh (35), and Bihar (36).[256] It is perhaps notable that while Odisha is still trailed by Uttar Pradesh in HDI ranking, the only other states which performed worse on the metric are Jharkhand and Bihar (the former having only been created in 2000, and the latter being that state from which the former was partitioned).

Recent data from the State Bank of India (SBI, 2019) suggests that Odisha has continued its positive trajectory in overall human development terms. Estimating the sub-national human development index (SHDI) for Indian states between 1990-2017, the SBI found that while Odisha improved its overall ranking by only one spot (up from 23/25 in 1990 to

[256] Figures obtained from the Global Data Lab, based at Radboud University in Nijmegen, Netherlands, which provides a wide range of sub-national development data for countries around the world.

22/25 in 2017), it improved its HDI score significantly (up from 0.40 in 1990 to 0.60 in 2017) and placed among the top five Indian states in terms of social expenditure (averaging a compound annual growth rate of 15.1% over the period).

Section 4.4: Summary

In aggregate terms, Odisha has demonstrated positive growth performance in GSPD over the last 10 to 15 years, with a compound annual growth rate above 8% between 2003-2018, as against a national average of 7.5%. While the share of agriculture in Odisha's GSDP has declined in the last twenty years, most of this activity has flowed to services over industry (a trend associated with pre-mature de-industrialization). Still, Odisha's industrial sector has shown significant expansion in the last decade, averaging above 9% annually since 2011-12.

Odisha has also emerged as a major mineral producer in the post reform period, outperforming all other Indian states, both in terms of the state's share in the total value of all minerals produced nationally, as well as state royalty accruals. Employment in the mineral sector has fluctuated a great deal in the post-reform period however, and today mining employs fewer workers in Odisha than it did in 2012-13.

Growth in Odisha's mining sub-sector has been a boon for manufacturing, and the state has emerged as a major destination for investment in metallurgic and other downstream industries. Between 2012-13 and 2018-19 Odisha's manufacturing sector averaged above 11% growth, and it has dominated all other economic sub-sectors in terms of percentage share both of gross state value added (GSVA), and gross state domestic product (GSDP). Still, Odisha accounts for just 2.8% of India's total output value, is middle of the pack at best in terms of Net State Domestic Product (NSDP) in manufacturing and, year-over-year, accounts for among the fewest new factory entries in the country over the last 10-15 years.

Odisha has reduced its unemployment rate over the last decade, though it continues to underperform vis-à-vis the national average on this metric, as well as with respect to labour force participation. Over the last seven years, Odisha's per capita income grew at an annual average rate of 9.4%, meaning the state has outperformed the national average on this metric every year dating back to 2012-13. Still, Odisha ranked 24 out of 27 states (in NSDP per capita terms) in 2013-14, and while conditions have improved in the years since, when compared across 14 other major Indian states in 2018-19, Odisha was one of only 6 with a per capita income below Rs. 100,000.

Odisha's Gini coefficient declined marginally between 2004-05 to 2011-12, though longer term data reveals a declining Gini coefficient in the decades prior to 1990 as well. Indeed, the only time the state's Gini coefficient appears to have climbed with any consistency was in the early 2000s. Given that India's national Gini coefficient was also falling in the decade prior to the reforms of the early 1990s, and has also risen precipitously in the decades since, we can say that the trend for both Odisha and India is one of accelerating inequality in the post-reform period. Odisha has seen improved outcomes on the UN's human development index HDI over the last thirty years or so, though the state continues to lag scores at the national level, just as it has for every year on record.

In sum, we can say that while Odisha has made some gains on both industrialization and socio-economic development scores in the post-reform period, its performance has fallen well short of expectations, and has certainly not come close to the gains envisaged by the advocates of neoliberalism. The question is why? And, to the extent that there has been some industrialization, why is it that people have tended to benefit so little? The following three empirical chapter seek to provide further answers to these questions.

Chapter 5

The Role of the State in Odisha's Industrialization Process: Land, Private Property, and the Geography of Market Supremacy

The chapter that follows is the first of three empirical chapters which seek to answer a rather simple question about Odisha's economic development in the post-1990 period (though from slightly different angles): Has the state behaved in such a way—either through action or *non*-action in areas of policy, legislation, or otherwise—whereby neoliberalism, with respect to the industrialization process, has been successful? In other words, how has Odisha's industrial sector performed in the post-reform period, and to what degree can we attribute this performance (positive or otherwise) to state action (or inaction)?

The current chapter considers this question from the perspective of the Indian state, examining in detail how it has gone about acquiring and facilitating access to land in the post-reform period, in order to achieve industrialization. The state-land relation is of course a crucial one, lying at the very centre of the capitalist accumulation process. This in the sense that virtually all industrial activity requires land, whether that land is in the possession of small holders, or under state control. In cases where industrial production is the goal, but holders of land are reluctant/unwilling to give it up, state intervention to acquire land (in a geographically circumscribed area, on capital's behalf) is required; a process which is typically contested. The difficulties the state faces in acquiring land, therefore, constitute barriers to industrialization. In the chapter that follows, I present two separate but interconnected sets of mechanisms: the first concerning the imperative of the state to acquire land, the other concerning the ways in which (and the extent to which) it succeeds (or does not succeed) in doing so.

Two case studies from the Indian state of Odisha are considered: the Kalinga Nagar Integrated Industrial Complex (KNIC) in Jajpur district, and the POSCO-Odisha megaproject in the district of Jagatsinghpur (see figure 1.2). In both cases, state efforts to acquire land are relentless and brazen, with dire consequences for those caught in the crossfire. Still, despite continued efforts on the part of the Indian state to acquire land, such a result is not given. In other words, the question of whether or not a state entity (whether it be national or sub-national/provincial) will be successful in its efforts to acquire land is a contingent one, contested at every moment by people on the ground, a contestation which can only adequately be understood as a particular form of class struggle. Further, even where the state is successful in transferring (transforming) private property *as such* into capitalist private property, industrialization is not guaranteed. What this means, of course, is that industrialization (in terms of a rising share of the industrial sector, and in particular manufacturing, in national GDP, and an associated rise in national incomes and output) is not a given under capitalism, and this is particularly so under neoliberalism.

The acquisition of land for industrial purposes (in both neoliberal and non-neoliberal times) in Odisha is complex, but for analytical purposes can be broken into three main categories, or moments. The first concerns the process by which the state goes about demarcating, cataloguing, and pricing land, which is to say, the process by which the state *marketizes* land, i.e., treats it *as though* it is already capitalist private property, and prepares it for the industrial process. In Odisha, this involves the work of a wide range of bureaucrats, researchers, academics, state employees, and much more, several of whom I interviewed in the process of my research (discussed in further detail in Chapter 7).

The second concerns efforts taken by the state, once a particular parcel of land has been deemed of sufficient value, to bring it into its own possession, that is, to transform private property into state property. This includes juridical procedures and legislative processes, as well as the deployment of police and/or military personnel to dispossess people (usually poor farmers) from the land, in order that it can be brought under state control. In cases where those who occupy/possess land are able to prove ownership (title), the Indian state has long been under some obligation to offer compensation in exchange for land. But here again, the state treats land *as though* it is capitalist private property. Indeed, even though the state will 'sell' this land to industry for a higher price than it pays out in compensation (that is, if the people from whom it is acquired are compensated at all) this transaction does not take place in the sphere of exchange *as such*; it occurs in a state-controlled land market, not an open market subject to capitalist competition. Indeed, land does not *become* capitalist private property until it is brought into the possession of capitalists and put to use in the process of capitalist production, either as a source of inputs (raw materials) or as a locus of operations (or indeed for speculation purposes). This is of course the third and final moment in the overall transformation process, of private property *as such*, into capitalist private property.

Using this rather simple framework based on the transformation of private property as such (P) → to state private property (S) → and then to capitalist private property (C), I demonstrate that, far from a neutral arbiter, the Indian state is engaged in relentless efforts—at multiple geographical scales—to promote (neoliberal-capitalist) industrialization. This is the subject of the chapter which proceeds below. It is broken into four short sections. Section one describes the genesis of the Kalinga Nagar Integrated Industrial Complex (KNIC), while section two zeroes-in on efforts by the Indian state, over a period of roughly two decades, to acquire land for more than a dozen large-scale industrial units in the KNIC region of Jajpur district. Section three introduces the POSCO-Odisha megaproject, while section four provides a short ethnography of state efforts to acquire land for what would have been the largest foreign direct investment project in India's history. In part five I offer some preliminary conclusions and raise further questions which form the basis of the subsequent empirical chapters.

Section 5.1: Geography of the Kalinga Nagar Industrial Complex (KNIC)

Traveling roughly 120km north-east from the Odisha state capital at Bhubaneswar, through the Mahanadi River's tributaries and the former capital at Cuttack, and then further through the tributaries of the Brahmani, one arrives at the town of Jajpur, the administrative capital of Jajpur district, which holds jurisdiction over the Kalinga Nagar Industrial Complex (KNIC). Located at 20°57'- 21°3'N latitude and 85°59'-86°5' E longitude, the KNIC straddles two district blocks near the town of Duburi; Sukinda in the west, and Danagadi in the east (figure 5.1).

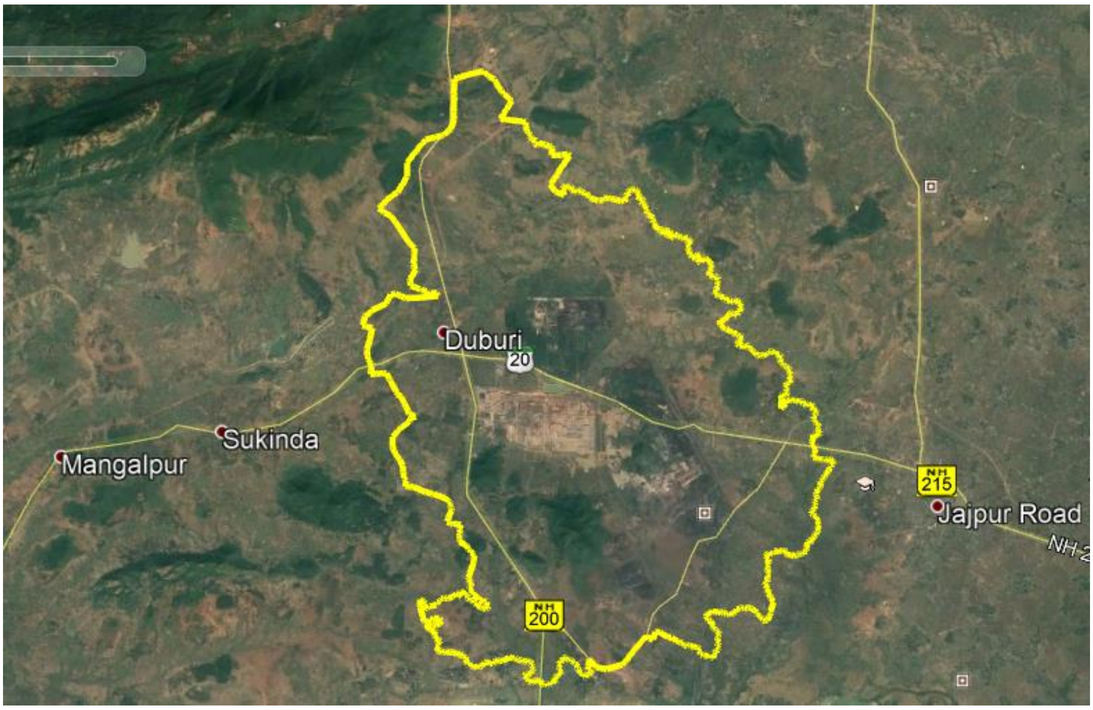


Figure 5. 1 Map indicating the location of the Kalinga Nagar Industrial Complex. Source: IDCO, 2019

An extremely resource-rich region, chromite and nickel reserves in Sukinda alone are estimated to constitute roughly 90% and 92% of India's total endowment, respectively. The KNIC is in close proximity to an abundance of other raw materials as well, including iron ore, coal, dolomite, limestone, manganese and quartzite, etc., and is served by adequate infrastructure facilities which have encouraged the establishment of several mineral based industries (especially integrated steel plants) in the area. The N.H. 200 (Express Highway), which connects the iron ore and chromite belts of Jaipur and Keonjar districts with the state's largest port at Paradip, runs directly through the area (see figure 5.2). Unlike the state's coastal plains, the topography of the Kalinga Nagar region is marked by undulating landmasses interspersed with hillocks and jungles (Patra, 2013).

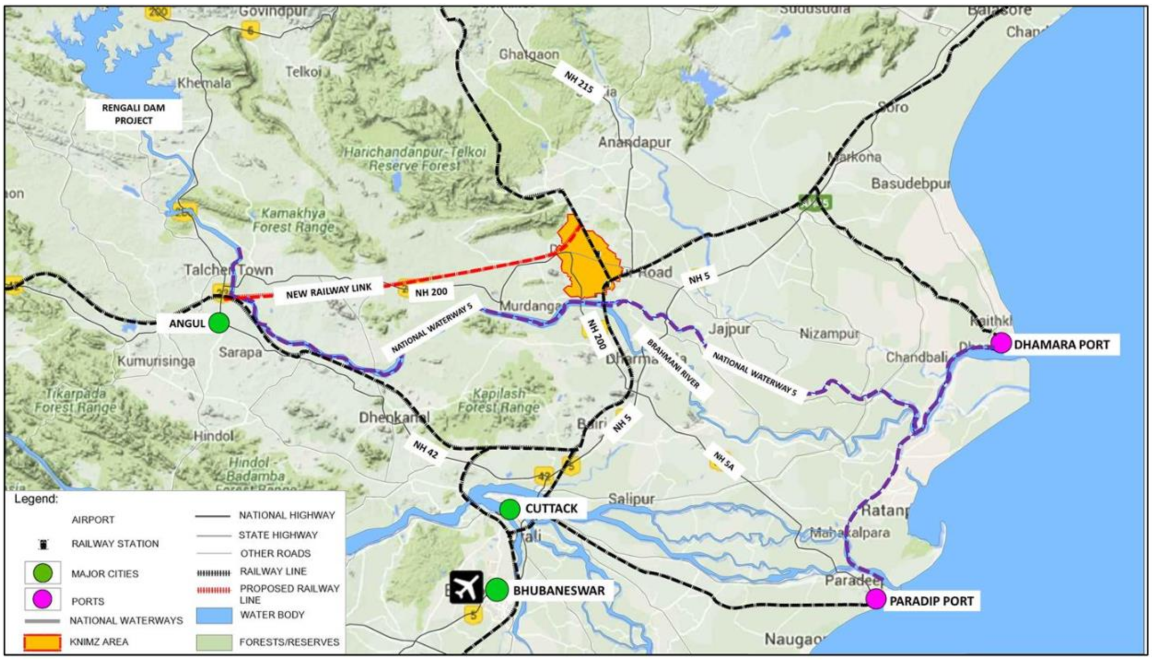


Figure 5. 2 Map indicating rail and road connectivity to the Kalinga Nagar industrial region. Source: IDCO, 2019

5.1.1: Demarcation and Valuation of Project Area Land

In July 1990, during a high-level meeting with then Chief Minister Biju Patnaik, it was decided that Odisha's second steel plant[257] would be setup in Daitari (Jajpur district) for which 29,707 acres of land would be required, stretched across an area covering 29 villages. A further proposal to develop an integrated industrial complex to accommodate steel- and petrochemical-

[257] The first being the plant at Rourkela, also incidentally the first public sector integrated steel plant in the country, established under Nehru in 1955.

related industries in the area was also put forward. In accordance with the Land Acquisition Act (1894) a public notification was issued for a proposed area of 29,707.56 acres, though this figure was eventually reduced to just under 13,000 acres. Thus, between 1990-1997, 6,894.78 acres of private land and an additional 6,104.89 acres of government land (an area covering 20 villages) was leased by the state and designated the Kalinga Nagar Industrial Complex (KNIC). Additional land acquired for the KNIC in 2009 brought the sum total to 13,086 acres, the details of which are provided in the tables below (reproduced from Binod Mishra, 2013: 5).

Table 5. 1 Total amount of land (in acres) acquired for KNIC between 1997-2009

Private Land	6,949.36
Rayati	4,734.49
Leaseholder (Pattadar)	2,214.67
Government Land	6,136.64
Forest	5,277.11
Non-Forest	859.53
Total	13,086.00 ac

Note. Rayati refers to land which is privately owned (usually inherited). The term 'patta' refers to land deed, and 'pattadar' refers to land deed holder.

Table 5. 2 Total amount of land (in acres) allotted to specific industrial operators with correspondent rates (in lakh rupees, per acre) paid by these companies between 1992-2003

Industrial Operator	Area Allotted (in acres)	Land Rate (in lakh rupees per acre)
MESCO Kalinga	1756.29	1.00
Mideast	530.68	1.00
NINL	2500.00	1.00
GRIDCO	100.00	1.15
Total	4,886.97 ac	

After 2003, commodity prices were favourable: the iron ore spot price (US dollars per dry metric ton unit) rose from $31 in 2003, to $195 in 2008, a 529 percent increase in just five years (*Index Mundi*, 2020). Such a situation in the global market attracted more industrialists to setup operations in the Kalinga Nagar region. Of the total 13,000 acres that had by then already been acquired by the state government, 3,144 acres (roughly 24% of the KNIC's total land area) were reserved for green belt, common corridor, and rehabilitation colony purposes, and were thus prevented from acquisition by industry. Added to the total land area already allotted to the firms noted above, the net total of remaining saleable land was then 6,725 acres. In the roughly half-decade or so that followed, more land was leased out by the government, bringing the net total of saleable land remaining to 4,573.92 acres (firm and date specific land rate allotments, along with the final land distribution status for the period 1997-2009, are provided in Binod Mishra, 2013: 7-10).

5.1.2: State Valuation of Land, Compensation Paid to Landholders, and Resettlement

Compensation paid to residents in the area went through several stages, though precise amounts are inconsistent across the available literature. According to Sahoo & Mishra (2017) when IDCO first began acquiring land for the KNIC in 1992-93, compensation was paid at a rate of Rs. 35,000 per acre for land categorized as *sarada* (low-lying lands subject to flooding) and, in 1993-94, at Rs. 37,000 per acre for land categorized as *biali* (slightly elevated land free from flooding). This conflicts with compensation figures reported by Binod Mishra (2013), an ex-general manager at IDCO, who writes that a fixed rate of Rs.1.00 lakh per acre was established by the Dept. of Steel and Mines in 1992. More than a decade later, according to Binod Mishra, at the 7th Industrial Infrastructure Advisory Committee (IIAC) event in January, 2003, IDCO added an administrative charge and an *ex-gratia* payment of Rs. 10,000, fixing the new land rate at Rs. l.25 lakh per acre. A year later, in 2004, a further enhanced *ex-gratia* payment of Rs. 5,000 was added, bringing the amount to Rs. 1.30 lakh. Then, later that year, as lawmakers faced increasing pressure to attract investment for the KNIC's unprecedented infrastructure requirements, it was decided at the 21st IILAC event to raise the selling rate from Rs. 1.30 lakh to Rs. 3.00 lakh per acre. This figure was raised yet again in 2005, at the 22nd IIAC meeting, by an additional Rs.35,000, fixing the new land rate at Rs. 3.35 lakhs per acre.[258] For complete details regarding additional *ex-gratia* payments made to land losers based on land

[258] For complete details regarding additional *ex-gratia* payments made to land losers based on land allotments to specific industrial operators, as well as details of the number of families displaced by each industrial operator, along with corresponding compensation figures, see Binod Mishra (2013: 10-13).

allotments to specific industrial operators, as well as details of the number of families displaced by each industrial operator, along with corresponding compensation figures, see Binod Mishra (2013: 10-13).[259]

With respect to the resettlement and rehabilitation of those who did ultimately agree to sell their land, prior to 2005, the process was to follow the Guidelines for Rehabilitation issued by the Revenue & Excise Department on January 24, 1997. A survey conducted by the district administration in 1996 determined that 1,842 families across 13 villages would be displaced (1,244 Scheduled Tribe, 190 Scheduled Caste, and 408 General families) to make way for the KNIC. And according to the 1997 guidelines, a displaced family losing land, including homestead land, was entitled to (a) employment for one eligible person from the household, (b) 1/10th acre of land at a designated rehabilitation colony to establish a homestead, or Rs. 50,000 in lieu thereof for self-relocation, and (c) Rs. 2,000 to setup a temporary shed (this figure was increased to Rs. 5,000 when the guidelines were updated in 2005). The number of families displaced between 1997 and 2006 are provided in the table below (reproduced from Sahoo & Mishra, 2017: 253).

Table 5. 3 Resettlement and rehabilitation in KNIC (industrial unit specific) from 1997-2006

Industrial Unit	NINL	MESCO	Jindal	Visa	Rohit	Common Corridor	Total
Households displaced	639	53	60	23	12	28	815
Provided 10 decimal of land	131	53	51	3	Nil	Nil	238
Provided with cash compensation of Rs. 50,000	508	Nil	8	20	12	28	576
Direct employment	182	47	Nil	Nil	Nil	Nil	229

[259] An additional set of figures, not entirely consistent with those noted here, was provided in a set of guidelines published by the state Revenue Department in 2005. According to Section 6 of the guidelines, displaced families losing more than 2/3 of their agricultural/homestead land are entitled to receive Rs. 2.00 lakh, those losing more than 1/3, but less than 2/3 of their agricultural/homestead land are entitled to Rs.1.00 lakh, while all other displaced families are entitled to a one-time payment of Rs. 50,000 (Government of Orissa, 2005). These figures are particularly confusing, given that Binod Mishra dates the fixing of KNIC land at Rs.3.35 lakhs per acre to January, 2005, while the Revenue Department's figures are dated from November that same year (Government of Orissa, 2005). In any event, subsequent figures concerning housing assistance, temporary shed development, and *ex-gratia* payments are, for the most part, consistent across both the 2005 guidelines and Binod Mishra's (2013) account. I emphasize these discrepancies, however, because they provide an important window into the variegated and inconsistent character of the land acquisition process, a fact which could only have aggravated and confused those communities who had little interest in selling their land in the first place.

According to Binod Mishra (2013) a total of 492 plots were allotted across two rehabilitation sites during this period: 361 plots in Trijanga, and another 131 in Gobaraghati. Of the total 492 plots allotted, 241 went to families who had been directly displaced by a specific industrial unit (Sahoo & Mishra, 2017, put this figure at 238, as seen above). The other 251 plots went to families displaced by utility and infrastructure projects servicing the KNIC, namely roads, a green belt, and drainage infrastructure, as well as acquired land left vacant for future development. While Binod Mishra (2013) puts the total number of families who opted for a one-time self-relocation assistance payment of Rs. 50,000 at 565, Sahoo & Mishra (2017) put the figure at 576 (as shown above). Further, of a total 815 displaced families, only 229 were fortunate enough to have at least one family member employed by industry, a success rate of only 28.1%. While this figure is below the state average of 35.27%, it is significantly better than the all-India average of just 17.9% (figures detailing the ratio of persons displaced to persons resettled for Odisha and comparable states are provided in the Appendix G).

Section 5.2: (Enhanced) State Efforts to Acquire Land in Kalinga Nagar

The first decade of state efforts to acquire land for the KNIC were coercive to be sure (say from the early-1990s to early 2000s) but, generally speaking, reports of 'untoward incidents' were few and far between (at least in the mainstream press). Besides, no organized resistance could be said to have existed anyway, so there was little need for the state to act with a high degree of violence in its land acquisition efforts.

Things started to change in late-2004, however, and over the next year as many as three separate resistance movements had organized successful protest actions against the state's efforts to consolidate land in the KNIC, with varying degrees of success. By late-2005, however, only one of these groups remained—the Bistapan Birodhi Jan Manch Sukinda (or BBJM for short). It was around this time that rumours began circulating about Jajpur district administration officials who were planning to take over a large tract of land in the Sukinda region on behalf of the Tata corporation. Responding to the rumours, the BBJM leadership made efforts to convey to district officials that such a move would lead to a 'do or die' level of resistance (*Counter Currents*, 2006). Then, on January 1st, at an annual gathering in Chandiya, organizers were leaked information from the inside the district administration. The leak revealed plans for district officers, accompanied by police, to supervise Tata's construction of a boundary wall, the following day no less, with or without the consent of local groups. Following deliberation, resistance organizers decided they would interrupt/obstruct the boundary wall's construction, much as they had on at least two previous occasions.

The following morning, on January 2nd, 2006, district administration officials including Executive Magistrate Subas Chandra Sahu, District Superintendent of Police Vinaytosh Mishra, and District Collector Saswat Mishra, along with TATA Steel officials, occupied the site and gave instruction for ground levelling work to commence. The team of both corporate and state officials was escorted, according to some reports, by as many as 12 platoons of armed police. In fields adjacent to the construction area, near the village of Champakoila, a group of villagers numbering in their hundreds, armed with traditional bows, arrows, axes and the like, gathered in protest.[260]

Undeterred, Jajpur district officials gave the order for the levelling work to commence, as Tata's bulldozers obediently roared into action. Responding to this offensive action on the part of the state, members of the protest group closed in on the site to demand the stoppage of work and call for negotiation. District officials watched on as the demonstrators put together a four-person delegation to engage the authorities in dialogue. What happened next is the subject of some controversy.

[260] Sahoo & Mishra (2017) and Pradhan (2006) put the number of villagers at between 300-400, while a *Counter Currents* (2006) article, published just days after the incident, puts the number at approximately 100. Pandey (2008: 615) writes that the group of villagers "numbered around 3000" which is by far the highest estimated figure I have yet encountered.

According to the *Counter Currents* (2006) piece (assembled from a series of eye-witness interviews in the immediate aftermath of the event) when the approaching delegation reached a boundary wall ditch, and were preparing to cross it, a police whistle was heard, and an officer was seen pulling a rope—immediately after which explosions occurred, killing two members of the delegation instantly. No warning whatsoever was indicated by police prior to the explosions. Tear gas, rubber bullets, and live bullet fire followed, leading to complete chaos as activists and onlookers ran for cover.

Sahoo & Mishra's (2017) account the event, by contrast, makes no mention of police whistles, explosions, or rubber bullets, jumping straight from the teargas to the live bullet fire. In both the *Counter Currents* (2006) and Sahoo & Mishra (2017) accounts the shooting was described as indiscriminate, though the former piece offers much more detail, reporting that the firing continued for over an hour and that people as far as 300-400 metres away were struck and killed, including Jangi Jarika, an Adivasi woman who ultimately died in her home, leaving behind four children, including a six-month old baby.[261]

Das (2006) makes no mention of the four-person delegation, writing instead that state authorities fired rubber bullets and teargas at the agitating crowd, and that the situation took an "ugly turn" when the demonstrators captured and "hacked" a police officer, after which "all hell broke loose." In less than an hour, the paddy fields near the site were "reeking of blood," leaving 13 dead, including a 13 year-old schoolboy and three women (Ibid.). Barely two months later, on March 12, 2006, Shyam Gagarai, who had previously been moved from the SCB Hospital in Cuttack to the All-India Institute of Medical Sciences Hospital in New Delhi,

[261] The report continues: "As per our information six people (including one policeman) died on the spot, and another seven died of the injuries. Most shockingly, the representatives of Visthapan Virodhi Janamanch [BBJM] allege that three [A]divasies who were lightly injured and couldn't run away were picked up by the police, and their hands were chopped off by the police. All three died from loss of blood in the Jajpur hospital. This needs to be confirmed immediately. The armed police was [*sic*] armed with sophisticated weapons and the tribals claim that people as far as 400 meters were felled by bullets. It is also claimed that at least 20 persons are still missing" (*Counter Currents*, 2016).

succumbed to injuries sustained during the firing, bringing the total death toll to 14 (13 local *Adivasis*, and the lone police officer) (NCHRO, 2006).

News of the event spread quickly. Concerned about the tendency for government and industry to distort or misrepresent facts, the Jharkhand Mines Area Coordination Committee (JMACC) and the Jharkhand Organisation for Human Rights (JOHAR) rapidly assembled and dispatched a ten-member fact-finding team (FFT) to Kalinga Nagar to investigate the incident and offer support (MAC, 2006).[262] Based on evidence gathered, the FFT identified the state as the primary law-breaker, and implicated both the Government of Odisha and Tata Corporation in serious legal and ethical violations in the use of explosives to kill Adivasis.[263] The report found further that negotiations between the groups in question were unilaterally broken by the government,[264] and that state officials should be charged with murder for the killing of six persons while in police custody.[265] The report also determined that the presence of Tata officials, contractors, equipment, and influence proved the government was acting on the corporation's behalf, and because these acts were ultimately unlawful, Tata therefore also bore responsibility for the massacre. Finally, due the presence of bullet wounds which were not present at the time of the arrests, the report could not rule out the possibility that the six victims who died in police custody were not tortured before they were killed (Ibid.).

[262] According to MAC (2006), the members of the FFT were: Mr. Seerat Kachhap Associate Co- coordinator, BIRSA MMC, (Bindrai Institute for Research Study & Action. Mines Montioring Centre Ranchi); Ms Shanti Sawaiyan Joint Co-coordinator, J.M.A.C.C (Jharkhand Mines Area Coordination Committee); Mr. Ramesh Jerai Ho Samaj Mahasabha (Grand Council of the Ho Adivasi Society); Mr. Somnath Jha Khan Kaneej ADHIKAR and Web-editor, www.firstpeoplesfirst.in; Mr. Tirthraj Biruli Documentary film maker; Ms Alice Cherowa Gram Gana Raj; Ms Salomi Cherowa Gram Gana Raj; Ms Etwari Munda J.O.H.A.R.; Mr. Abhimanyu Mahato Social Activist Orissa 10 Mr. Lawrence Sundi J.O.H.A.R.

[263] Under the Indian Explosive Act, neither police nor district administration officials are authorized to possess dynamite sticks or detonators. Of the three groups present at the altercation (government, Tata corporation, and local activists/land protectors), only Tata was licensed to possess dynamite and detonators.

[264] On the question of land-rights, Adivasis remained in possession of land while negotiations regarding settlement were ongoing. Villagers were demanding a price to be fixed based on present market rates and the cost that the Central Government had originally paid for this land in 1990 (Rs. 350,000 per acre). By unilaterally breaching this process, the government has demonstrated its disregard for democratic process and is in breach of law.

[265] The report added "[f]or the chopping off of the genitals and breasts of these six victims, the government stands not only as a cold blooded murderer, but as a racist, sexual pervert of the worst kind" (MAC, 2006).

Following the massacre, activists organized to blockade all road access into and out of the Kalinga Nagar area, with exceptions made for members of the media and political opposition parties.[266] (see Appendix H for a more detailed discussion of local responses to the massacre, as well as the findings of subsequent FFT investigations). In the years that followed, up until about 2010, protests and demonstrations continued and became increasingly organized. A number of incidents took place in which many more BBJM activists and Kalinga Naga residents were either attacked, injured, or killed by assailants acting on behalf of Tata and the state government. Tracking down the precise details of these incidents however has been extremely difficult, so a summary drawing on Paikray (2015) is provided in Appendix I. Suffice is to say, however, that in the short period between 2008-2010, state police, often with the support of Tata contractors and *goondas* (a colloquial term meaning hired thug), engaged in deliberate and premeditated acts of violence against villagers, journalists, and opposition officials.

After 2011, grassroots resistance to state-sponsored dispossession and land acquisition in the KNIC declined considerably. Kumar & Sahoo (2019: 96) and Sahoo & Mishra (2017: 261-263) identify three main reasons for this, the most obvious being state violence and repression against BBJM activists. While more than 60 criminal cases were lodged against members of the BBJM leadership, activists and supporters faced threats, beatings, and torture, and in extreme cases death, at the hands of local authorities in coordination with hired vigilante groups and goonda thugs. A second factor concerned the involvement (whether real or perceived) of so-called Maoist (*Naxalite*) groups with the broader resistance,[267] while a third

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267 Namely, those under the leadership of Gopi Mishra and Anna Reddy who established the Kalinga Nagar Regiment to prevent displacement and train BBJM activists to defend themselves against police. With the BBJM leadership often quoted as saying that they would gladly welcome support from "any political movement or organization who will support our cause," it was easy for critics in both government and the press to accuse the movement of being influenced (if not infiltrated) by Maoist extremists. This close association of the BBJM resistance with Naxalites also provided justification for state authorities to detain, arrest, and in some cases even kill suspected activists, greatly intensifying fear among locals, and causing many to abandon the resistance altogether.

factor concerned fragmentation within the BBJM itself and the concomitant rise of organized counter-resistance movements.[268]

By the summer of 2011, after meeting with the state's Chief Minister just a day before, Tata Steel's managing director H. M. Nerurkar announced to reporters that the first phase of the plant (which would have a capacity of 6 million tonnes per annum – mta) would begin by January/February, 2014, and would see an investment Rs. 25,000 crore (roughly $36.5 million in current US dollars) (*Business Standard*, 2013). The business press could hardly contain its excitement: "Tata Steel has already re-settled 915 out of the 1,200-odd affected families at the company's rehabilitation colonies at Gobarghati, Tirjanga and Sunsilo." While the resistance was not entirely defeated (and would in fact continue for a resolute core up to the time of writing) barely 5 and a half years after the massacre, Tata's land acquisition ambitions were all but achieved.

The point of this section has simply been to demonstrate the extreme lengths to which the Indian state (represented in this case by district officials and bureaucrats, police, elected representatives, and so on) is prepared to go to acquire land for industry. In the case of Kalinga Nagar, as seen from the above, the state was ultimately successful in crushing local resistance and acquiring land for industry. The question of whether or not the acquisition of this land has actually led to a significant degree of capitalist industrialization over the last three decades, however, is taken up in Chapter 7.

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[268] In the summer of 2007, the Bisthapan Parivar Unnayan Parishad (BPUP) was formed in opposition to the BBJM by area residents who had been successfully resettled into designated rehabilitation colonies. Led by president Dhaneswar Soi and secretary Biren Jamuda, BPUP's objective was to persuade area residents to support Tata, accept state-sponsored resettlement packages and, ultimately, part with their land. Thus, where there had previously been a significant degree of unity and solidarity among scheduled tribes on the question of resistance to Tata and the broader KNIC development project, there was now open division and hostility, leading to further fragmentation both within as well as beyond KNIC borders (Kumar & Sahoo, 2019: 96). In 2008, another pro-industry group, the Bisthapita Kshatigrasta Parishad (a forum of affected people - BKP) was formed, this one spreading across as many as 20 primarily Hindu-caste villages in the Kalinga Nagar region. Consequently, in the years that followed, BBJM demonstrations and events were often met with counter-protests from pro-industry BPUP and BKP supporters (*Business Standard*, 2008; *Times of India*, 2012, 2014).

Section 5.3: Geography of the POSCO-Odisha Megaproject

The POSCO-Odisha project began in August 2004 when the South Korean-based Pohang Iron and Steel Company (henceforth POSCO), in partnership with BHP Billiton (the largest mining company in the world, headquartered in Australia) approached the Government of Odisha with a proposal to set up a massive steel plant[269] on the state's mineral rich coast, in the district of Jagatsinghpur. The district is surrounded by the Bay of Bengal to the East, the district of Cuttack to the West, Kendrapada district to the North, and Puri district in the South (see figure 5.3 below). Fed by four of the state's major river systems (the Mahanadi, Kathajodi, Devi and Biluakhai) the soils of Jagatsinghpur are extremely fertile, producing major cash crops such as paddy, sugarcane, turmeric, cotton, and jute. The district is also home to Paradip Port, one of the most active and significant ports in the country.[270]

[269] The original proposal was for a plant with a capacity of 10 million tonnes per annum (mta), though this was later increased to 12 mta.
[270] Of India's 13 major ports, Paradip (16%) trailed only Gujarat's Deendayal Port (17.4%) in terms of total cargo handled (throughput) for financial year 2020 (*Statista*, 2022).

Figure 5. 3 District-wise map of the Indian state of Odisha

Keen to promote the industrial sector as a central feature of its economic development strategy, the Government of Odisha had by the spring of 2005 already set about earmarking lands containing nearly 400 million tonnes of high-grade iron ore deposits in the hills of Gandhamardan and Malangtuli (Kendujhar district) for the joint megaproject. The steel sector Goliaths were seeking rights to a rather staggering one billion tonnes of iron ore, over a 50-year period, though state policy stipulated it would be entitled to a maximum of only 480 million tonnes, for no more than 25 years, at 12 million tonnes per annum (mta) (Asher, 2009).

Months later in April, 2005, the Indian Ministry of Commerce (MoC) intervened to reject iron ore export provisions in POSCO's proposal, and to recommend the negotiation of long-term contracts with Odisha's state-owned industrial-sector firms. The event is significant in that it demonstrates a desire on behalf of the Central Government in Delhi to set the terms of the project, over and above the interests of Odisha's state government. A memorandum-signing scheduled for April 14th was abruptly called off by POSCO in response to the MoC's interventions, but the following month, then Finance Minister P. Chidambaram convened a meeting between state officials and key POSCO executives, during which they were able to hammer out an agreement (Ibid.). POSCO abandoned its export provisions and scaled down its overall ore requirements, and on June 22, 2005, the now infamous memorandum of understanding (MOU) was officially signed between POSCO and the Government of Odisha.

5.3.1: Demarcation and Valuation of Project Area Land

Though the original MOU expired in June 2010, it is worth taking some time to consider this unprecedented international agreement in some detail, not least owing to its sheer scale and ambition. It is also probably the single best representation of the state's efforts to demarcate, catalogue, and parcel-off land for the project. The table below (table 5.4) describes the extent of land area allocated to POSCO under the terms of the historic agreement.

Table 5. 4 Land area sought for acquisition by POSCO

Project	Location	Extent/Scope
Steel Project		
Steel Plant: 12 million tonnes per annum (mtpa) 'green field'	Jagatsinghpur District: Erasama Block, Kujang Tehsil, 10km from Paradeep Port, 7 revenue villages, 2 hamlets, 3 Gram Panchayats (Nuagaon, Dhinkia and Gada Kujanga)	4004 acres of which 3000 are classified as 'forest land'
Captive Port	Mouth of River Jatadhar	
Mine Project		
Mines: 600 million tonnes reserved over 30 years (20 million tonnes per year); 400 million tonnes for steel plants in South Korea	Khandadhar Hills (Keonjhar and Sundergarh districts)	Prospecting Lease (3 applications), Mining Lease (2 applications) submitted by POSCO; 2500 hectares in the Khandadhar hills; no clear territorial demarcation - only textual claims in government recommendation
Transportation Project and Township	At steel plant and mines	2000 acres (1500 at steel plant, 500 at mines)
Water Project	Jobra Barrage of the Mahanadi River	3.50 cubic meters per second (cumecs)

Note. Table showing the purpose, location, and extent/scope of the land area sought by POSCO in the Indian state of Odisha, as per the 2005 MOU (adapted from MZPSG, 2010: 6-7).

One thing the MOU makes immediately clear is the fact that the POSCO-Odisha megaproject was not a single project at all, but a complex amalgam of four integrated industrial units. The Steel Project is listed first in the MOU (2005) and consists of the steel plant itself, as well as an integrated captive port spread over 4004 acres in the coastal district of Jagatsinghpur. From the total, 3,566 acres (89%) were classified as government land (including both forest and non-forest designations) while the remaining 437 acres (11 %) were classified as private land. Seventy-three percent of the total land area to be acquired belonged to the three villages of Dhinkia, Govindpur (in Dhinkia gram panchayat), and Nuagaon (in Nuagaon gram panchayat). According to the MOU, the plant was expected to reach an eventual capacity of 12 mta within the first several years of operating. Based on 2001 census figures for the three gram panchayats[271] expected to be most directly impacted, the Mining Zone People's Solidarity Group (MZPSG, 2010) estimated that as many as 22,000 individuals would be displaced as a direct result of the plant's construction and development.

The Mining Project listed in the MOU referred to captive iron ore and coal mining facilities to be established in "areas allocated by Government of Orissa/Government of India" for which the state government would "use its best efforts to obtain the Central Government's approval *within the minimum possible time* for the grant of prospecting licenses and the captive mining leases for the iron ore mines" (MOU, 2005, emphasis my own). Though not explicitly detailed in the original MOU agreement, subsequent investigations conducted by MZPSG (2010) found that the mines earmarked for POSCO would be located in the Khandadhar region, in the neighbouring districts of Keonjhar and Sundergarh. While the exact coordinates of the POSCO mines were not made clear, data drawn from government notices and two lawsuits filed against the allotment indicated that 32 villages would have been impacted in the district of Keonjhar, where 12 would face total displacement, while residents in the remaining 20 villages would lose livelihood sources as well as access to water (Ibid., p. 38). Using 2001 census figures, the MZPSG found that of the total population of 5,886 persons, 171 of those impacted were Scheduled Castes, 4,830 were Scheduled Tribes, and the remaining 885 classified as 'Other'. While details concerning the degree of impact in Sundergarh district were much less clear, it was determined that some 84 villages with predominantly ST populations would be affected. Between the two districts, it was estimated that a total population of between

[271] The *gram panchayat* is the most localized level of Indian government, typically covering either one village or several small villages and hamlets.

10,000-15,000 total individuals would be impacted with displacement or loss of livelihood as a direct result of the Mining Project (Ibid.).

Infrastructure for the operation was listed under the Transportation Project and referred to road, rail, and port infrastructure, as well as a dedicated railway line extending from the mine-belt in Sundergarh to the port-plant complex in Paradeep. This section of the MOU also included a proposal to setup an integrated township at an unspecified location, spread over an area of 2000 acres (1500 acres adjacent to the Steel Project, and another 500 adjacent to the Mining Project) with an additional 25 acres to be made available for POSCO office spaces in the Odisha state capital at Bhubaneswar.

Finally, the Water Project referred to water supply infrastructure and curiously noted that the state government would permit "drawal [sic] and use of water from the Mahanadi barrage at Jobra in Cuttack *or any other suitable source* for construction and operation of the Overall Project as per the prevailing rates and appropriate terms," and that it would obtain the necessary approvals "expeditiously" for the Company (MOU, 2005, emphasis my own). The MZPSG study points out that POSCO's estimates of requiring 3.5 cubic meters of water per second for the steel plant works out to a total usage of approximately 7,000 crore (equivalent to 70 billion) litres per year for the plant alone (assuming that it functions for 18 hours per day, six days a week).[272] Prof. Kundan Kumar, a co-author on the MZPSG study, estimated that if the steel plant were to run for 24 hours a day (instead of 18 hours), then the usage of water would amount to 12,000 crore (120 billion) litres per year. Whatever the total amount of water POSCO would eventually come to have used, it was the largest volume of water ever allotted to a project in the state of Odisha. To this could be added POSCO's intentions to construct a

[272] The MSPG study adds in a footnote that this data was compiled by political economist Shankar Gopalakrishnan (http://stoposco.wordpress.com/posco-project-in-orissa/).

1300-megawatt captive power plant, though corresponding water use data were never made publicly available.

The MOU goes on to state that the government had agreed to grant prospecting licenses and captive mining leases for 600 million tonnes of iron ore for use at the plant site in Jagatsinghpur, as well as an additional 400 million tonnes for its steel plants in South Korea. This staggering quantity, amounting to a billion tonnes of ore, is important to put into perspective. According to the MZPSG study, such an amount would "produce enough steel to build an entire city larger than Delhi and Bombay put together, or replace Indian Railways' entire rolling stock—about a quarter million railroad cars and 8,000 engines—more than 25 times over" (2010: 27).

Taken in its entirety, the message the MOU sent was simultaneously both vague and clear: Odisha's state government would do whatever it could to provide POSCO with access to land, water, and minerals—even if the methods and legality of doing so had not yet been established. In Section 5 for example, inserted between points 'iii' and 'iv' is the line: "State Government will facilitate all clearances and approvals of the Central Government, if required." Point 'iv' continues: "In addition to the land required for the core activities of the Overall Project, the Company may require additional land pockets for development of the 'transportation project', the 'water project' and any other project-related infrastructure facilities." This was followed by point 'v': "The Government of Orissa agrees to acquire and transfer all the above-mentioned land required for the Overall Project, *free from all encumbrances* through Orissa Industrial Infrastructure Development Corporation [IDCO] on payment of the cost of land" (emphasis added). Still, it is the final two points of this section which, in light of the scale of the struggle over land that followed, appear most significant (if not contemptuous). Point 'vii' reads: "On its part, the Government of Orissa will expeditiously and within a reasonable time frame, hand over to the Company [POSCO] non-forest

Government land for which the Company has completed all formalities. Acquisition of private land will be taken up on priority." Finally, point 'viii' reads: "For rehabilitation of displaced families, Rehabilitation and Resettlement Package would be implemented as per prevailing guidelines and practices" (Ibid.).

Negotiated at the highest levels of national and state government, largely in secret, once announced, the MOU was predictably not well received among those living in and around the proposed 4,004 acre plant and port site in the coastal district of Jagatsinghpur, made up largely of small fishing and betel farming communities. Adding insult to injury was the particularly bizarre provision for the project to include a captive port, given that one of the largest and most technically sophisticated ports in the country was already located in the very same district, at Paradip. In other words, rather than add to or expand existing port facilities, or even bring them to full capacity—actions which would have displaced no one—the Government of Odisha was, on behalf of POSCO, asking cashew and betel nut farmers and prawn fishers (predominantly scheduled castes) to abandon the coastal lands they had been cultivating for generations and make way for a Korean-owned steel plant. Commenting on the legal validity of the MOU at the time, lawyer Usha Ramathan made the following statement:

> The undertakings made by the state government prejudice the issues of grant of necessary license, consent orders and permits to the company. These decisions will be made on the basis of the contractual mandate of the MOU. In fact, the grant of such permits has been rendered a *fait accompli* by this MOU. As such, the MOU stands in contravention to the established principles of administrative law. More problematically, there is a real danger of the state government finding itself bound to the promises made in the MOU, particularly if the company acts upon the promises made therein.[273]

[273] Quoted in Asher (2009).

There is little I could add but that it is difficult to imagine a more succinct documentation of Indian state efforts to acquire land on behalf of industry. Much of the MOU's language is brazen, if not belligerent, but the choice of words are intentional, and demonstrate clearly the state's efforts to deliver as much as a billion tonnes of ore, thousands of acres of land, and untold amounts of water to a Korean multi-national (POSCO), all the while politely 'resettling and rehabilitating' poor farmers who might be inclined to get in the way.[274] In addition, the state's best efforts to measure, demarcate, and price land, for the purposes of converting it into capitalist private property, are on full display in the MOU, itself the product of untold hours of deliberation, research, and study by state bureaucrats, officials and their staff. Contrast this meticulousness and painstaking attention to detail with the lackadaisical and largely dismissive manner in which the state's resettlement and rehabilitation responsibilities are described. Almost as shameful is the MOU's blatant disregard for some of the country's most significant environmental protection, conservation, and pollution acts. Indeed, while the MOU makes some mention of crucial state and federal legislation, it also makes clear that the Odisha state government will not be put off by regulatory hurdles, committing itself instead to ensuring that POSCO is "expeditiously" cleared and approved on all relevant applications and procedures.[275] In sum, the MOU remains in my view the best documented example of the Indian state's vision for the POSCO-Odisha megaproject. It spells out in no uncertain terms how much land the

[274] The implication of course being, should these farmers get it in their heads to resist their own dispossession, that state forces would waste no time resolving the matter, one way or another.
[275] While it is no longer posted on any state websites that I have been able to access post-2017, excerpts from the MOU that further emphasize this point and which also made their way into the MZPSG (2010) study include: "The Government of Orissa will assist the Company in obtaining all clearances, including forest and environment clearance and approval of the State Pollution Control Board, and the Ministry of Environment and Forest, Government of India under Forest (Conservation) Act, 1980 and Environmental (Protection) Act, 1986 for opening up the iron ore mines, laying roads, constructing township etc."; "Govt. of Orissa will make best efforts and provide all possible assistance to POSCO for expeditious clearance of applications relating to mining lease and related matters such as forest, environment etc. so as to enable POSCO to start its mining operations in time to synchronize with the commissioning of its steel plant."; and "The Government of Orissa agrees to facilitate and use its best efforts to enable the Company to obtain a 'No Objection Certificate' (NOC) through the State Pollution Control Board in the minimum possible time for the development and operation of the Project."

company wanted, and makes clear the state was willing to whatever was necessary to get it—laws, regulations and responsibilities be damned.

Section 5.4: State Efforts to Acquire Land

As news of the MOU spread, communities living in and around areas earmarked for development held extensive meetings with local leaders and elected representatives at the village and panchayat level, resulting in overwhelming consensus that the project be opposed. While conducting fieldwork in Odisha in 2016, I was invited to the village of Dhinkia in Jagatsinghpur to meet with local farmers and activists and hear first-hand accounts of the state's land acquisition process. In these conversations it was explained to me that, prior to the MOU's announcement in local newspapers—widely heralded as the country's largest FDI project—no formal government consultation with local residents had ever taken place. In other words, those who were living precisely where the state's most significant industrial project was set to be built were informed of this fact in the popular press. Unsurprisingly, this 'oversight' aggravated local communities greatly, and aided resistance groups significantly in their efforts to gain support and grow ranks in the early phases of the megaproject's planning and design.

And so, in January, 2006, as administrative officials from the district of Jagatsinghpur initiated attempts to take control of a fertile stretch of land, well-known for its famed betel plantations, thousands of activists and concerned community members intervened, denying officials entry to the area. The action was spearheaded by residents from Dhinkia and was organized under the banner POSCO Pratirodh Sangram Samiti (PPSS, or the Anti-POSCO People's Movement) (Iqbal, 2011). The resistance quickly gained support and pledges of solidarity from other land-based movements throughout the state and, eventually, from across the country (PPSS, personal communication, October 4, 2016).

Later that year, as coverage of the megaproject in the national and international press turned increasingly controversial, POSCO-India's chairman and managing director, Cho

Soung-sik, felt compelled to state publicly that his company would refrain from using force, and that it would not seek the assistance of police to suppress local resistance, adding: “We don’t want another Kalinga Nagar to happen” (quoted in *The Economic Times*, 2006). Soung-sik is referring of course the brutal massacre which had occurred just months earlier, described in the previous section. His statement came on the heels of an agreement to scale down land requirements for the steel plant by some 20%, thus reducing the number of families to be evicted from 2,000 to just 450 (Mishra, 2010: 50). Taken together, the reduction of land requirements and the above-stated reference to avoiding state violence suggest a degree of ‘learning’ on behalf of capital and the state: there are limits, in other words, to how far the state can go (in its efforts to acquire land on behalf of industrial capital), and it might very well be imprudent to go that far again.

5.4.1: Domestic Legal Challenges

In this section I discuss domestic legal challenges focusing largely on the period between 2009-2014, when the state’s land acquisition efforts went into overdrive. Note that the purpose of this exposition is not simply to highlight the fact that state efforts were challenged on multiple legal fronts, but to emphasize and draw attention to unrelenting efforts on the part of the Indian state to double and triple down on its commitment to acquiring land for the POSCO project, even in the face of blatant legal violations. My focus, in other words, is on the state’s response to legal challenges, not those who leveled them.[276] What is of particular significance here are a series of provisions in the Forest Rights Act of 2006 (namely Part 4, Sections 2.D and 2.E) which stipulate that no forest rights holder shall be resettled, or have their rights in any manner affected, unless a resettlement package providing a secure livelihood

[276] I focus on the domestic legal challenges from below (Odisha-based organizations and activists) and from above (via the Central government based in Dehli) in Chapter 6.

for the affected individuals has been established, and unless the free and informed consent of *gram sabhas* in the area(s) concerned is obtained (Ministry of Tribal Affairs – MTA, 2006).

The Ministry of Environment and Forest Rights (MoEF) first issued its initial clearance for the POSCO-Odisha megaproject on the advice of its own Forest Advisory Committee in August, 2007. A series of procedural reviews by India's Supreme Court followed, but despite outstanding forest rights claims, sustained community objections, and the absence of *gram sabha* resolutions approving the use of local forest land, the MoEF granted final (Stage 2) forest clearance approval in December, 2009. Although the Ministry soon clarified in January, the following year, that the approval was conditional upon local consent, the clearance itself was not withdrawn, leaving the project in a "legally and administratively ambiguous position" (ESCR-Net, 2013: 31). This was of course in direct contravention to an MoEF order dated from July, 2009, which made it mandatory for state governments to furnish affidavits from the *gram sabhas* of any affected villages giving explicit consent, and certifying that the FRA process had been completed (MoEF, 2009). Unsurprisingly, a raft of regulatory and legal challenges ensued.

In September, 2010 (just months after the original MOU had expired) a special committee convened by the MoEF (henceforth Meena Gupta Committee) to investigate the project questioned compensation levels offered by POSCO and the state government, writing: "Mere one point land compensation however big it may be will not compensate the loss of sustainable livelihoods and the only just thing would be to genuinely give equivalent land for land compensation so that they continue eking a sustainable livelihood," adding that the state's compensation plan excluded other affected groups like fishing communities and landless labourers (*Amnesty International*, 2013; ESCR-Net, 2013). The Meena Gupta Committee report also raised serious concerns about the authorities' attempts to acquire common lands without settling competing claims, as required under FRA: "The grant of forest clearance in this manner was grossly illegal and in direct violation of both the Forest Rights Act and the Forest (Conservation) Act. The subsequent 'clarification' has not remedied this illegality, instead producing a situation of ambiguity. The said final clearance, being illegal, should be withdrawn" (quoted in ESCR-Net, 2013: 31).

An additional forest rights committee, also constituted in 2010, this time with the joint participation of officials from both the MoEF and MTA (henceforth Saxena Committee Report) found that not only were traditional forest dwellers (as defined in the FRA) residing in the area (directly contradicting claims to contrary made by the Government of Odisha) but also that state-level authorities were undermining the passing on of important information to national-level authorities concerning the activities of local forest rights committees in the affected area, including village resolutions and forest rights claims. Echoing the Meena Gupta Committee report, the Saxena Committee report also directed the Odisha government to stop all land acquisition efforts until both community and individual forest rights claims were recognized. Despite the compelling findings presented in these special committee reports, however, clearance for the POSCO-Odisha megaproject was not formally revoked.

Months later, in March, 2011, *gram sabhas* from two of the seven affected villages (Dhinkia and Gobindpur) filed formal complaints with the Indian Ministry of Environment and Forests (MoEF), again drawing on the FRA provisions. Unmoved, the MoEF ruled in favour of the Odisha government, granting permission to divert 1,253 hectares of coastal vine land for the POSCO-Odisha project. In a questionable ruling, the MoEF supported the State Government's competing claim that no forest dwellers at the project site were eligible for forest rights, and that the resolutions passed by the two gram sabhas were "invalid and fraudulent." It is perhaps worth noting that the State government itself used the FRA in order to make this argument, drawing on a provision (MTA, 2006: 16, n10) stipulating that *gram sabhas* must be attended by at least two-thirds of the concerned village's adult population in order for a resolution to be passed.

According to arguments presented by the State Government, only 69 of the total 3,445 adult voters in Dhinkia signed the resolution; while only 64 of the 1,904 voters signed it in Gobindpur. Rather shamelessly, the State government also said that, because the gram sabhas were not convened and recorded according to the format prescribed by the Odisha Gram Panchayat Rules of 1964, they were invalid, and further, that because the *sarpanch* (panchayat chief) of Dhinkia called the meeting without prior authorization by the gram panchayat, the State was now planning to take punitive action against this individual for a "transgression of jurisdiction." These claims contradict evidence reported on by Shrivastava (2015) indicating that, in fact, 1,638 people signed the resolution of Dhinkia, while another 1,265 people signed the resolution of Gobindpur; little surprise, of course, given that these were the villages that had led the resistance to the project from its outset. Jairam Ramesh, the acting Union Minister of State for Environment and Forests, justified his decision at the time saying the "implementation of both FRA and the July 2009 order is a learning and evolving process since we are still in largely uncharted territory," adding that the decision would not "weaken" the implementation of the FRA (Ibid.).

Another formal complaint, also filed in early 2011, this time by the renowned activist and environmentalist Prafulla Samantara,[277] was submitted to the newly formed National Green Tribunal (NGT) arguing that the MoEF and its expert appraisal committee relied far too much on POSCO's assurances, thus calling their conclusions into question (Balaton-Chrimes, 2015: 25; NGT, 2012: 4-5). The NGT handed down its ruling about a year later in March, 2012,

[277] Prafulla Samantara, who I interviewed while conducting fieldwork in Odisha in 2016, was awarded the prestigious Goldman Environmental Prize (considered the Green Nobel) in 2017. He is a member of Lok Shakti Abhiyan, a people's forum which campaigns for "sustainable development, the right to livelihood, and protection and conservation of natural resources which are being exploited and destructed by mindless industrialization by corporates" (https://www.escr-net.org/member/lok-shakti-abhiyan).

finding that the legal opportunity to appeal the original 2007 clearances had passed, and that the tribunal was therefore limited to handling aspects of the appeal that relate exclusively to the "additional conditions imposed in the 'final order' for environmental clearances," issued in 2011 (Balaton-Chrimes, 2015: 25). The NGT ordered these additional conditions suspended, and directed the MoEF to once again review the clearance and attach both conditions and a timeline (NGT, 2012: 31-32). The NGT also encouraged the MoEF to establish more rigorous policies to combat these issues while criticizing the inclusion of Meena Gupta on the FRA review committee (on the grounds that she was the acting Secretary of the MoEF when the initial clearances were issued), as well as the scientific rigour of the environmental impact assessments (EIAs), and piecemeal processing of EIA applications, rather than treating the entire 12 mta project and its associated infrastructure as an integrated whole (NGT, 2012).

Following the NGT ruling, yet another committee (henceforth Roy Paul Committee) was convened by the MoEF to once again review the clearances, this time limiting the review to the new conditions imposed in the 2011 final order. The Roy Paul Committee report consequently made a series of technical recommendations calling for another round of EIAs, while seeking to clarify ambiguities found in earlier assessments. With respect to resettlement and rehabilitation, the report noted that project proponents had not done nearly enough—in terms of genuine funding, planning, and support for local development—to earn the confidence of local communities; in other words, according to the Roy Paul Committee, the project's proponents had discounted (if not completely disregarded) the inherent value of social license and 'buy-in' among local communities. The report concluded that POSCO would likely be unwilling to make genuine local community investments absent land acquisition and iron ore access guarantees from the state government, both of which had exceeded timelines outlined in the original MoU (Balaton-Chrimes, 2015: 25).

Despite this raft of outstanding issues and concerns, the MoEF granted in January, 2014, POSCO's request for revalidation of the previous environmental clearance (originally granted in 2007 for a plant capacity of only 4 mta). The move retroactively revalidated the clearance for a period of five years dating from July 18, 2012, subject to the recommendations of the Roy Paul Committee report (IEP, 2014), and referred only to the initial 4 mta phase of the steel plant and captive power plant, not the mine or port units. Thus, though the clearances were determined to be legally valid, the revalidation addressed neither the chief concerns raised in the NGT judgment, nor those detailed in the Ministry's own and joint special committee reports.

The point of this short sub-section has simply been to draw attention to unrelenting efforts on the part of the Indian state (at the level of both the State and Centre) to acquire land on POSCO's behalf in the face ongoing legal challenges, first under the Forest Rights Act of 2006, and later under the National Green Tribunal of 2011. What we see is that, not only was the state determined to *pursue* the project,[278] but to *justify* it as well, primarily through the use of special investigative committees, all of which concluded, in some form or fashion, that local consent had not been granted, and that crucial environmental and livelihood concerns had not been adequately addressed. Here, one can't help but be reminded of Cho Soung-sik's statement nearly a decade earlier (quoted above). Clearly they *did* want another Kalinga Nagar to happen, at least in terms of the establishment of large-scale industrial units; what they didn't want was the popular opposition that tends to accompany the land acquisition process (particularly when it leads to violence and bloodshed). In other words, unlike in the Kalinga Nagar case, proponents of the POSCO project made great efforts to establish its legality (because they were forced to). And while it is true that legal concerns among locals were ultimately never resolved,

[278] Minutes published by the Ministry of Steel in 2013, give some sense of the degree of internal government pressure on the MoEF to issue the relevant clearances: "This EC [environmental clearance] should be revalidated immediately to avoid unnecessary noises raised by NGO and anti-project entities etc. during the implementation of land acquisition by GoO [Government of Odisha]" (quoted in Balaton-Chrimes, 2015: 26).

one cannot discount the impact (or at least the influence) of the state's industrialization attempts (and corresponding opposition to it) in one place, on that in another.

5.4.2: Acquisition, Compensation, and Controversy

Formally, the land acquisition process was carried out by the Jagatsinghpur district administration in two phases, the first in 2011, and the second in 2013. During this period POSCO successfully acquired some 1,700 acres stretching across two district panchayats, while the Industrial Development Corporation of Odisha (IDCO - the 'land transfer' arm of the state) acquired an additional 1000 acres for the megaproject (2,700 acres in total).

Back in 2010 though, POSCO still had its sights set on the full 4004 acres. In July of that year, Revenue and Disaster Management Minister, Suryanarayan Patra, informed Odisha's state assembly that the Rehabilitation and Periphery Development Advisory Committee (RPDAC) had finalized a compensation package for project-affected families (*The Economic Times*, 2010b). According to the plan, a total of 470 families would be displaced, along with the demolition of as many as 1,877 betel vines and 31 prawn ponds distributed across three gram panchayats (those being Dhinkia, Gada Kujang and Nuagaon). In terms of financial compensation, it was announced that rate of Rs. 17 lakh per acre of agricultural land would be paid to betel vine growers, and that those households who were not able to earn employment with the company would be provided with an additional unemployment allowance of Rs. 2250 per month.[279]

[279] By 2011, even mainstream Indian press outlets like *The Economic Times* were reporting that, while the genuine rights of forest-dwelling scheduled tribes and other non-traditional forest dwellers are likely to be "glossed over or even compromised in the process of industrialization," the architects of this process (the policy establishment and civil society generally) should, at the very, least be "forward thinking in rightfully implementing forest rights on the ground" (J. Mishra, 2011). Noting that POSCO had recently announced resettlement and rehabilitation packages could now go as low as Rs. 1,500/month, for up to two years, the article describes the project as a "public relations disaster," adding that one-off compensation packages are not only insufficient, but are clearly perceived as such by the general public. What is needed, the author goes on to argue, is an "institutional mechanism" which not only covers the costs of shifting to a different field of economic activity, but more importantly, compensates for the loss of current income from fishing, betel-leaf farming and the like, in addition to the capital gains surrendered in giving up land or cultivation rights well before market values have peaked (Ibid).

By the time the first phase of the land acquisition process was initiated in 2011, many residents in the village of Nuagaon had moved from their early opposition to the project and had willingly allowed their betel vines and fruit-bearing trees, mostly cashew nut, to be torn down in exchange for direct compensation.[280] Fierce resistance in other areas, however, in particular by hundreds of men, women, and children who blocked entry points to the vineyards by occupying coastal territory in scorching summer temperatures, eventually forced the Jagatsinghpur district administration to suspend the land acquisition process for the next two years. A series of films produced by *Samadrusti*, an independent press outlet based in Bhubaneswar, reveal the uncompromising bravery of local farmers and their supporters who gathered *en masse* in peaceful demonstrations to prevent their collective dispossession. Images in these films show groups of men, women, and children coordinating mass actions, building barricades, educating one another, singing and chanting, cooking and sharing food, and providing shade and water to protect fellow demonstrators from the extreme heat, all while refusing to be moved by police and POSCO security personnel.[281]

When the land acquisition process was restarted in 2013, backed by this time by even greater police deployment, the total amount of land area to be acquired had been reduced from 4,004 to 2,700 acres by excluding the village of Dhinkia, long the epicentre of the anti-POSCO resistance. In July, 2013, the Jagatsinghpur district collector S. K. Mallick announced that the

[280] A group which called itself the United Action Committee (UAC) and which wielded a high degree of influence in the village of Nuagaon, the largest of the affected areas, came out in support of the project, arguing it would bring much needed development and economic opportunity to the area. As the UAC continued to campaign on behalf of the project and encourage others to sell their land, clashes inevitably erupted between pro- and anti-POSCO groups, some of which turned violent, claiming the lives of at least five individuals during this period (Sahoo, 2017). It should be of little surprise then, in cases where people willingly sold their land to POSCO or the state government, that they eventually became angry and frustrated when that project's survival was suddenly in question—not only had they lost their land, they lost the very reason they had sold their land in the first place.

[281] See for example 'The Land of Our Ancestors' (youtu.be/a5HVACK3Zxc), or 'Again For POSCO - A Madhyantara Update' (https://youtu.be/iFWvPoGF4DE), or '6th Anniversary' (youtu.be/V4nNGq7DSXQ) on the *Samadrusti* YouTube page (youtube.com/user/Samadrusti) to get a feel for the tenor of these resistance actions.

final phase of the land acquisition process had been completed, with the government having taken possession of all 2,700 acres. Altogether, 1,116 betel vines were dismantled (488 in Gobindpur, 460 in Nuagaon, and 168 in Gadakujanga panchayats), with Rs. 16 crore paid out as direct compensation to vine growers; another Rs. 1.15 crore was paid out for farmland, with an additional Rs. 3.50 crore paid out for tree felling (*Business Line*, 2013). Denying the use of force, the district collector said his administration had "acquired land from the people who were willing" and added that betel vine growers and labourers who were resettled would be paid Rs. 4,500 and Rs. 2,500, per month, respectively, until a "permanent solution for their rehabilitation was made" (Ibid.).

No sooner was the announcement made, however, that frustrations over the rehabilitation program's implemented began to boil over (*The Hindu*, 2013). In February, 2014, less than a year after the Jagatsinghpur district administration had announced the end of the land acquisition process, more than a thousand villagers from Nuagaon (which, as noted above, had long been a base of support for the project) destroyed a 300-meter boundary wall in the project area, proceeding then to set camp offices belonging to POSCO and IDCO on fire (*Global Times*, 2014). They also constructed bamboo barricades to prevent POSCO contractors and government employees from accessing the area. Remember, these were people who had *willingly* sold their land to make way for the project, some as much as five years prior, but could simply no longer stand to let state promises (relating to monetary compensation, jobs, and the provision of agricultural and homestead land) remain unfulfilled any longer.

And who could blame them? A betel vineyard raised on an acre (100 decimal) of land can fetch a farmer more than a million Indian rupees in a single year (equivalent to Rs. 10,000/decimal/year); in fact, it is estimated that the betel leaf economy in the project area alone amounts to more than Rs. 5 million per day (Mahapatra, 2017). When compared with state offers of just Rs. 11,500 per decimal as a one-time compensation payment, it is difficult to imagine why anyone, at least on purely economic grounds, would ever agree to such a deal. In many cases, of course, people were given no choice at all. Hundreds of vineyards (each with thousands of vines) were destroyed by state authorities in the land acquisition process, leaving many with little recourse but to accept whatever the state offered as compensation; meanwhile, dozens vine growers were left with no compensation whatsoever (Ibid.).

Farmers and activists I spoke with in 2016 estimated that at least 80% of project-related 'land sales' were made under duress, where either the threat or use of force was employed by state actors (uniformed police officers and/or hired *goonda* thugs) on village residents and/or their property. This is not to say that all who sold land or supported the megaproject did so because they were coerced. Indeed, for landowners who were not engaged in small scale farming, or who did not depend upon fishing or small betel nut, cashew, or mango plantations in these coastal areas, POSCO's land acquisition offers were well worth it—why pass up lump sums of cash in exchange for excess/unused land? Vine growers I interviewed told me they were offered as much as Rs. 18 lakh/acre (17 originally) for private land, and as much as Rs. 11 lakh/acre (6 originally) for forest land. Not only are these figures consistent (as noted above) with those announced by the Minister of Revenue and Disaster Management in 2010 but, perhaps more importantly, were objectively significant sums of money (roughly US $25,000/per acre). But one-time lumpsum payments are just that, and unless a significant portion of that money is wisely invested, as so many in these villages know only too well, it will run out over time, and the former vine grower will be not only landless, but penniless as well. Worse still, the community itself will have lost a fundamental source of cohesion and cooperation.[282]

[282] In 2016 I had the privilege of visiting a large betel plantation where thousands of shaded vines grew quietly on a well-manicured sandy coast. Walking amid the vines, it was explained to me in detail how the practice of planting, maintaining, and harvesting betel engages an entire community. Unique and specific tasks are delegated both to children and the elderly, along with men and women of all manner of abilities, so that the practice of cultivation itself becomes a way of building and strengthening community bonds and relationships. In the district of Jagatsinghpur alone, 5000 betel vines provide income to more than 10,000 cultivators

Imagine their exasperation then, when credible evidence of financial malfeasance began to surface during this period, involving predatory 'chit-fund' companies (with names like Seashore Self-help Cooperative Ltd., Maa Mangala Saving and Credit Cooperative Society Ltd. and Balasore Mercantile Cooperative Ltd., etc.) which had preyed upon many of these very same villagers, newly flush with cash from state land sales. It was eventually revealed that hundreds of fraudulent banking cooperatives were operating in the state, taking advantage of crucial loopholes in the Orissa Self-Help Cooperative Act of 2001, and the Multi-State Cooperative Societies Act of 2002. While the Acts were (on their face at least) intended to boost the state's cooperative sector, they instead gave rise to an entire industry of 'credit and multipurpose self-help cooperative societies'—otherwise known as Ponzi schemes or, in local parlance, 'chit funds'—whose *modus operandi* was to raise money from the general public by promising massive returns in a short period of time (doubling an investment in a matter of five years, for example) (Sahu, 2015). Indeed, in the roughly twelve years or so of its existence, the Orissa Self-help Cooperative Act opened the door to as many as 1,634 cooperatives, of which 979 were registered as cooperative banks (Mohanty, 2013).

When news broke of the scam it quickly emerged as a major political scandal for Naveen Patnaik's ruling BJD government. Buckling under sustained public pressure, as well as the filing of petitions calling for a Central Bureau of Investigation (CBI) probe into the ruling party's involvement, Chief Minister Patnaik announced the establishment of a corpus fund valued at Rs. 300 crore to repay defrauded investors in 2013 (*The Statesman*, 2013). By the fall of 2014, some 44 firms had been placed under formal investigation by the CBI, while a sitting MP, an MLA, and a former MLA—all members of the ruling BJD party—had their homes and

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distributed across three panchayats. During times of harvest, even small plantations can employ thousands of farmers for months at a time. Given that this traditional practice, carried out over generations, continues to provide comfortable and meaningful livelihoods for so many, is it really any surprise locals would be reluctant to see their lands transformed beyond recognition by a foreign-owned steel plant, all in the name of nebulous and undefined concepts of 'industrialization' or 'development'? Indeed, in the words of one betel farmer: "How long are we supposed to live off that money?"

offices raided and were subsequently arrested (Sahu, 2014). Though the Multi-State Cooperative Societies Act was formally repealed in 2013, the amounts raised from unsuspecting investors (many of whom were doing little more than what they had been encouraged to do by state officials) in the short period of its existence were staggering, valued at more than Rs. 3,000 crore (3 billion rupees, equivalent roughly half a billion US dollars in current prices), according to the most recent interim report filed by the enquiry commission established to probe the scandal (*Business Standard*, 2019).

The scandal is a fascinating one, and while I do not have the liberty to expand on it further here, it speaks yet again to just how consequential divergent relations to land (in terms of how it is valued) can be. Again, even in the purest of economic terms, as I show above, selling land, even for $25,000 an acre, is a poor investment in a context where an acre can earn nearly half that in just one year (from betel cultivation, for example). In other words, by the state's calculations, two years of earnings is worth the price of dispossession. What the state takes no account of is the fact that people in these areas are intimately familiar with stories about what happened, not just to the people of Kalinga Nagar, but to similar groups of people—not so dissimilar from themselves—across the state and across the country. This is tragic enough. Orders of magnitude worse, however, is government officials telling small farmers not only to sell their land, but to then take their earnings and invest it in speculative banking cooperatives, knowing full well that these too were empty promises (Mohanty, 2014a, 2014b); seeing it as little more than part & parcel of the land acquisition process.

Section 5.5: Preliminary Conclusions

This chapter set out to identify how the Indian state, represented in this case by district administration officials, along with State and Centre-level bureaucrats, Ministers, and their staff, have attempted to acquire land on behalf of (industrial) capital. I conceptualize this as a series of phases (or moments) in a longer process through which land acquires its capitalist form (goes from being private property *as such* to capitalist private property) in the context of two large-scale industrial projects in the state of Odisha.

In the Kalinga Nagar case, no less than the state's beloved former Chief Minister, the late Biju Patnaik, set plans in motion for India’s next Steel City, beginning in 1990. Over the next 7 years, the Government of Odisha acquired some 13,000 acres of land, a quarter of which was reserved for green belt, common corridor, and resettlement purposes, with the remaining three-quarters designated for industry. Problems arose in late-2005/early-2006 when Tata, which had been allotted some 2,400 acres of land about a year earlier, attempted to take formal possession. Despite repeated calls from local groups for state authorities to prevent Tata employees from taking over the area, the state chose to turn a blind eye. Rather than address local grievances and work collectively to achieve some basic level of community buy-in, police forces were used to crush dissent and clear a path for capital, leading to what so many warned would be unprecedented bloodshed. The case lays bare for all to see the state’s shameful commitment to an industrialization strategy seemingly willing to stop at nothing to defend the interests of capital over and above those of poor farmers, putting to rest any notion that the neoliberal state was ever anything other than interventionist. In the end, the state was ultimately successful in acquiring some 85 square kilometres of land for the Kalinga Nagar Integrated Industrial Complex (KNIIC) where, according to latest figures, a total of 15 large-medium scale industries and public sector ventures are currently operational (Government of Odisha, 2019), a topic I take up in detail in Chapter 7.

In the POSCO case, a similar series of events ensued, though with slight variation. While the KNIC attracted investment exclusively from domestic industrial firms headquartered in India, the POSCO case involved only one firm, and a foreign one at that. Interestingly, both the KNIC, and the POSCO-Odisha megaproject reflected in some way the industrial ambition of the Chief Ministers who oversaw their implementation: a new Steel City for the Indian nation under Biju Patnaik (who held the Chief Ministership from 1990-95), and the largest FDI project in India's history under his son, Naveen Patnaik (who has held the state's top position since 2000). Unlike his father, however, Naveen has tended to meet much less cooperation and sympathy from the Centre with the types of charismatic megaprojects that tend to capture hearts and minds, and this markedly so in the post-2014 Modi era (a subject explored in further detail in Chapter 6).

On the question of grassroots opposition, in the Kalinga Nagar case, resistance to the state's land acquisition efforts remained largely unorganized until late-2005, nearly 15 years after the project's original conception, and as much as 7 or 8 years after the vast majority of land had already been acquired by the state (though not yet transferred to industry). Indeed, it was not until early-2014, not long before Tata had signed its own MOU for some 2,400 acres in the industrial complex region, that an organized resistance movement was able to successfully coalesce and spring into action. Activists and concerned citizens of all types did eventually undertake a wide range of direct actions in the Kalinga Nagar case, including protests, demonstrations, the blockading of roads, and so on, but in the end, the state bulldozed the resistance, deploying its own combination of forceful tactics and strategies which, in the words of some of the activists I spoke with, amounted to a form of state terrorism (for a detailed accounting of these events, see Paikray, 2015; as well as *The Economic Times*, 2010a; and *New Indian Express*, 2010). Further, as I discuss in greater detail in the next chapter, the movement for both land and monetary compensation for those who were displaced remains ongoing.

In the POSCO case, by contrast, organized resistance emerged much more quickly, and was by all accounts bolstered in the early stages following the brazen manner with which the MOU was first announced, with a foreign-owned firm no less, absent any local consultation whatsoever. The anti-POSCO resistance was also much more successful in taking advantage of federal-level legal mechanisms and, as I show in the next chapter, was even able to extend its struggle to the scale of the transnational. However, as I have now mentioned on several occasions, one must consider the historical advantage that the anti-POSCO movement enjoyed. Indeed, activists I spoke with were clear that they were both inspired and emboldened by the resistance movement in Kalinga Nagar, and that they learned a great deal from both the successes and failures of that struggle. But the fact that the POSCO resistance was ultimately successful (in the sense that it was a central factor in delaying the project for so long that it was ultimately abandoned) belie the fact that many people lost their land in this case as well. And while many in the years since have re-occupied the lands they previously lost, more recently, the state has gone about courting a new industrial collaborator, Jindal Steel,[283] a subject I take up in the next chapter.

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[283] For a recent update on this renewed struggle, see Sahu (2022).

Chapter 6

The Scalar Politics of Odisha’s Industrialization Process: Struggle from Above, and Struggle from Below

In the previous chapter I provided a detailed exposition of the land acquisition process in the districts of Jajpur (where the KNIC is located) and Jagatsinghpur (where the POSCO project was set to be built) from the standpoint of the Indian state. Two additional vantage points are considered in the current chapter, those pertaining to grassroots resistance movements by local activists and their supporters (both within India and abroad) as well as those of the Central government (based in Delhi). In other words, the current chapter considers the scalar politics of Odisha’s industrialization process both from below, and above.

While it is true that the resistance movement in Kalinganagar was largely crushed by state forces, it would be incorrect to say that the resistance was eliminated altogether. Indeed, in the years that followed the brutal firing on January 1st, 2006, a committed core of activists and land defenders continued to organize and agitate on behalf of those who lost land to industry. In the chapter that follows, I take a closer look at the reaction by local activists and grassroots organizers in the Kalinganagar region to the land acquisition process, emphasizing in particular the period after 2011.[284]

In the POSCO case, by contrast, as discussed briefly in the previous chapter, grassroots resistance efforts were largely successful, at least in the sense that the physical occupation of project area land, along with federal-level legal challenges via the FRA and NGT, delayed acquisition efforts on the part of the state. But that is really only part of the story. Indeed, as I

[284] The genesis and early efforts of grassroots resistance movements in the Kalinganagar context, prior to 2011, are discussed in Chapter 5.

show in the chapter below, anti-POSCO activists were also successful in making use of civil society networks outside of India, as well as grievance mechanisms within key intergovernmental organizations such as the United Nations and the OECD.

The chapter is divided into three short sections. In the first section I take a closer look at the politics of land-based resistance in the KNIC region after 2011, focusing in particular on legal challenges and public demonstrations. In the second section I look at the novel ways in which the anti-POSCO resistance movement was able to expand its network to the scale of the international, and consider the efficacy of international grievance mechanisms at the UN and OECD. This section also considers perspective from the Korean House for International Solidarity (KHIS, based in Seoul) as well as efforts on the part of the Indian Central government (based in Delhi) which further compromised the viability of the POSCO-Odisha project. In section three I provide some concluding considerations.

Section 6.1: The Politics of Land-based Resistance in Kalinganagar

As mentioned in the previous chapter, grassroots resistance to state-sponsored dispossession and land acquisition in the KNIC region declined considerably after 2011; though not entirely. In fact, activists and organizers still come together regularly to hold demonstrations, often attended by thousands, to honour the lives of those who were murdered in 2006 (see image below), and to protest the state's ongoing failure to deliver on the jobs and development promised so long ago (*Business Standard*, 2008; *New Indian Express*, 2016; Senapati, 2019, 2020). In fact, due to the sustained efforts this resolute core, by the spring of 2016, Tata had acquired just 2,100 of the total 3,475 acres it was originally allotted some twelve years prior (Satapathy, 2016). Further, while as many as 1,113 families had by then already been resettled, an additional 121 families remained staunchly opposed to the project, refusing to part with their land for any price.

Figure 6. 1 Photo of the Martyrs' Tower monument to fallen victims of the 2006 firing at Kalinga Nagar. Image acquired from Senapati (2019).

Figure 6. 2 Photo of demonstration ceremony on the anniversary of the 2006 firing at the Kalinga Nagar Martyrs' Tower monument. Image acquired from Padhi & Negi (2018).

In September, 2016, disgruntled villagers from Baligotha submitted a petition to the Revenue Divisional Commissioner (RDC) for Odisha's Central Division (based in Cuttack), against what they termed the illegal construction of a boundary wall for Tata's steel plant, arguing it would threaten wildlife and cut off access to medicinal plants in the Sal forest (Land Conflict Watch, 2019). It was around this period, some five years after the Jagatsinghpur-based anti-POSCO movement made a similar move, that four residents from the Kalinganagar region filed a petition with the Eastern Zone Bench of the National Green Tribunal (NGT), Kolkata, against Tata Steel Ltd. and the Government of Odisha seeking an injunction against all construction and tree felling in the area, and alleging that Tata Steel was operating without the requisite forest clearances (Majumder, 2017).

Within very short order, the NGT ordered the Divisional Forest Officer (DFO) based in Cuttack to investigate and produce a report on the veracity of the allegations (Jaiswal, 2016). On January 3, 2017, barely a month after the original petition was filed, the NGT issued a stay order on all further construction and tree felling, citing Tata's inability to produce a forest clearance certificate. Then, just two days later, on January 5th, the NGT vacated its previous stay while upholding a separate clause in the original clearance which directed, among other things, that (i) the legal status of the forest land would remain unchanged, (ii) no forest land would be used for the construction of a factory or township, and (iii) the forest area proposed for township development should be re-located to a non-forest area, while the proposed area be used for greenbelt and plantation purposes "using mainly indigenous species at the cost of the project" (Poyam, 2017). About a month later, on February 7, 2017, the NGT issued a notice both to Tata and the Odisha government observing that no counter-affidavit had been filed by either respondent (*Steel Guru*, 2017). Note that while the *Steel Guru* article cited here, dated to February 9, 2017, mentions that the case was scheduled for hearing at the tribunal on March 21, 2017, I have not been able to track down any record of this event actually taking place. In any case, photographic work by Poyam (2017) shows that, despite the NGT's rulings against such activity, tree felling, along with extensive boundary wall band building construction, was well underway in the project area by the fall of 2017.

Still, the resistance was emboldened in May, 2017, when the state government announced that no state officials or police would be in any way held responsible for the role they played in the 2006 massacre (S. Das, 2017). By way of background, note that an initial inquiry commission was constituted on February 2nd, 2006, under the direction of Justice S. N. Naidu to probe the firing (despite a Supreme Court order barring any sitting high court judge from heading a judicial inquiry). The commission was subsequently dissolved the following month after an unsuccessful plea by the state government to allow Justice Naidu to maintain the appointment (Padhi & Negi, 2018). A second inquiry commission was constituted two years later in January, 2008, under the direction of Justice R. K. Patra, but this too had to be dissolved in short order following Patra's appointment to the position of state Lokpal (anti-corruption authority/ombudsperson). A year and a half later, in September, 2009, a third and final inquiry commission was constituted, this time under the leadership of Justice P. K. Mohanty. The Mohanty Commission submitted its report to government authorities on July 3rd, 2015, though it was not formally accepted until June 8th, 2016 (*New Indian Express*, 2017). More than a year later, on December 14, 2017, the commission's final report was tabled in the Odisha State Assembly, finding no culpability whatsoever on the part of state authorities or police (Naik, 2017).

In all, then, some 11 years were needed for the state to conclude that the "quantum of force" used during the massacre was "justified in the face of a situation where about a thousand [A]divasis had assembled to thwart the construction of the boundary wall with lathis, axes, bows and arrows," characterized as "deadly weapons" in the report (Padhi & Negi, 2018). The report also concluded that the 12 platoons of police deployed with modern arms and ammunitions “had to resort to ‘self-defence’ as the protestors became aggressive.” While the commission acknowledged that “discontent” had been brewing among locals over the issue of land transfer compensation rates, it neglected to mention that no district- or state-level authorities made any effort to negotiate with them, let alone include them in some measure of the development project's planning. The commission’s final report made three recommendations to the Government of Odisha, calling for (i) the formation of a comprehensive benefits scheme, based largely on that established by Tata Steel Limited, for “land losers and displaced persons,” (ii) the provision of suitable employment to (at least) one family member of each deceased victim, through beneficiary companies set up in the KNIC; and (iii) for additional *ex-gratia* payments to be made to those persons injured by police gunfire (R. S. Sahoo, 2017b). Responding to the recommendations, Home Department Additional Chief Secretary, Asit Tripathy, made the following comments:

> Upon examination, it was found that the Odisha Resettlement and Rehabilitation Policy of the Revenue & Disaster Management Department in its amended form was progressive and similar to the scheme adopted by the Tata Steel Limited in respect of the displaced persons of Kalinga Nagar. Hence, the Recommendations of the Commission in this respect have been complied (…). It was also found that at least one member each from the families of the persons deceased on account of the Police firing incident had been offered employment by the beneficiary companies in the Kalinga Nagar Integrated Industrial Complex. Hence, the Recommendations of the Commission in this respect have also been complied (...). On request of the Home Department, Government in the General Administration Department has released a sum of Rs 16,50,000 in favour of the Collector, Jajpur for payment of additional differential ex-gratia to the injured persons.[285]

In other words, problem solved! I find it particularly fascinating that, in the government’s own estimation, the high-water mark for resettlement and rehabilitation is a program

[285] R. S. Sahoo (2017a).

established by a steel company, not any public authority, let alone the one charged with actually maintaining the wellbeing of displaced persons. Incredibly, simply by describing state policy as "similar to the scheme adopted by Tata Steel Limited" the Additional Chief Secretary was essentially able to absolve his administration of any further responsibility regarding the resettlement and rehabilitation of displaced persons in the KNIC region.[286]

Adding insult to injury, no officials were indicted in the Mohanty Commission report. "The judicial panel headed by Justice Pradyumna Kumar Mohanty has not made recommendation against *any* official for the police firing incident," Minister for Food Supplies, Consumer Welfare and Cooperation, Surya Narayan Patro, explained to reporters (*New Indian Express*, 2017; emphasis my own). In the report, the acting executive magistrate who ultimately gave the order to fire on the crowd was credited with the following statement: "When all the deterrent measures failed and yielded no result and finding that the lives of police personnel were endangered, live firing order was passed" (Pattajoshi, 2017). The commission head, Justice P. K. Mohanty, stated the following in the report: "In my considered opinion, there was no option for the executive magistrate than to pass orders for opening of live firing on the riotous mob when all deterrent measures, i.e., firing of tear gas shells, stinger shells, stun shells and then firing rubber bullets failed to scare away and disperse the mob." Interestingly, while the commission exonerated officials and authorities of any wrongdoing, it decried the actions of physicians who conducted autopsies on five individuals killed in the massacre, saying they had "clearly deviated from the normal practice and procedure by severing the palms from dead bodies without authority and contrary to the request made by the police" (Ibid.). It is not clear what evidence was used in determining that doctors acted on their own accord, rather than under pressure from state authorities, in the senseless severing of body parts, though, according

[286] I take up this issue again in further detail in the following chapter, in the section on resettlement and rehabilitation. Readers interested in learning more about the details of Tata's resettlement and rehabilitation program (Tata Steel Parivar) should see Tata Steel (2006a, 2006b).

to S. Das (2017) three doctors were dismissed on October 24, 2008, for the heinous acts, only to be reinstated following court orders shortly thereafter.

6.1.1: Citizen Response to the Mohanty Commission Report

Though the Mohanty Commission's inquiry report was not officially tabled in the Odisha state assembly until December 14, 2017, protests erupted and were already gaining momentum as far back as May of that year when news broke that all state officials would ultimately be dismissed of any wrongdoing;[287] findings the state government waited some two years to reveal to the public, let alone the aggrieved parties (S. Das, 2017). Responding to the report's tabling in the state assembly, Dibakar Nayak, head of Odisha's CPI party, characterized the report as "an attack on tribals" which had "shaken their mindset" (Pattajoshi, 2017). Suresh Panigrahi of Odisha's CPI(M) party charged the state government of setting up the judicial commission "just to give protection to the district administration and police." Abdul Wali of the Republic Party said the report "ridiculed the tribal movement and people's agitation," while Rabindra Jarika, leader of the BBJM resistance, dubbed it as "anti-tribal" (Ibid.). Senior BJP leader Biswa Bhusan Harichandan (who was in fact the acting Industries and Law Minister in the BJD-BJP coalition government when the tragic event occurred back in 2006) said the report was "superfluous and biased," and that "such reports can't be trusted," adding "[t]hirteen tribals and a police havildar [sergeant] had died in the clash between the cops and agitators that led to the firing. How is it that no one has been found guilty? Somebody must be made accountable for the incident" (S. Das, 2017).

Senior Congress leader and former industries minister Niranjan Patnaik rejected the cabinet decision to accept the report, referring to the commission as "sterile" and describing the report as a "carefully orchestrated whitewash" (Ibid.). In January, 2018, less than three weeks after the Commission of Inquiry Report was tabled in the Odisha state assembly, the

[287] See *Odisha TV* (2017) and *Report Odisha* (2017) both dated May 19, 2017.

West Bengal-based *Sanhati* (2018),[288] published a citizens' response to the commission's findings. The response laid out 7 major points of contention *vis-à-vis* the inquiry report, some of which I summarize briefly below.

The first point of contention concerns the report's disproportionate justification of violence. Indeed, while the gathering of villagers armed with traditional weapons such as bows and arrows was described in the commission report as "illegal" and "unconstitutional," the presence of more than 500 police armed with modern munitions was described as "adequate." Such framing allows violence carried out by officers on behalf of the state to be described as "self-defence," while villagers, assembling to "protect their own lives and livelihood" are afforded no such justification (Ibid.).

Another point of contention concerns the characterization of NGOs and other activists who, in demanding that people's democratic rights be upheld, were described in the commission report as having "taken advantage of the volatile situation, mobilised, instigated and led the villagers to adopt a path of confrontation." The citizens' response also questioned the "public interest" justification used by the state to keep compensation money for public land that was sold to Tata, and challenged the impartiality of the commission itself. The final point of contention in the citizens' response reads as follows: "To recommend jobs of temporary nature to those who gave up their lives in protecting their land to avoid facing uncertainty is a travesty. Such a recommendation of the Commission to provide suitable employment to one member in each family is tantamount to the privatization of lives and livelihoods of individuals (...). It would have been appropriate to offer a government job" (Ibid.).

The above quote speaks to the extreme skepticism and mistrust with which local groups view promises made by government authorities and their corporate counterparts. Indeed, there is nothing certain about markets (quite the contrary) so why give up the relative stability of

[288] A scholarly-cum-activist journal that, according to its website, fights neoliberalism in South Asia.

one's relationship to the land for such a capricious and poorly planned alternative? To offer a government job in exchange for land, by contrast, whether or not it was ultimately agreed to, would at least hint at a longer-term commitment on the part of state authorities, and would go a significant way indeed to overcoming the inherently precarious nature of temporary employment at a steel plant which, unlike the land, might not even be there in a few years.

Land-based resistance in the Kalinganagar region today is not nearly as organized or powerful as it was in the period from 2006-2011, but this is qualitatively different from not existing at all. Recently, on January 2nd, 2020, activists and concerned citizens observed the 14th anniversary of the Kalinganagar firing, just as they have every other year since the tragic event occurred. According to Senapati (2020) the event was attended by some 5,000 tribal members, including leaders from other states, who participated in a march from the "Martyrs' Tower" in Champakoila village to the Bira Bhoomi in Ambagadia, where the 14 firing victims were cremated back in 2006.

Meanwhile, as far as Tata Steel, the Government of Odisha, and the business press are concerned, all is well in the KNIC. In the fall of 2018, with Chief Minister Naveen Patnaik in attendance no less, Tata Steel broke ground on the Phase II expansion at its Kalinganagar site, slated to increase plant capacity from 3mta to 8mta in just 48 months at a cost of 235 billion Indian rupees (equivalent to roughly $3.2 billion US dollars) (*Steel Guru*, 2018). Less than a year later, in the summer of 2019, Tata announced plans to develop 40 new steel product grades at its Kalinganagar site within the year (Dash, 2019). And while it is true that, more recently, Tata Steel announced plans to slow the expansion of its Kalinganagar facilities amid sluggish demand in the domestic steel market (*Argus Media*, 2020), it goes without saying that the steel major has no intentions of returning the land it now occupies.

6.1.2: Concluding Considerations

This brief account shows that, while certainly not as powerful as in the past, land-based resistance in the KNIC was far from absent in the period after 2011. Indeed, while it is true that, by the spring of 2017, Tata Steel had successfully acquired the entire land area (3,475 acres) it was originally allotted back in 2005, one should not lose sight of the fact that the reason it took some twelve years to take possession was because people in the area fought tooth & nail and refused to give in (until the choice was ostensibly made for them). It also shows that, unlike in the POSCO case, the NGT was largely ineffective in slowing or preventing Tata from expanding its activities at the site, though it could be said there was little they could have done anyway given that, at the time the petition was filed in 2016, Tata had already been operating in the area for several years. In any case, despite the NGT's rulings against Tata Steel's expansion at the Kalinganagar site in 2017, the steel company continues to operate, showing no intention of leaving any time soon.

Section 6.2: Transnational Civil Society and the Amplification of Anti-POSCO Resistance

As discussed briefly in the previous chapter, resistance to the POSCO project expanded steadily in the early stages (2005-2010). As the next decade dawned, however, in the face of intensified efforts on the part of local authorities to acquire land for the project, Odisha-based activists in Jagatsinghpur and Bhubaneswar had little choice but to bolster their efforts beyond Odisha's state borders.

Support was found in the form of a loose but overlapping network of organizations and individuals based primarily in South Korea, the US, and Western Europe, and pivoting primarily around their shared relationships with India-based activist groups connected (in some form or fashion) with the broader anti-POSCO movement (Balaton-Chrimes, 2015: 30-33). These mobilizations and campaigns, which in some cases involved direct action demonstrations and protests, primarily took the form of formalized research, the publication of comprehensive reports, and the soliciting of non-material support from influential actors and intergovernmental organizations (including the UN and the OECD) in an effort to exert pressure on POSCO and the Government of Odisha (Ibid.).

Reports of these mobilizations and campaigns continued to circulate and gain attention in influential circles, both within India and abroad, and in October, 2013, eight Special Rapporteurs from the UN called on POSCO to halt the project amid “grave human rights concerns” (UNOHCHR, 2013). The Rapporteurs argued that the project must not proceed without sufficient guarantee the rights of locals were being respected, and claimed further that the Government of the Republic of Korea (RoK) had a responsibility to “take measures to ensure that businesses based in its territory do not adversely impact human rights when operating abroad” (Ibid.). This call was followed-up in May, 2014, when five of the eight Special Rapporteurs engaged the ‘Special Procedures’ function of the UN Human Rights Council requiring the Government of South Korea to respond to questioning about how it was holding POSCO accountable for human rights violations in India (Permanent Mission of the Republic of Korea to the UN, 2014; UN Human Rights Council, 2015).

Still, despite what were largely *indirect* consequences—such as the facilitating of connections for activists based in Bhubaneshwar with organizers and activists at the scale of the international—global civil society pressure had little *direct* effect on POSCO’s activities, beyond requiring they address allegations of human rights violations publicly. POSCO responded in predictable fashion by denying any culpability whatsoever, and counter-claiming that any human rights allegations were the work self-interested ‘anti-industrialists’ based in India. An official letter from POSCO-India to the UNHRC in 2013 provides a telling example:

> With due respect to the hon’ble Rapporteurs and the experts, POSCO squarely refutes the allegation that there is violation of human rights in its project area in Odisha. The allegation of human right violation is completely notional and a part of propaganda perpetrated by some vested interest people conspiring both inside and outside India to malign the reputations of POSCO

using reputed international forums like UNHR. It seems that there is very superficial information about the actual site situation. The human right concern is based on certain propagandizing reports and materials. The local people are the primary stakeholders in POSCO project and POSCO values them highest in return. Therefore, there is no question of violation of human rights of the people. POSCO has always tried to know the aspirations and risks of the local community to plan suitable strategy for the local people. Studies have shown that POSCO project does not pose any threat to the local community.[289]

Despite POSCO's dismissive statements, appeals to the UN to pursue claims against the governments of India and South Korea in 2014 were further bolstered later that year by a transnational media campaign in major cities including London, New York and Seoul, where protests and demonstration rallies were also held. And though such efforts were not, on their own, sufficient to significantly alter decision-making by Indian governments, they did serve to amplify international attention and, eventually, draw POSCO into the OECD's National Contact Point (NCP) process.

Note that the OECD publishes a series of guidelines on an intermittent basis, the most recent in 2011, both for national governments as well as for multinational enterprises. Accordingly, all governments adhering to the guidelines are required to setup what are called National Contact Points (NCPs) whose main role it is to "further the effectiveness of the guidelines by undertaking promotional activities, handling enquiries, and contributing to the resolution of issues that may arise from the alleged non-observance of the guidelines in specific instances" (OECD, 2018). This they do by assisting enterprises and their stakeholders to take "appropriate measures" to further the observance of the guidelines, and by providing "a mediation and conciliation platform for resolving practical issues that may arise" with their implementation (Ibid.).

[289] POSCO-India's Open Letter on the Report (2013, October 22) available from https://business-humanrights.org/sites/default/files/media/documents/company_responses/posco-response-on-statement-by-un-human-rights-experts-22--ctober-2013.pdf.

In October, 2012, after some 7 years of sustained efforts to stop the POSCO megaproject, human rights organizations in India filed formal complaints with the OECD NCPs in South Korea, the Netherlands, and Norway, after being introduced to the idea at a local workshop led by OECD Watch (Balaton-Chrimes, 2015). With assistance from international supporters, the Bhubaneshwar-based people's forum, Lok Shakti Abhiyan,[290] alleged that POSCO had conducted neither due diligence nor meaningful stakeholder negotiation with respect to the potential human rights violations and environmental impacts associated with its proposed megaproject, and that it had failed to seek to either prevent or mitigate human rights abuses committed by the government of Odisha in its efforts to acquire land on POSCO's behalf (Ibid.).

The complaint also argued that the Norwegian pension fund Norges Bank Investment Management (NBIM) along with the Dutch pension fund Algemeen Burgerlijk Pensioenfonds / Algemene Pensioen Groep (ABP/APG) "should seek to prevent or mitigate the real and potential adverse impacts directly linked to their operations through their financial relationship with POSCO" (quoted in Ibid., p. 34). According to Balaton-Chrimes (2015), the complainants were realistic about their expectations throughout this process, recognizing that it was not only unlikely that the Korean NCP would accept the charges, but that because the NCP guidelines are principally about "collaborative problem solving" it was unlikely the megaproject would be halted outright. The chief objective, then, was to leverage the high profile character of the NCP process itself to expand international networks of solidarity and, most importantly, influence the opinion of international financiers against the POSCO project

[290] The following description is excerpted directly from the International Network for Economic, Social & Cultural Rights (ESCR-Net, 2018) website: "Lok Shakti Abhiyan is a People's Forum which campaigns for sustainable development, the right to livelihood, and protection and conservation of natural resources which are being exploited and destructed by mindless industrialization by corporates. The organization also works with people's movements against forceful displacement from land and natural resources. It is also committed to raise issues like human rights, pollution, and common people's right over resources. The mission of Lok Shakti Abhiyan is to challenge the four enemies of India: centralization, liberalization, corruption and communalization of religious fundamentalism."

(Ibid.). From the perspective of the complainants, a best-case scenario would see an OECD fact-finding mission lend credibility to their allegations of human rights abuses.

Supporting the claims were a collection of European NGOs who sought both to expand the range of international networks available to activist groups based in India, and strengthen the NCP process as a legitimate avenue for human rights redress. Indeed, it was upon the advice of these experienced NGO groups that the Lok Shakti Abhiyan people's forum decided to 'couple' NCPs known for their proactive approach to human rights cases (the Dutch and Norwegian affiliates) with a 'weak and inexperienced' NCP (that based in Korea) known for its reluctance to accepting/engaging claims of human rights abuse. In addition, these European NGOs were keen to test the NCPs' interpretations of minority shareholder responsibilities based on a new provision in the 2011 OECD Guidelines which stated that: "If the enterprise identifies a risk of contributing to an adverse impact, then it should take the necessary steps to cease or prevent its contribution and use its leverage to mitigate any remaining impacts to the greatest extent possible" (OECD, 2011: 24).

Despite the complainant's hopes for a coordinated response from the NCPs, however, one was not forthcoming. Unable to reach consensus, on May 11, 2014, the case was officially rejected on the grounds that, in the opinion of the Korean NCP, the complaint was "related to the administrative activities of the provincial government of India rather than business activities of POSCO India" (OECD-Watch, 2012). Further, though a review assessment panel and associated dialogue were requested in the wake of the decisions, neither came to pass, leading Balaton-Chrimes (2015) to conclude that, at the end of the day, "the OECD NCP had no tangible outcome for the affected communities in Odisha." Indeed, the only unequivocal success cited by the complainants was the fact that the process confirmed minority shareholders do indeed have obligations regarding (a) human rights 'due diligence' and (b) the exercising of leverage to 'prevent or mitigate' adverse human rights impacts (Ibid.). While I am not aware of subsequent OECD NCP cases which have pursued the 'shareholder obligations' angle, this language is increasingly reflected in the OECD's 'responsible business conduct and competition' discourse (for example, see Buhmann, 2017).

To summarize this short sub-section, the anti-POSCO resistance movement was extremely successful in courting support from organizations and institutions based outside India. In the Kalinganagar case, by contrast, transnational networks were either non-existent or otherwise insufficient to bring pressure to bear either on the state or industry. Still, the direct impact of international networks of support in the POSCO case need not be overstated. Indeed, while they were not, on their own, sufficient in bringing the project down, they did provide a level of international scrutiny and attention which put POSCO on the back foot, and forced public officials in both India and South Korea to respond to allegations of human rights abuses. Indirectly then, these international grievance mechanisms served to delay the project even further, increasing the possibility (if not the likelihood) that the project would eventually be abandoned altogether.

6.2.1: Perspective from the Korean House for International Solidarity (KHIS)

While conducting fieldwork in South Korea in 2016, I met with Phil Na-hyun, director of the Korean House for International Solidarity (KHIS), an independent NGO based in Seoul which monitors and reports on the activities of Korean multinationals. He outlined a trajectory similar to the one described above. Like the Balaton-Chrimes report, he stressed the fact that prior to the Odisha project and its subsequent engagement with UN business and human rights proceedings, POSCO had virtually no ethical framework to speak of.[291] Accustomed to having its business plans facilitated rather than obstructed, the national icon was described by KHIS

[291] According to Chrimes (2015: 54) "the company [POSCO] lacked any systematic approach to human rights, and was without a human rights policy, tools for conducting human rights due diligence, or any grievance mechanism(s) on its projects."

as having been vastly underprepared for the level of resistance it faced in the form of widespread protest and high profile legal challenges, persisting for well over a decade.

KHIS was made aware of POSCO's Odisha activities back in 2008 when they received an email from a group of Indian activists detailing a state of crisis among local villagers. Similar correspondence was held with other rights-based organizations in Korea and, shortly thereafter, an informal network was established between KHIS, the Korean Confederation of Trade Unions (KCTU), Korean Transnational Corporation Watch, and several other public law, environmental, and civil society organizations around a shared concern for the project's perceived impacts. Following a series of coordinated discussions, KHIS and KCTU agreed to conduct a joint field expedition to Odisha in the short term to better assess conditions on the ground. According to KHIS, this initial expedition was largely a failure. They claim their lack of appreciation for the complexity and nuance of the situation (one involving caste hierarchy, land rights, environmental degradation, and financial compensation, etc.) created unforeseen complications: where Indian activists sought solidarity and international support from prominent organizations based in Korea, the organizations themselves were primarily concerned with uncovering empirical evidence that directly tied POSCO's overseas business activities to human rights abuses in India.

As noted in the previous section, in October, 2012, Indian, Korean, Norwegian, Dutch, and American groups filed a formal complaint against POSCO via the OECD's NCP process. While the KHIS assessment of the OECD NCP process is consistent with that set out in the Balaton-Chrimes (2015) report, they add that the POSCO case did attract significant attention within the OECD, and that such pressure has, over time, come to influence the NCP process more broadly toward action in cases involving human rights abuses. In POSCO's direct communication and correspondence with KHIS, the company was adamant that while NGO and civil society research on the case is welcome, the claims of Indian activists simply cannot be taken seriously. In their view, anti-POSCO groups lie, spread false information, and because they ultimately call for the project to be abandoned, and their land returned, they have effectively locked out any possibility of negotiation or compromise. Given the apparent stalemate on both sides (POSCO's insistence that claims of human rights abuses were without basis and local demands that POSCO abandon the project altogether) Korean NGOs concluded that further efforts to mediate between the two sides would be ineffective.

The UN's official cease & desist order, levelled against POSCO in October, 2013, further galvanized anti-POSCO organizers and activists around the world. The story was widely covered in the Korean press, swaying broad swaths of public opinion against POSCO, and placing yet further pressure on the Korean government. Still, with the price of iron ore back up to about $132 per dry metric tonne unit (dmtu), POSCO was reluctant to acknowledge the significance of swelling public opposition. In their view, the international controversy amounted to nothing more than the biased opinions of professors and academics, not an official UN position on proven human rights violations. Korea's Ministry of Foreign Affairs consistently downplayed the matter and, when confronted with accusations of human rights violations, used the NCP process as cover, arguing that the very existence of a Korean NCP was sufficient evidence of due diligence. But while POSCO refused to acknowledge any justification for the UN's involvement, it did eventually send a representative to the UN Forum on Business and Human Rights. Encouragingly, following the forum, POSCO released an ethical framework which KHIS describes as the first of its kind in Korea, adding that POSCO's CSR activity ranks among the best Korean corporations have to offer.

Still, both KHIS and Balaton-Chrimes (2015) are careful not to overstate the positive impacts of the OECD NCP process. The Balaton-Chrimes (2015) report, for example, takes the position that it is simply not possible to determine whether international human rights tools, including the NCP, contributed in a positive way to addressing local grievances.[292] The Balaton-Chrimes report does acknowledge that transnational civil society engagement, and the NCP process in particular, had the effect of inducting POSCO into the international business and human rights environment through engagement with the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and the associated UN Working Group on Business and Human Rights (as well as the Global Compact and iSO 26000). The report maintains, however, that any evidence regarding the extent to which POSCO's engagement with international business and human rights practices has resulted in "improved human rights protections or remedy" remains ambiguous. Balaton-Chrimes notes that she was informed directly by POSCO of their intentions to develop a human rights policy, a human rights checklist for due diligence, and an internal grievance mechanism for POSCO-India. They also claimed to be developing a stakeholder engagement process with consulting advice from Price Waterhouse Coopers. Still, at the time of the Balaton-Chrimes report's writing (May of 2015), a brief set of bullet points under the heading 'human rights management' in the company's 'Standard of Conduct' policy was the only publicly available evidence of a company-wide approach to protecting human rights (Ibid.). The Balaton-Chrimes report thus concluded:

> POSCO's commitments to international human rights standards have not provided an effective avenue for seeking redress for human rights harms or mitigation of human rights risks. Instead, the NCP process has been one through which POSCO has arguably begun to strengthen its position vis-à-vis the international community by being able to represent itself as a responsible corporate citizen, without making concomitant changes to its operations and business practices.[293]

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[292] This is in a section titled: "What difference did the NCPs make?: The ambivalent effects of the international business and human rights regime" (Balaton-Chrimes, 2015: 54).
[293] Balaton-Chrimes (2015: 55, emphasis my own).

A broader assessment of POSCO's human rights record is beyond the scope of this research. That said, while it is clear POSCO has indeed made an effort in recent years to clean up its image and sophisticate the choice of language found on its website and in annual reports, the material 'on-the-ground' impact of this broader discursive and public relations shift remains in question.

How then should we interpret the impact of the transnational grievance mechanisms discussed in the preceding sub-sections? On the one hand, the special procedures function at the UNHCR was found to have had little direct material impact on subsequent actions taken by POSCO (let alone those taken by governments in India and South Korea), as was the case with the NCP process at the OECD. On the other hand, however, it is clear that the very act of involving institutions like the UN and the OECD (quite apart from the many civil society organizations based in Europe, the US, and South Korea that also contributed material support) brought an international spotlight to the POSCO conflict that, absent these institutions, might not have shone on the district of Jagatsinghpur at all.[294]

This doesn't mean we should over-emphasize the role these institutions played. But it also means their significance cannot be so easily dismissed. Indeed, to the degree that these institutions and their associated grievance mechanisms came up short, they did so because they are, by their very nature, flawed and limited (owing largely to the structural position they occupy in global capitalism), not altogether useless (as the complainants themselves expressed to Balaton-Chrimes). Again, we should have no illusions that, as intergovernmental organizations designed and established to uphold the world system of states and capital transaction flows, they exist fundamentally to maintain that relationship.[295] And yet, it is precisely because they play such a pivotal role within the global system, that the grievance

[294] Even if it had, the abuses exposed would have been that much easier to ignore.
[295] See for example Paul Cammack's (2003) 'The Governance of Global Capitalism: A New Materialist Perspective' in *Historical Materialism* for a related discussion on the role of the World Bank and IMF.

mechanisms they provide—albeit inherently flawed and practically limited—can, at the very least, amplify international scrutiny, and at most, compel transnational corporations and the pension funds/brokerage firms that support them to abandon dispossession-causing projects altogether (no matter how unlikely this latter outcome might be).

6.2.2: High Court Challenges, Changes in Bidding Procedures, and State-Centre Relations

When I visited the offices of *Samadrusti* in 2016, a correspondent I spoke with suggested that the POSCO-Odisha megaproject was, at its core, a speculative banking enterprise designed to generate capital from domestic sources, not siphon heaps of FDI into the state, let alone India more generally. It was the first time in nearly two years following the case I encountered a narrative calling the 12 billion investment price tag into question. In his opinion the primary function of POSCO India (the local subsidiary) was not the coordination of international capital investment *into* India, but the mobilization of political influence and speculative banking capital *from within*.

A section in the MZPSG (2010: 26-28) report laying out the economic rationale for the project argues POSCO stood to recoup its entire USD $12 billion dollar investment in the first eight years of operation. The calculations were based on the *ad valorem* royalty (royalty based on value) which at that time was fixed at a rate of just 10% of the pre-shipping price, with a corresponding market price of Rs. 4,500 (roughly USD $64 in current prices) per ton—significantly lower than the Rs. 7,250 (USD $102) per ton projected by UNCTAD, or BHP Billiton's estimate of a Rs. 10,000 (USD $140) price average back in 2011. Based on these calculations, POSCO stood to have gained a profit of Rs. 3,330 (USD $47 in current prices) per ton. With an allotment of 20 million tons per annum, this would have yielded profits of just over Rs. 6,500 crores per year, valued at roughly USD $1.5 billion when the MZPSG report was written back in 2010. Extending this over the thirty-year lifespan of the project, with a twenty-year extension option, there was little doubt POSCO stood to reap fantastic profits from the project. This assumed, of course, that commodity prices would either remain stable or rise over the period in question, and that royalty rates would remain constant (or otherwise change marginally), neither of which held true.

In early January 2015, Indian Prime Minister Narendra Modi issued an executive order requiring all states to auction, rather than negotiate, mine leases in the granting of mineral concessions. The order, which followed a similar directive for coal quarries only months earlier, brought a swift end to the nearly six-decade-old practice of awarding mines on the basis of direct negotiation with state and union governments (*Live Mint*, 2015). Consistent with Modi's broader anti-corruption rhetoric, the move was promoted as a way of "removing discretion" and bringing transparency to the long-criticized mineral allocation process (Ashreena, 2015). For the POSCO-Odisha megaproject, however, the ordinance may well have been a death knell.

In the months that followed, the Government of Odisha sought repeatedly to pressure the Central government to grant an exemption for POSCO (*Business Standard*, 2015a, 2015b). Commenting on the Minerals Development and Regulation (MMDR) Bill, signed into law in February, 2015, Odisha's steel and mines minister, Prafulla Kumar Mallick, said POSCO would "have to take part in the auction process as per the new law. But since we [the Government of Odisha] had committed to the company that it will be provided an iron ore lease to set up its steel plant, we are currently negotiating with the Union government about how the matter can be resolved without violating the laws," adding that, were POSCO denied "the right of preferential allotment," it would "affect international commitments of the country" (*Business Standard*, 2015a).

That the Government of Odisha would be going out of its way to lobby the Centre to exempt POSCO from the 2015 executive order is hardly surprising, given its pledge in the original MOU to "diligently defend" POSCO's right to secure mining leases, and to "facilitate all clearances and approvals from the Central Government if required" (MOU, 2005). And yet, after a decade of efforts at both the state and national level to break ground on the much-heralded billion-dollar venture, here it was, barely hanging by a thread. Speaking to reporters in the summer of 2015, POSCO India spokesman I. G. Lee said the company was waiting for details about the auction process to determine whether or not the project remained viable (Das & Dash, 2016). At an investor event in Seoul, chairman and CEO Joon Kwon Oh said POSCO would be suspending the project due to "lack of any progress," and because "[b]usiness conditions at home and abroad have changed due to drop in global steel demand, [and] growing deficit of subsidiaries, which have led us to come to a conclusion that we must step up our reform efforts" (*The Economic Times*, 2015). As usual, however, no official pronouncements for withdrawal were ever made. When asked about employment downsizing, the closure of offices and the decision not to rebuild temporary sites (reportedly burned down by land acquisition protesters)[296] a spokesperson insisted "[i]t was decided to renovate the office space to a smaller area," due to lack of progress, and because "much of office space was lying vacant in Odisha." On the issue of employment downsizing, the spokesman added that six employees had "voluntarily" resigned (Ibid.).

Still, after a decade of delays, controversy, public outcry, and coordinated pressure from international civil society groups, it would eventually become clear that the mining lease regulation changes amounted to a blow from which the POSCO-Odisha megaproject simply could not recover. This is particularly amazing, given how close POSCO was to getting final approval for the project from India's Central Government in 2013-14, a point on which I elaborate briefly before turning to the next section.

Under the terms of the original MOU (signed in 2005), POSCO would have been permitted to extract a staggering one billion tonnes[297] of iron ore from the hills of Khandadhar,

[296] As reported in Das & Dash (2015) for *Reuters*.
[297] 600 million tonnes for use in India, and another 400 million tonnes for use in South Korea.

an area known for some of the highest quality ore in the country. In a blatant display of preferential treatment, in December, 2006, the Government of Odisha issued a letter of recommendation to the Central Government to grant prospecting licenses to POSCO covering 6204.352 hectares, even though 237 applications for the very same mines were already pending (Bisoi, 2008).[298]

Among the prior applicants was the Kudremukh Iron Ore Corporation (KIOCL) who had, just three years earlier, invested Rs 1.6 crore (roughly a quarter million USD in current prices) on drilling and prospecting operations in the Khandadhar region after negotiating a mining lease and entering into an agreement with the state-run Kalinga Iron Works to set up a pelletization plant (Ibid.). Still, the Government of Odisha elected to recommend POSCO for the prospecting license, leading KIOCL to challenge the state's decision in the Orissa High Court on the grounds that it had first right to the mines, and that POSCO had been given unfair advantage. The Centre eventually intervened and directed the Government of Odisha to make its recommendation only *after* reviewing the submittals of all applicants concerned, but in January, 2009, the state government again recommended that the leases be granted to POSCO, though now with the notable exclusion of the mining area previously claimed by KIOCL, thereby reducing POSCO's total allotment to just 3000 hectares (Bhan, 2010). Following this decision, Geomin Minerals and Marketing Pvt Ltd., yet another disgruntled applicant with submittals dating as far back as 1991, challenged the POSCO recommendation in the Orissa High Court and, on July 14, 2010, the court ruled against the state's recommendation, disapproving its grant of permission to the South Korean steelmaker (*Hindustan Times*, 2010a, 2010b).

[298] There were originally 290 applicants for the mine sites before the state government eliminated 53 applications (Bisoi, 2008).

Unsurprisingly, rather than abide by the court's decision, the Odisha government announced it would appeal to the Indian Supreme Court. More than two years later, in May, 2013, the Supreme Court struck down (set aside) the Odisha High Court order, deferring decision over the matter instead to the Central Government (*India Today*, 2013). In the summer of 2013, the ever-determined Government of Odisha announced that it had completed its acquisition of the 2700 acres needed for the plant & captive port project, and that it would begin the felling of trees and construction of a boundary wall once the National Green Tribunal granted approval (vacated its stay) (Das, 2013). Days ahead of a highly publicized visit from the (soon-to-be-disgraced) South Korean President Park Geun Hye, India's Ministry of Environment gave its final approval for the project on the condition that an additional US$ 600 million in "social commitments" be added to the project's total investment price tag (Das, K. N., 2014). Commenting on the decision at the time, POSCO spokesman I. G. Lee admitted that it was not entirely clear what the 5% "enterprise social commitment" provision would entail. On the heels of the environmental clearance announcement, parties speaking on behalf of Odisha's state government were understandably confident that approval from the Centre would soon be following-suit, going on the record saying they expected positive news within two-to-three days (Ibid.). But those days came and went, and months later, in October, 2014, India's Central government announced further delays in the granting of the megaproject's final approval (Dash, 2014).

It is likely that opposition from India's Tribal Affairs Minister, Jual Oram—a man who was in fact born in Odisha's Sundergarh district and represents it in the *Lok Sabha* (House of the People, the lower house in India's federal parliament)—had a hand in contributing to further delays in the Central Government's decision over the POSCO matter. Long opposed to the Khandadhar mines being given to anyone, Oram became increasingly vocal in the spring/summer of 2014, telling reporters: "My stand remains unchanged. Big projects should not be allowed at the cost of large-scale displacement or natural resources," adding "I will pursue the Centre not to push for any project that is neither environment-friendly nor favoured by the people" (Das, S., 2014). He was also quoted in the *Economic Times* (Mohanty, 2014) saying "I will explain to the Prime Minister about the importance of the Khandadhar waterfall and the repercussions of mining there." It is perhaps worth noting that Jual Oram is also a member of Modi's ruling Bharatiya Janata Party (BJP).

In the end, rather than deliver the approval POSCO and the Government of Odisha had for so long been waiting, Prime Minister Modi instead issued an executive order which effectively nullified the mineral lease agreements POSCO and the Odisha Government had negotiated nearly a decade earlier. The announcement was a devastating one, both for POSCO as well as Odisha's ruling Biju Janata Dal (BJD) state government. Hoping for favourable treatment, BJD members in the Indian parliament backed the MMDR bill[299] in February, 2015, when it ultimately became law (*Business Standard*, 2015a), but despite the non-partisan show of goodwill in the Indian parliament, POSCO's exemption never came, and the Odisha megaproject never recovered.

6.2.3: A Brief Digression: Protests, Presidents, and POSCO

The following sub-section picks up on a thread that was revealed during my 2016 interview with KHIS director, Phil Na-hyun. While it is admittedly a digression, it does shed important light, not so much on the question of why POSCO didn't succeed in Odisha, but of why it didn't fail sooner. Indeed, in the KHIS director's own words, any company with any common sense could see the project was a failure, so why wait until the spring of 2017 (some seven years after the original MOU had already expired) to formally withdraw?

According to Na-hyun, part of the explanation lies in the longstanding relationship between POSCO chairmen and the office of the South Korean president. Born out of a joint

[299] Minerals Development and Regulation (MMDR) Bill.

partnership between the Government of South Korea and TaeguTec[300] in the late 1960s, it has long been an 'open secret' that POSCO chairmen are directly appointed by the office of the president—a tradition which has continued notwithstanding POSCO's complete privatization in 2001. In my interview with Na-hyun, he explained with some discomfort that, because of this unique relationship, it would be extremely difficult for the decision of any major executive to undermine (run counter to) decisions or interests associated with the office of the president.

POSCO's Odisha project is case in point. While the original MOU was signed during Roh Moo-hyun's presidency in 2005, it was publicly supported by the successive presidential administrations of both Lee Myung-bak (*Business Standard*, 2013b; *The Economic Times*, 2010; *The Hindu*, 2011) and Park Geun-hye (Roche, 2014; *The Hindu*, 2014; *Times of India*, 2014). If Na-hyun's inferences were correct, it would mean successive POSCO executives were effectively 'locked-in' to supporting the Odisha project (as long as it remained a national priority). In Na-hyun's assessment, this partly explains why the combined efforts of transnational civil society networks, reaching all the way to the OECD and the UN, were ultimately unsuccessful in derailing the project. In other words, even if there had been widespread acknowledgement among the highest ranks at POSCO that the project was no longer viable, presidential support for the project meant that it simply could not have been abandoned.

I would like to emphasize again that Na-hyun was at some pains to put forward this interpretation. The director of a respected watchdog organization, it soon became clear he wouldn't be offering up concrete evidence to support the claim, and yet he held to it. The topic was of particular salience given that South Korea was, at that very moment, embroiled in the biggest political scandal to hit the peninsula in more than a generation. Indeed, just days before

[300] Formerly the Korea Tungsten Company, TaeguTec Ltd. remains one of the largest cutting tool manufacturers in the world.

I had arrived, hundreds of thousands had taken to the streets for a third consecutive weekend calling for president Park Geun-hye to resign over corruption allegations. Made up of demonstrators from a broad cross-section of Korean society (including students, children and their parents, farmers, labour unions, and the elderly, etc.) the crowd of peaceful demonstrators had grown from roughly 30,000 during the first weekend of demonstrations to over a million participants just two weeks later (Choi & Kim, 2016; Ock, 2016).

A brief timeline of events culminating in Park Geun-hye's ultimate impeachment in 2017 is included in Appendix J, but what is crucial for our purposes here is Na-hyun's inference that POSCO would have been effectively 'handcuffed' until a new CEO was installed. In his view, given the fact that POSCO's CEO at the time, Jun Kwon-oh, was also caught up in the ever-widening presidential scandal, any subsequent appointee would be given significant freedom to identify past failures (the POSCO-Odisha project likely chief among them) and, in that light, make a clean break with previous executive leadership at the company. Na-hyun was also of the opinion, however, that unless the Geun-hye government fell, there would be no incentive to remove POSCO's acting CEO, and this despite growing evidence of Jun Kwon-oh's own ties to the presidential scandal.[301] In the opinion of Na-hyun, any scandal involving POSCO executives would be overshadowed by the many, much more serious corruption cases that were by then already dominating media discourse in the country, causing him to hold firm to the position that, if any opportunity to abandon the project was ever going to present itself, a presidential impeachment would need to happen first.

Looking back with the benefit of hindsight, Na-hyun's inferences cannot be so easily dismissed. In January, 2017, roughly two months after my interview at the KHIS office in Seoul, POSCO's board of directors voted unanimously to extend Kwon's term as chairman for another three years. The move surprised many, given that Kwon had been investigated and

[301] See for example ABS-CBN (2016), Choe (2016), as well as Park & Jin (2016).

called to testify only a month earlier for alleged ties to the presidential scandal.[302] When considered from POSCO's perspective, however, the term extension made logical sense, given how likely it was that the vote to impeach Geun-hye (with 234 out of a total 300 lawmakers voting in favour) would be upheld by the supreme court the following spring, which of course it was. In other words, had POSCO elected to appoint a new CEO in the beginning of 2017, only months before a presidential impeachment, it was unlikely the incoming CEO would be permitted to complete a full three-year term anyway, given that any incoming presidential administration would be expected to appoint their own chairperson within the first year of taking office. So despite POSCO's poor performance under Kwon, and despite his alleged ties to the Soon-sil presidential scandal, Kwon retained his position at the company's helm. In an attempt to distance their top-man from the scandal, POSCO released the following press statement on the heels of Kwon's executive renewal:

> The committee in charge of the CEO recommendation concluded that speculation on Kwon's involvement in the scandal is either groundless or not a reason for disqualification. Also, Kwon had greatly improved Posco's performance by pushing forward a strong restructuring.[303]

On March 10, 2017, barely two months after Korea's national assembly first voted to impeach Park Geun-hye from the presidency, all eight justices in the country's constitutional court voted unanimously to uphold the parliamentary ruling (Choe, 2017; McCurry, 2017). Because Korean law stipulates that a national election be held within 60 days of a presidential impeachment, the country was essentially thrust into a national campaign overnight. But long before Moon Jae-in would be elected the 19th president of the Republic of Korea,[304] that is,

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[302] In November, 2016, Kwon was the first in a string of major Korean conglomerate executives to be questioned in connection with the presidential scandal (The Indian Express, 2016). Kwon was investigated on charges he had 'strong-armed' a small advertising agency, which had acquired Posco's in-house ad body, Poreka, to relinquish some 80 percent of its shares to Cha Eun-taek, a former TV commercial director tied to President Park's controversial confidant, Choi Soon-sil ('Posco CEO reappointed despite scandal rumors,' in the *Korea JoongAng Daily*, 2017).

[303] Ibid.

[304] Moon Jae-in, the Democratic party national candidate, was elected on May 9, 2017.

just a week after the constitutional court's unanimous decision to uphold the Geun-hye impeachment vote, POSCO finally took its first long awaited step towards formally abandoning the Odisha megaproject, once and for all.

The announcement was made on March 18, 2017, when Odisha Industries Minister Debi Prasad Mishra explained to reporters that his office had received a letter from POSCO-India requesting the Government of Odisha take back the 2700 hectares it had previously allotted, and subsequently acquired, for the company's integrated steel plant (*The Economic Times*, 2017a). While doubts about the project's viability had circulated sporadically in the media almost since it's inception, Mishra's statement the following month was the first ever official acknowledgement of formal cancellation in the project's long beleaguered history: "The state-owned Industrial Infrastructure Development Corporation (IDCO) has informed Posco-India in a letter that the land allotted to it has been cancelled as the land was not utilised even three years after the allotment" (*The Economic Times*, 2017d). The minister added that POSCO had also defaulted on land dues worth Rs 54 crore (roughly 10 million USD) preventing IDCO from transferring the remaining land balance (1000 of the total 2700ha) to the company.

In the final assessment, then, what does the above reveal about the POSCO-Odisha project? To reiterate, the purpose of this section is not to suggest that POSCO abandoned the project simply because former South Korean president Park Geun-hye was impeached. Rather, the aim was to demonstrate the potential credibility of the inference suggested by KHIS, that the most likely path to the project's abandonment would include, firstly, presidential impeachment and, secondly, the firing of POSCO's chairman Jun Kwon-oh. But while the second prediction did not obtain, the first most certainly did, and in the intervening period between Park Geun-hye's impeachment and Moon Jae-in's successful election bid, POSCO was able to abandon the project without presidential oversight or interference. Whether or not this was in fact the primary reason the project was abandoned when it was will likely never be known for certain. What we do know, however, is that (a) POSCO refused to withdraw from the Odisha project until the president of South Korea was impeached, and (b) barely a week after this unprecedented event occurred, POSCO had already informed the Government of Odisha that it would no longer be pursuing the project in any capacity.

6.2.4: Life After POSCO / More of the Same

While POSCO no longer considered the project viable, the Government of Odisha's decade-plus commitment to a steel project on the Jagatsinghpur coast would not be so easily shaken. For years the state of Odisha had touted the POSCO megaproject as a symbol of the state's industrial potential. All over Bhubaneswar's major ports and hotels, as well as along the state's many roads and highways, massive posters and billboards exalt the virtues of Odisha's steel and mineral extractive sector, with a grinning 'larger-than-life' image of CM Naveen Patnaik, arms folded, always occupying some embellished portion of the display (see figure 6.3 below for a more recent example).

Figure 6. 3 Image of Odisha's Chief Minister, Naveen Patnaik, at the FICCI's 93rd Annual General Meeting (December 12, 2020). Retrieved from https://odishaexpo.com/odisha-has-

shifted-to-a-broad-based-and-inclusive-economic-growth-from-the-pre-2000-eras-resource-dependent-development-cm-naveen-patnaik-at-ficcis-93rd-annual-general-meeting-odi/

I still find it amusing to imagine high-level attendees from the upper-echelons of South Asia's industrial sector (politicians, bureaucrats, executives, etc.) rubbing shoulders, year after year, at the state's ever larger and more elaborate industry and investment conferences. I wonder how many years they talked about POSCO as though it was a sure thing, guaranteed to bring jobs, mineral revenue, and 'prosperity' to the state. Did they speculate about it in 2010, when the MOU expired? Was there a time when controversy and scandal led conference delegates to avoid bringing it up at all? Or did the negative press just signal to domestic competitors that it was only a matter of time before the foreign-owned POSCO was out, and one of them would be in? An article in the *Economic Times* (2017b)—dated the very next day after industries minister Debi Prasad announced POSCO's intention to withdraw from the project—cited Coal and Power Minister Piyush Goyal proclaiming: "There are more and more opportunities in India and if one company chooses to pull out, others will come in." In the nearly three years since this statement was made, a familiar story has played out, the details of which can only be sketched briefly here.

In April, 2017, it was reported that JSW Steel Ltd., the third largest steel company in India, was eyeing the recently vacated POSCO land for a steel project of its own (*New Indian Express*, 2017c). "We are interested to set up a 10mtpa steel plant in Odisha. I discussed the matter with the Chief Secretary," JSW chief Sajjan Jindal explained. When pressed whether JSW intended to set up its proposed plant on the (contested) land originally 'acquired' for the POSCO project, Jindal replied that they were "examining locations in different places," and that the site at Paradip "is one of the possibilities" (Ibid.). Several months later, in October, 2017, *Counter Currents* published a letter penned by PPSS spokesperson Prasant Paikray detailing the state government's intentions to sign a new MOU with JSW for a 10 mta steel mill and a 900MW power plant valued at Rs. 50,000 crore [approx. $7 billion USD], along with an additional Rs. 2,000 crore [approx. $28 million USD] to set up a captive port on the Odisha coast at Jatadhari Muhan, near Paradip where (as I have noted repeatedly) one of the country's largest ports already exists (Paikray, 2017).

Paikray's letter refers to the forceful seizure of 2,700 acres by IDCO in 2011 and cites the following excerpt from Section 101 in the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation, and Resettlement Act: "Land acquired and possession taken over but not utilized within a period of five years from the date of possession shall in all cases revert back to the original land owner." He continues:

> But the government of Odisha made it exactly opposite. As per Odisha government's revised policy for land acquisition notified on February 7, 2015, 'Land acquired and possession taken over but not utilized within a period of five years from the date of possession shall in all cases revert back to the state and be deposited in the Land Bank automatically.'[305]

In fact, the full Section 101 on the 'Return of unutilised land' in the original act of 2013 reads as follows: "When any land acquired under this Act remains unutilised for a period of five years from the date of taking over the possession, the same shall be returned to the original owner or owners or their legal heirs, as the case may be, *or to the Land Bank of the appropriate Government by reversion in the manner as may be prescribed by the appropriate Government*" (emphasis my own).

While I am in no way endorsing the language adopted in this legislation, it does not appear that state-specific amendments to the act would be necessary in order for the Government of Odisha to return the land to IDCO, the state's land bank authority. In any event, by February 2016, the amendment (Section 43. Reversion of acquired land to state) had been enshrined in Odisha's version of the Act (Government of Odisha, 2016), reading precisely as Mr. Paikray (2017) had written in his letter.

[305] Paikray's 2017 letter can be found here: https://countercurrents.org/2017/10/21/after-the-posco-withdrawal-govt-of-odisha-handing-over-land-to-jsw-steel/.

Paikray goes on to point out the Government of Odisha's failure to recognize individual and community rights over forest lands under the Scheduled Tribes and Other Traditional Forest Dwellers (Recognition of Forest Rights Act) Act (FRA) of 2006, and adds that a petition has been filed with the Kolkata bench of the National Green Tribunal (NGT), requesting that the Odisha government be prevented from transferring this contested land to IDCO. He notes further that a call has been issued to activists and that they are determined to re-occupy their land and reconstruct their vineyards if their demands are not met. The demands included: (i) an immediate end to boundary wall construction at the site and privileged access to common lands which local communities depend on for their livelihoods; (ii) the urgent processing of individual and community forest rights claims to this land, rather than its transference to a state land bank; and (iii) the withdrawal of all false and fabricated criminal charges against community activists (Paikray, 2017).

About a week later, the *Economic Times* (2017d) ran an article with the headline: 'Odisha confident of mega project on land earmarked to Posco'. The article credits Sanjeev Chopra, the principal secretary in the state's department of industries, with the following statement: "A lot of companies from various sectors, from FMCG [fast moving consumer goods] to steel, are showing interest in the land. Many big projects can come on the land which is not very far from Paradip. It is a clear sign of a huge investment." Later in the article he adds that while the Government of Odisha provides "full support" and "additional benefits" to anyone looking to invest in the state, preference will be given to a steel company (Ibid).

The following spring it was reported that a JSW Steel director met with a senior state bureaucrat to convey the company's continued interest in the land previously allotted POSCO (Mohanty, 2018a). While POSCO declined comment for the story, two senior government officials confirmed the meeting. A senior executive from JSW, who spoke on condition of anonymity, was quoted saying: "With its iron ore and coal and long coastline, there cannot be a better state than Odisha for a 6 million tonne steel plant today. And no better location than this." Evidently, these high-ranking executives and bureaucrats were unperturbed by renewed outrage among the same people who fought tooth & nail against the POSCO project.

By the fall of 2018 the business press was widely reporting that 2,900 acres had been allotted to JSW Steel for its proposed megaplant at Paradip (Bisoyi, 2018; Dash, 2018; *The Pioneer*, 2018). While the allotment was confirmed by industries secretary Sanjeev Chopra, he declined to clarify to interviewers whether or not the land was indeed the same as that originally earmarked to POSCO more than a decade earlier. Sources from IDCO said the company was still in the process of getting environmental and forest clearances for the project, though the state's High Level Clearance Authority (HLCA)[306] approved the project more than a year prior.

Little has been reported on the topic since the fall of 2018, so my account of the saga ends there, nearly a decade and a half after BHP and POSCO originally approached the Government of Odisha with their billion-dollar proposal which, in the opinion of many, was always too good to be true. As if that weren't enough, in an apparent bid to up the ante, JSW's chairman Sajjan Jindal, while in attendance at an exclusive 'Make in Odisha' business conclave hosted by the state's Chief Minister, Naveen Patnaik, in 2018 said he believes "Odisha is one of the three states, besides Maharashtra and Tamil Nadu, that can become a trillion dollar economy, as individual districts like California in the US and three districts in China have. We have drafted an internal vision paper that I want to share with the CM [chief minister]" (Mohanty, 2018b). Of little consequence to these 'captains of industry' are the legitimate grievances expressed by the people who live in the land where these development projects (now valued into the trillions?) are expected to take place. This is hardly surprising, of course, given the willfully-blind and pro-industry character of India's business press, who all too often overlook allegations of human rights abuse and refrain from asking the kinds of questions

[306] The head of which is none other than Odisha's Chief Minister, Naveen Patnaik.

which shed much needed light on the untold social and environmental costs of a trillion-dollar economy; to say nothing of one based largely on extractive industries, low value-added commodity production, poor environmental laws and enforcement, and cheap labour (which is primarily informal and increasingly migrant).

Section 6.3: Concluding Considerations

While the previous chapter considered the land acquisition process in Odisha in the post-1990 period from the standpoint of the Indian state, the current chapter focused on the politics of this process, in particular after 2010, considered both from below (i.e., from the standpoint of local activists and land-based resistance movements in the Kalinganagar and Jagatsinghpur regions), as well as from above (i.e., highlighting conflict between the state and central governments over royalty rates). To the former category we could also add challenges via civil society mechanisms and intergovernmental institutions organized at the scale of the transnational (which were of course instigated and spurred on by movements at the level of the grassroots). The following conclusions can thus be drawn.

First, the occupation of physical space by local populations, made up largely of groups with oppressed social identities—scheduled castes (in Jagatsinghpur) and scheduled tribes (in Kalinganagar)—was necessary in preventing industrial development projects from going forward, though in neither case was it sufficient. In both the KNIC and POSCO cases, the physical occupation of project area land frustrated land acquisition efforts by the Indian state. Violence was visited on demonstrators and land defenders in both instances, but in the case of the KNIC, this frustration and violence escalated to such a degree that 14 tribal activists and a lone police officer ultimately lost their lives, clouding the state's land acquisition efforts (even far beyond Jajpur district) in controversy for years to come. Following the massacre in early 2006 grassroots resistance in the KNIC region expanded rapidly, though it ultimately began to decline as the decade drew to a close. In the POSCO case, by contrast, though the resistance also experienced a significant decline around 2009-11, activists and their local supporters were still able to physically occupy project area land after this period. This was made much more complicated in the KNIC case, not just because those who attempted to prevent land acquisition efforts were met with extreme violence by state forces, but also because, following the 2006 firing, Tata was able to take possession of most of the land it wanted, ultimately forcing these activists to establish road blockades in a nearby area, and abandon the TSL project site. In other words, while lands earmarked for industrial development could still be physically occupied in the POSCO case even after 2011, such lands were already in the possession of the state and/or industry in the Kalinganagar case by this period, rendering the physical occupation largely impossible. The question could of course then be raised as to why such extreme force was used in to disperse occupiers in one case and not the other, to which the most obvious response is simply that the state was reluctant to use such extreme force in the latter case, given the extreme fallout that followed its deployment the former. In short, they didn't want another 'Kalinganagar' to happen, as was aptly noted at the time.

Second, efforts by local resistance groups to appeal to civil society organizations and intergovernmental institutions operating outside of India were successful in exposing human rights abuses surrounding the POSCO project, but were absent in the case of the KNIC. Increased attention to human rights concerns from both within and outside India complicated (and made more controversial) license approvals at the state and federal level. This further delayed the advancement of the POSCO project, thus amplifying the destabilizing impact of commodity price fluctuations in the iron ore spot market, not to mention sudden and dramatic changes to India's royalty rates on mineral extraction by Modi's Central government. As I have stated previously, while I am firmly of the opinion that the occupation of physical space (being on the land) by grassroots activists was both crucial and necessary, I do not believe such actions would on their own have been sufficient (the Kalinganagar case makes this abundantly clear, in fact). Thus, for the anti-POSCO resistance movement to have even had a chance, it was necessary for organizers to leverage connections at multiple geographical scales. While the Indian business press exalted the virtues of the POSCO project across formal channels, grassroots organizers reached out to journalists, activists, academics, NGO workers and other civil society actors across India and around the world to counter mainstream narratives and shine light on what was becoming an increasingly violent and protracted struggle. Groups like Pratirodha Sangram Samiti (PPSS, or the Anti-POSCO People's Movement) and Lok Shakti Abhiyan (the group headed by Prafulla Samantara) were particularly successful in building out a broad network of activists and CSOs in India, the US, the UK, and South Korea which increasingly brought pressure to bear on both POSCO and the Odisha state government. By flooding the inboxes of academics, journalists, and activists, both within India and abroad, with first-hand accounts of their protracted and courageous struggle, resistance organizers were able to give groups outside Odisha the justification they needed to support and undertake independent field studies there. This led to the publication of highly detailed and damning reports from organizations like MZPSG (2010) and ESCR-Net (2013), and provided cause for a series of official investigations conducted by independent committees acting on behalf of the Central government,[307] all of which concluded that the POSCO should have its forest clearances withdrawn.

In 2012 Lok Shakti Abhiyan also filed complaints with the OECD's National Contact Points in South Korea, Norway, and the Netherlands, and by August, 2013 eight Special

[307] In July, 2010, the N.C. Saxena committee, (appointed by the Ministry of Environment, Forest and Climate Change (MoEF) to investigate the Forest Rights Act's (FRA) implementation) found that the Government of Odisha had failed to implement the FRA, and had also suppressed material facts (Bidwai, 2010). The Centre halted the project in response, and appointed a second committee, this one headed by former Environment Secretary Meena Gupta, to investigate the violations of all laws, government procedures and rules. When the committee submitted its report in mid-October, 2010, three of its members ruled that POSCO's clearances must suspended; Gupta, for her part, recommended that the clearances should not be cancelled, but that POSCO should be required to submit a new Environment Impact Assessment (EIA). The two reports were subsequently placed before the Forest Advisory Committee (FAC), and after 10 days of deliberation, on November 2, the FAC recommended a temporary withdrawal of forest clearances for POSCO (Balaton-Chrimes, 2015; Bidwai, 2010).

Rapporteurs from the UN were calling on POSCO to halt the project amid grave human rights concerns (UNOHCHR, 2013). While I have already pointed out that the direct results of these interventions are difficult to discern, it is clear that the level of scrutiny visited upon both POSCO and the Government of Odisha from such high-level intergovernmental institutions made it increasingly difficult for the project to proceed without some degree of compromise (reduced land acreage and mineral allotment, more comprehensive environmental reviews, more progressive human rights discourse in POSCO communications, etc.). Ultimately, by mobilizing activist networks at the scale of the transnational, the anti-POSCO movement exposed the 'underside' of India's largest FDI contract, making it increasingly difficult for POSCO and the Government of Odisha to keep many of the ugliest aspects of the project hidden, adding yet more cause for further delays in licensing, and opening the door to a cluster of debilitating contradictions, namely, international commodity price fluctuations and federal-level royalty regulations changes from which POSCO was never made exempt (despite indominable efforts on the part of Odisha's state government).

Third, bilateral trade relations provided the conditions for the genesis of the POSCO-Odisha project, but domestic politics provided the cover POSCO needed to withdraw. From the perspective of bilateral trade, the POSCO-Odisha project was widely seen as a great success in the early aftermath of the MOU signing in 2005. Successive leaders in both countries long heralded the project as a symbol of the shared economic interest of the two countries. In 2009 India and South Korea signed a Comprehensive Economic Partnership Agreement (CEPA), and the following year, during a state visit from South Korean president Lee Myung-bak, the two countries released a joint statement on the development of a 'strategic partnership' in which it was noted that "[t]he two leaders … recognized the need to expedite the implementation of the POSCO project in the State of Orissa" (Ministry of External Affairs, 2010). Four years later to the month, during another state visit from then South Korean president Park Guen-hye, the joint statement "welcomed progress in the POSCO project in the State of Odisha including the acquisition of land, a prospecting license, and revalidation of the environmental clearance" adding that the two leaders hoped POSCO would start work "at an early date" (Ministry of External Affairs, 2014). When Indian prime minister Narendra Modi visited South Korea the following year, just months after the new mineral lease auction regulations were signed into law, the joint statement that followed the summit made no mention of the embattled megaproject (Ministry of External Affairs, 2015). Still, neither the Indian nor the South Korean government was willing to admit the project was a failure, and POSCO continued to forge ahead as though all would be made right. Incredibly, despite years of controversial reporting in the international press, relentless civil society pressure from both within and outside of Korea, intergovernmental complaints via the OECD's National Contact Points, and even a cease-and-desist order from eight Special Rapporteurs at the UN, it seems the one event that opened the door to POSCO's ultimate withdrawal was a presidential impeachment. While I have no intention of emphasizing this point any further than is warranted, I see little value in denying Guen-hye's impeachment created precisely the political cover POSCO would have needed to exit the project without disgracing a presidentially appointed CEO, or compromising the bilateral trade goals of a sitting president. Whether or not that was the specific reason they pulled out when they did, however, will probably never be known for certain.

Fourth, social license is still not being granted in the JSW case, so should we expect a different outcome? Unlikely. Despite the controversy and dubiousness that surrounded the original POSCO project for almost a decade and a half, it now seems JSW believes it can succeed where POSCO has failed. This is particularly shocking, given it does not appear that either JSW or the state government are attempting to do anything differently this time around. In fact, if recent reporting is any indication, it appears the Government of Odisha is even attempting to give JSW the very same plot of land it offered POSCO, though they have so far refused to make this explicit. The phrase "we've seen this movie before" springs to mind, so it will be interesting to see what, if anything, JSW and the Government of Odisha have learned, based on what they do differently. So far, though, the rebranded JSW venture is different in name only. Given this unfortunate reality, it is difficult to imagine any measure social license will ever be granted by the majority of smallholders in Jagatsinghpur or Sundargarh (or why they would bother to do so). Will they put their bodies on the line, yet again, as they have in the past? Will more activists be beaten and killed for defending their traditional territory? Will local organizers once again be able to leverage international networks of support? Will successive national committees for independent investigation be established, will international CSOs take notice, and will the UN once again issue calls to halt the project amid grave human rights concerns? Every project is time and space specific, and no matter what happens, some things will be different this time around. But based on what we have seen here, if locals are able to delay the project long enough, through a combination of on the ground physical resistance and international CSO mobilization, then there is a high probability JSW will find itself relegated to a fate not so different from that of POSCO (though one would be wise not to get one's hopes up).

Fifth, the extreme violence visited upon land defenders by state forces in Kalinganagar in 2006, followed by the relatively quick acquisition and transfer of project area land to Tata Steel in the years that followed, hobbled the Adivasi-led resistance movement in the KNIC. Though it persisted for some time, the inability to make use of international grievance mechanisms and networks of support, combined with an unsuccessful challenge at the already very limited NGT, further restricted the legal, regulatory, and financial avenues for redress available to activists and organizers. Thus, once influential leaders in key regions had, under intense coercive pressure, come around to endorse the project, there was little the resistance could do but standby and watch as the Government of Odisha acquired and ultimately transferred the outstanding acreage to the possession of Tata Steel in the spring of 2017.

In the Kalinganagar case, land-based resistance in period between 2011-2017 was largely in retreat. Ceremonies and marches continued to be held on the anniversary of the January, 2006 firing, but outside of these annual observations, protests and demonstrations against dispossession, tree-felling, and industrial expansion in the Kalinganagar region were, generally speaking, few and far between. Tensions flared again in the fall of 2015 when the plant was officially commissioned (Barik, 2015) but by then Tata Steel had already acquired most of the land area it was seeking, even in the former stronghold villages of Chandia, Gobarghati and Baligotha, after key leaders in these areas were pressured to support the project and endorse the resettlement & rehabilitation program (Majumder, 2017). Petitions filed with the NGT in late 2016 seemed to cast some doubt over the legality of Tata's expansionist activity (tree felling and barrier/building construction) at the project site, but by the spring of 2017, the entire land area allotment originally agreed to back in the 1990s was under its possession.[308]

Conclusions from the Mohanty Commission report, recommending no charges or indictments against state officials or police, were also made public in early 2017, leading to renewed protests and demonstrations and revived interest among progressive and some mainstream press outlets (though neither were sustained for very long). More recently, while TSL has had to temper its expansionist ambitions in the face of depressed steel demand, both at home and abroad, they certainly have no intention of leaving. Indeed, to the degree that land-based resistance exists at all in the Kalinganagar region today, it is organized primarily around (i) gaining access to resettlement & rehabilitation packages for Adivasis groups who, because they have historically been denied legal land title, were excluded from earlier R&R schemes,

[308] "With consistent effort to convince these people to vacate the land, now all remaining villagers have been relocated and the entire 3,475 acres land has been made *encroachment free*," stated a Jajpur district administration official at the time (Satapathy, 2017, emphasis my own).

and (ii) increased financial compensation and government support for those who did have title, and therefore were included. Still, marches and demonstrations, particularly on the anniversaries of the 2006 firing, continue to play an important part of land-based resistance in the area today, as do labour disputes and agitations for better working conditions and treatment of Tata employees and contractors.[309] For all intents and purposes, however, the struggle for land currently under Tata's possession in Kalinganagar has, at the time of this writing, largely ceased to operate as a political force.

[309] A recent *Orissa Post* (2020) article speaks to the ongoing character of labour demonstrations and protests in the KNIC region (though not related to the Tata plant directly).

Chapter 7

Evaluating the Degree of Industrialization at the Kalinga Nagar Industrial Complex (KNIC) in the Post-Reform Period

Having established the degree of industrialization in Odisha at the state level, it is necessary to take a closer look at the degree of industrialization and development in the KNIC in particular. Such an investigation is made all the more crucial given official rhetoric by state bureaucrats and politicians who have long counted Kalinganagar among the country's premiere destinations for mineral processing, steel manufacture, and associated downstream industries. What, then, has been the result of such emphasis, with respect to the degree of industrialization and development achieved in the region in the post-reform period?

This section is broken into three parts. In part one I take a detailed look at the degree of industrialization in the KNIC, emphasizing a similar set of indicators presented in Chapters 3 and 4. In part two I discuss the resettlement and rehabilitation program carried out in the region, and assess of the degree of success achieved in that regard. In part three I discuss attitudes and perceptions among local residents based in and around the Kalinga Nagar region, based on fieldwork conducted over several months in 2017. A short summary concludes the chapter.

Section 7.1: Level of Industrialization in Kalinga Nagar

Straddling two district blocks near the town of Duburi, Kalinganagar is located in Odisha's north-eastern district of Jajpur.[310] When I visited the region in 2017, I couldn't help but remark how unremarkable it all was. I had been reading about India's next 'Steel City' for years leading up to the expedition, and yet, the Kalinga Nagar Integrated Industrial Complex (KNIC) wasn't really a 'complex' at all, but rather, a sort of haphazard smattering of barely a dozen medium- and large-scale ore processing facilities, spread out over an area of several hundred square kilometres,[311] surrounded and supported by hardly any significant ancillary activity to speak of. The nearest 'town' of any distinction is that of Jajpur Road, so named because it sprung up rather capriciously along a road which just so happened to be a key transport artery for industries some distance away.

The most recent *Industrial Profile* for Jajpur District (2018) lists a total of 36 industrial units in the area: 9 of which are categorized as working, 6 as vacant, and 10 as 'units in pipeline' (accounting for just 25 of the stated 36 total units). The status of the other 11 units, for whatever reason, is not included in the report. The industrial profile report also references the National Investment and Manufacturing Zone (NIMZ) at Kalinga Nagar, though with few accompanying details.[312] In fact, the only details relating to the NIMZ included in the report

[310] If one were to visit the 'Economy' section on the Jajpur District website, one would find the following description: "The District of Jajpur being rich in mineral deposit and having skilled human resources there is huge potential for establishment of SMEs. This is the only sector next to agriculture which can provide maximum employment to the unemployed mass. In the decreasing trend to employment in Govt. and public sector under taking the only option left for our young mass is for establishment of self ventures. The state Govt.'s present policy of employment mission will be successful through SMEs mostly" (Government of Odisha, 2019). The passage is revealing for a number of reasons. First, it foregrounds the district's vast mineral wealth, and ties it directly to the economic fate of the region. Second, it emphasizes mass unemployment and pins the fate of the state's "unemployed mass" to small and medium enterprises (SMEs) rather than, for example, increased pledges of increased local investment from the large industrial-sector firms operating in the state. Finally, the passage provides clear indication that the government no longer sees its role as one of providing public sector employment, resolving itself to the fact that "the only option left … is for establishment of self-ventures." The only additional information provided on the webpage is presented in a table, detailing some cursory information for all 10 industrial units operating in the district (see Figure P.1 in the appendix).

[311] According to the Kalinga Nagar Development Authority (KNDA), the area comprises 161 revenue villages and 458.78 square kilometres (www.kndajprd.nic.in/).

[312] Note that India's NIMZs are the product of the National Manufacturing Policy of 2011, which sought to establish dedicated manufacturing zones (for both domestic and export-led production, depending on the location) along with associated services and infrastructure. NIMZs are similar to SEZs, but are expected to be much larger, and may in fact contain one or more SEZs within their designated area, along with industrial parks, warehousing zones, and other supporting facilities. Like SEZs, NIMZs have their own governing authorities in

were: the total area to be allotted to downstream manufacturing units (86 Sq. Km),[313] a rough list of 'common facilities' to be established (state of art infrastructure, social infrastructure, availability of raw materials, financial incentives, and bank & post office), and a likely date of completion for the NIMZ (already operational KNIC and Phase-1 NIMZ by 2025) (Government of India, 2018). The NIMZ is not mentioned in the previous industrial profile for Jajpur District, released two years earlier (Government of India, 2016) and, as far as I am aware, this is the first time an official document has provided a start date for the NIMZ undertaking. Using data ending in 2016-17, the 2017-18 district profile for Jajpur (Government of India, 2018: 5) provides the following table (table 5.5):

Table 5. 5 Industry at a glance (based on the 2018 District Profile)

Head	Unit	Particulars
Registered micro & small scale units	Number	9,049
Registered medium & large scale units	Number	15
Employment in micro & small scale industries	Number	37,060
Employment in medium & large industries	Number	7,910
Number of industrial areas	Number	1
Total investment in micro & small scale industries	Number	44,333.67
Total investment in medium & large scale industries	Number	1,191,197.66

Note. Reproduced as presented in Government of Odisha, 2018.

These figures vary significantly from those provided in the previous industrial profile (Government of Odisha, 2016), published just two years earlier, and which draws on data ending in 2012-13 (see table 5.6 below):

the form of Special Purpose Vehicles (SPVs) which hold "delegated authority from the State Government, Ministries in the Central Government and other Government Agencies for issuing necessary clearances, as may be necessary for the inception and continuation of business ventures inside the NIMZ" (Government of India, 2011). In the simplest terms, the purpose of the NIMZ is to establish business friendly environments (territorial zones) which operate over and above the laws and regulations established by state and central governments.

[313] Note that while the KNDA states the NIMZ at Kalinga Nagar comprises nearly 460 square kilometres, a downloadable brochure from the Invest Odisha website explains that the NIMZ comprises over 40,000 acres (160 Sq. Km) with over 23,000 acres (86 Sq. Km) reserved for industrial activities specifically (IPICOL, 2016).

Table 5. 6 Industry at a glance (based on the 2016 District Profile)

Head	Unit	Particulars
Registered industrial unit	Number	2,365
Total industrial unit	Number	8,060
Registered medium & large unit	Number	15
Estimated average no. of daily workers employed in small scale industries	Number	15,018
Employment in large & medium industries	Number	7,910
No. of industrial area	Number	2
Total investment in micro & small scale industries	In Lakh Rupees	4,648.44
Total investment in medium & large scale industries	In Lakh Rupees	1,191,197.66

Note. Reproduced as presented in Government of Odisha, 2016.

Note that the 2018 industrial profile includes only registered units (both medium & large scale units, as well as micro and small scale units) whereas the 2016 version lists both registered and non-registered units. Even more confusing, while the registered medium & large industrial units remained constant at 15 in both versions of the profile,[314] the registered MSME units (listed simply as registered industrial units in the 2016-17 profile) grew from just 2,365 in the period ending in 2012-13 to 9,049 in the period ending in 2016-17, a significant rise in just four years.

On the question of employment, however, the data is less clear. Indeed, employment in small scale industries rose from 15,018 in 2012-13 to 37,060 in 2016-17, a nearly 2.5 fold increase. Unfortunately, it appears the relevant data for employment in medium and large-scale industries was not available in the latest round of data gathering, as the figures for this category are identical in both reports. The figures relating to investment are also somewhat confusing. In the 2016-17 report, the figures are reported in lakh rupees, while in the 2018 version, this designation is not made explicit.

[314] See Appendix L for a full list of these units.

In any case, both industrial profiles report the same figure for investment in medium and large-scale units at 1,191,197.66, so we can assume that both refer to lakh rupees, though this tells us nothing about why the figures are identical, despite the one year gap between them. With respect to medium and small-scale enterprises, investment grew from Rs. 4,648.44 lakh in 2016-17 to Rs. 44,333.67 lakh in 2017-18, a nearly tenfold increase in just one year.

The gains for Jajpur district in terms of new industrial units, overall employment, and total investment therefore are certainly encouraging, but to truly understand their significance, we must measure them against other leading districts in the state. To this end, the latest figures available from Odisha's Directorate of Economics & Statistics (DES), based on the 2011-12 census, are provided below (see table 7.1) (Government of Odisha, 2014).

Table 7. 1 Gross district domestic product (GDDP), 2011-12 (at 2004-05 constant prices)

	Top 5 Districts			**Bottom 5 Districts**		
Industry at 2004-05 constant prices	**District**	**GDDP (Rs. in lakh)**	**Share of the District to total 2011-12**	**District**	**GDDP (Rs. in lakh)**	**Share of the District to total 2011-12**
Agriculture & Allied	Mayurbhanj	137,658	6.15	Gajapati	40,580	1.81
	Ganjam	125,296	5.60	Nuapada	39,166	1.75
	Baleshwar	121,941	5.45	Baudh	34,257	1.53
	Kendujhar	118,089	5.28	Debaragh	27,433	1.23
	Sundargarh	101,294	4.53	Jharsuguda	20,862	0.93
Industries	Sundargarh	666,696	14.98	Malkangiri	24,536	0.55
	Anugul	653,395	14.68	Nayagarh	24,466	0.55
	Kendujhar	415,599	9.34	Debagarh	24,347	0.55
	Ganjam	249,685	5.61	Baudh	16,148	0.36
	Jajpur	235,964	5.30	Sonapur	15,418	0.35
Services	Khordha	720,786	11.40	Nuapada	58,598	0.93
	Cuttack	644,457	10.19	Sonapur	56,106	0.89
	Ganjam	579,408	9.17	Baudh	37,260	0.59
	Sundargarh	375,483	5.94	Malkangiri	35,931	0.57
	Baleshwar	318,171	5.03	Debagarh	28,431	0.45
Total	Sundargarh	1,143,473	8.79	Nuapada	137,497	1.06
	Khorda	988,828	7.60	Sonapur	126,071	0.97
	Ganjam	954,389	7.34	Malkangiri	111,568	0.86
	Cuttack	947,293	7.28	Baudh	87,665	0.67
	Anugul	920,338	7.07	Debagarh	80,211	0.62
	District	**in Rupees**		**District**	**in Rupees**	

Per Capita Net District Domestic Product (NDDP)	Anugul	40,516	Kendrapara	17,645
	Khordha	36,084	Sonapur	17,448
	Sambalpur	33,664	Nayagarh	16,536
	Jharsuguda	32,897	Malkangiri	16,313
	Sundargarh	31,622	Nabarangapur	14,435

Note. Source: Government of Odisha, 2014.

Here we can see that the leading districts, in terms of Gross District Domestic Product (GDDP) in the industrial sector are Sundargarh (Rs. 666,696 with a 14.98% share of the total), Anugul (Rs. 653,395 at 14.68%), Kendujhar (Rs. 415,599 at 9.34%), Ganjam (Rs. 249,685 at 5.61%) and Jajpur (Rs. 235,964 at 5.3%). It should be noted that, with the exception of Ganjam (further south), all leading GDDP districts are in relative proximity to one another, as can be seen in the map below (figure 7.1).

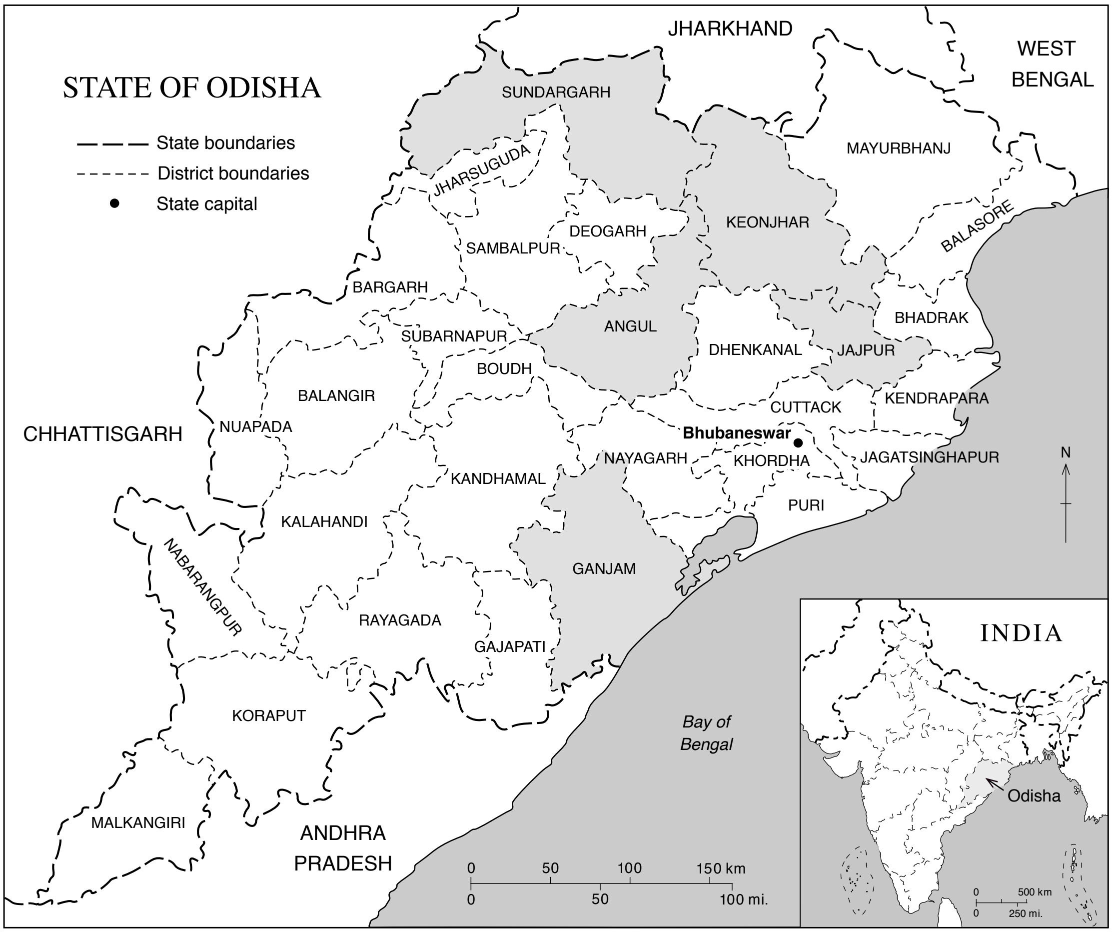

Figure 7. 1 District-level map of Odisha with leading GDDP districts in shaded colour

Kendujhar (spelled Keonjhar after 2011), for example, shares borders with Sundargarh in the north-west, Anugul in the south-west, and Jajpur in the south-east. Still, it is notable that

Jajpur, where the KNIC is based, had the smallest share of GDDP among leading districts. It is also worth noting that at least two of the leading industrial sector districts are also leaders in all other categories: Kendujhar and Sundargarh are both in the top five in agriculture and allied sectors while Ganjam and Sundargarh rank third and fourth, respectively, in the services sector category (which means Sundargarh ranks in the top five in all three sectors). Perhaps most importantly, three of the districts that rank in the top 5 in terms of overall industrial sector performance also rank in the top 5 in terms of total GDDP: Sundargarh (first), Ganjam (third), and Anugul (fifth). Conversely, none of the districts that rank in the top 5 in terms of industrial sector performance are found among the bottom 5 in any category.

We can also see that Odisha's industrial sector is more concentrated than agriculture and services, for example, while the top 5 districts in agriculture and services constitute just 27 and 41.73 percent, respectively, of the state's total output in those categories, the top 5 industrial sector districts constitute almost half (49.9 percent) of the state's overall industrial sector output. This means that, if we exclude Ganjam (a coastal district in the south-eastern region of the state), some 44.29 percent of Odisha's total industrial sector output is concentrated in just 4 districts, all of which are in relative proximity to the KNIC. Still, we should be cautious in drawing too much from these figures, as detailed district-wise data are generally not available for calculating GDDP, so district-wise output indicators are allocated instead.[315]

[315] According to Odisha's Directorate of Economics and Statistics (DES): "[District Domestic Product] is a measure in monetary terms of the volume of all goods and services produced in a district during a given period of time, accounted without duplication. The detailed district wise data are not available for calculation of GDDP. So for allocation of GSDP to different districts, sector wise district indicators are prepared. In the Primary sectors district wise outputs are the indicators for allocation. District wise Sales taxes and service Taxes are used for Trade, Hotel & Restaurant sector. No. of vehicles are used for Transport. No. of dwelling is used for Real Estate and District wise workforces are used for allocation of remaining sectors. No attempt has been made to estimate the income flows between the districts. Thus, the district-level estimates of domestic product are arrived at, as in case of state domestic product, by "income originating" approach. For the commodity producing sectors, the production approach is applied to find the estimates of value added at district level. For the sectors for which district-level prices are not available, the state average prices are used along with the district-wise production data to obtain the value of output at district-level. For other sectors, where the income approach is followed to prepare the estimates at state level, the basic data are scanty. Thus, the state level estimates of value

Given the availability of relevant data, and the fact that some level of approximation will always be necessary in such circumstances, the above qualifications certainly seem appropriate. When we look at industrial sector share of Net District Product (NDP), however, a somewhat different picture emerges from that offered above (see table 7.2 below).

Table 7. 2 Industrial Sector Net District Domestic Product for the years 2004-05 to 2011-12 (in Lakh Rupees at 2004-05 prices)

District	2004-2005	R	2005-2006	R	2006-2007	R	2007-2008	R	2008-2009	R	2009-2010	R	2010-2011	R	2011-2012	R
Anugul	302140	1	281343	1	331216	1	359448	1	384413	1	289630	1	246776	1	273146	1
Ganjam	116811	5	119245	4	138963	5	154585	4	150564	5	149652	5	172939	4	212737	3
Jajpur	**118897**	**4**	**111944**	**6**	**145819**	**4**	**143655**	**6**	**137633**	**6**	**102005**	**8**	**108667**	**9**	**122381**	**7**
Kendujhar	205627	3	211402	2	255297	3	270937	3	282716	3	244205	2	203830	3	211512	4
Sundargarh	221428	2	197493	3	272892	2	319922	2	364794	2	239304	3	204839	2	224310	2
Balangir	n/a		n/a		n/a		n/a		n/a		82311	12	95853	11	72230	11
Cuttack	101174	7	91573	7	111623	7	127276	7	127276	7	101615	9	109036	8	125931	6
Jharsuguda	115865	6	119004	5	138425	6	157133	5	157133	4	153220	4	167118	5	71882	12
Kandhamal	58589	12	64957	12	80596	12	102466	11	102466	11	114286	7	140557	6	64985	13
Khorda	94393	8	89333	8	106568	8	122534	8	122534	8	84326	11	88187	12	95514	10
Koraput	65505	11	67025	11	82282	11	91379	12	91379	12	80493	13	87854	13	106905	9
Mayurbhanj	82630	9	85890	9	101082	9	117583	9	117583	9	118933	6	135325	7	161406	5
Sambalpur	72306	10	74294	10	88820	10	108791	10	108791	10	89955	10	97714	10	116333	8

Note. Figures refer to the sum total of the following sub-sectors: mining & quarrying; manufacturing (registered); manufacturing (non-registered); electricity, gas & water supply; and construction. R = ranked position in the list, for a given time period. N/A = not applicable. Adapted from Government of Odisha (2014).

From the table presented above we can see that, despite the promotion of the KNIC as the industrial heartbeat of the state, Jajpur ranks in the top 5 in only two (2004-05 and 2006-07) of the eight years for which data is available. We can also see that at no time did it rank higher than 4^{th} in the state, and that it has not placed in the top 6 since 2008-09. Two potential explanations are worth considering.

The first draws on work by Mohanty (2016) (see table 7.3 below) which reveals that, while the districts which either possess or are in proximity to high mineral concentrations have attracted the largest share of capital investment in large-scale industry (namely Sambalpur, Sundargarh, Jajpur, Keonjhar, and Koraput), Jajpur had far *fewer* large-scale industrial units (14) when compared with other leading districts like Sundargarh (62) and Keonjhar (27). Further, when we juxtapose large-scale industrial unit figures alongside employment generated

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added in respect of these sectors are allocated to districts on the basis of relevant indicators at district level." Directorate of Economics and Statistics, Odisha (DESO, 2014).

from investment, we find that Jajpur generated just 7,910 jobs versus other leading districts, like Sundargarh, which generated just shy of 48,000 jobs. Note that, while the 48,000 jobs figure may at first glance appear significant, remember that the this is the result of investment in excess of a million lakh rupees (Rs. 1,048,711.96 lakh), equivalent to more than $2.33 billion US dollars at current conversion rates. This confirms the hypothesis that the steel plants of Kalinga Nagar, along with the iron ore mines of Sundargarh, are simply far too capital intensive to (given the small number of actually-operating firms) to serve as major drivers of employment.[316]

Table 7. 3 District-wise large-scale industries in Odisha, 2012

District	Number of Units	Investment (in Rs. lakh)	Employment Generated
Bargarh	1	14,235.85	156
Jharsuguda	18	630,222	7,905
Sambalpur	15	1,702,290.92	7,011
Sundargarh	62	1,048,711.96	47,990
Keonjhar	27	834,958	7,408
Mayurbhanj	2	2,622.66	279
Balasore	8	175,501.66	4,858
Bhadrak	1	6,572	452
Jagatsinghpur	6	287,974	2,435
Cuttack	11	563,887	2,449
Jajpur	14	1,191,197.66	7,910
Dhenkanal	10	671,799.21	2,253
Anugul	8	658,339.84	638
Khordha	10	16,796.5	1,046
Ganjam	2	24,852	1,978
Bolangir	3	63,932	551
Kalahandi	1	400,000	3,510
Rayagada	3	8,207.57	2,026
Nawarangpur	1	6,369	552
Koraput	4	848,249	7,756
Total	207	9,156,718.83	109,163

Note. Source: Mohanty (2016: 128).

The second potential explanation requires us to break down Jajpur's overall industrial sector performance by its constituent sub-sectors, which I do in table 7.4 (below).

[316] Given the high degree of capital intensity in the Indian steel sector, there simply are not enough factories to employ lots of people. There are two quantities: c=v and c/v. If the total amount of c+v is limited, there will not be much employment, whether or not c/v is high.

Table 7. 4 Net District Domestic Product (NDDP) Industrial Sub-Sector Breakdown for Jajpur District (in Lakh Rupees at 2004-05 prices)

Year	Mining & Quarrying	Manufacturing (Registered)	Manufacturing (Un-regd.)	Electricity, Gas & Water Supply	Construction	Total
2004-05	55083	26143	3967	5197	28507	118897
2005-06	53509	20952	3961	4790	28733	111944
2006-07	76942	26240	4393	5970	32275	145819
2007-08	62772	34785	4907	6846	34345	143655
2008-09	52045	42173	4697	5007	33711	137633
2009-10	42812	16351	4738	3948	34155	102005
2010-11	48962	11085	4872	5718	38029	108667
2011-12	52809	11121	5006	4982	48463	122381

Note. Adapted from Government of Odisha (2014).

Using 2004-05 prices as a baseline, we can see that, for the mining & quarrying sub-sector, Jajpur experienced year-over-year declines in four of the subsequent seven years for which data is available. In fact, after peaking at 76,942 lakh Rupees in 2006-07, Jajpur finished the time series with a lower overall performance in the sub-sector (52,809 lakh rupees) than it began with (55,083 lakh rupees) 8 years earlier.

This broader trend in the mining & quarrying sub-sector is consistent with overall rises and declines in Jajpur's performance for the sector as a whole, as can be seen from the 'Total' column on the far right. In other words, in every year for which the mining & quarrying sub-sector experienced either a rise or decline from the previous year, so too did the district experience the same for the sector as a whole. Adding to this the fact that the mining & quarrying sub-sector outperformed all other sub-sectors across the entire time series, it would certainly appear to be the driving engine for industrial sector growth in the district.

This lies in stark contrast to the government's constant heralding of the KNIC as Odisha's marquee destination for manufacturing, processing, and associated downstream value-added commodity production. Taking a closer look at the manufacturing sub-sectors, we find year-over-year declines in only three years for registered and in just two years for non-registered. Still, after peaking at Rs. 42,173 lakhs in 2008-09, the registered manufacturing sub-sector fell dramatically, finishing the time series at just Rs. 11,121 lakhs, a decline of more than 57% from its baseline performance eight years earlier. Jajpur's unregistered manufacturing subsector, by contrast, performed significantly better, peaking at 5,006 lakh Rupees in 2011-12, a rise of roughly 26% over the eight-year time series.

Looking at the final two categories, we notice overall declines in four of the seven subsequent years for the electricity, gas & water supply sub-sector, but in only one year for the construction sub-sector. It should also be noted that the construction sub-sector outperforms all other sub-sectors (with the exception of mining & quarrying) for every year other than 2007-08 and 2008-09, when the registered manufacturing sub-sector performed slightly better. Again, it is difficult to tell exactly how developments in the KNIC might have contributed to these broader statistical trends at the district scale, but presumably the construction of resettlement colonies for those displaced by the Tata Steel plant was a contributing factor.[317]

[317] "Buoyed by successful resettlement of displaced persons after five years, Tata Steel, which is setting up a 6-mtpa steel plant at Kalinga Nagar in Orissa's Jajpur district, has undertaken massive infrastructure development work at the project site to get support of the local people, especially the tribals. Under its Tata Steel Parivar resettlement and rehabilitation (R&R) programme, the leading steel producer of the country has laid 20 km of quality motorable roads connecting all rehabilitation colonies, besides constructing 32 km of drainage system at adjoining tribal-dominated villages such as Trijanga, Sansailo and Gobarghati" (Patnaik, 2010). A Tata Steel press statement distinguished the company's community development efforts from those of the Odisha government: "The Tata Steel Parivar rehabilitation scheme at Kalinga Nagar provides substantially better facilities than the government-framed R&R policy. The government policy provides employment for one member from each core household. On the other hand, Tata Steel Parivar policy provides employment opportunities for each major member of the core house. It also provides training facilities for technical skill upgrade" (Patnaik, 2010). The statement added that an amount of Rs 2.21 lakh would also be provided as a "onetime assistance in lieu of employment," and that, "under the Tata Steel Parivar policy, each family is given a monthly maintenance allowance of Rs 2,000-2,300 till they get employment in the plant whereas the policy stipulates payment of maintenance allowance for 12 months only" (Ibid.). This effort, on Tata's behalf, to distinguish its own resettlement & rehabilitation (R&R) policy from that of the government dates at least as far back as 2006: "In line with Tata Steel's commitment for improving the quality of life, 'Tata Steel Parivaar' launched, which is much beyond the stipulations of [government] R&R Policy with the key objective - 'for a better tomorrow' of each member of 'Tata Steel Parivaar'. It also emphasises on emotional and psychological support." This quote is drawn from document which appears to date from 2006 (Tata, 2006b). Though no official date is posted on the document, a table on p. 15 refers to a figure of 1195 total families living in the plant site area, as of the January 1st, 2005, enumeration cut off. The number of families 'shifted' is listed at 656 while the number of families 'resettled in the rehab colonies' is listed at 330. The other document (Tata, 2006a) was downloaded from the same repository (Scribid.com) and was uploaded by the same account holder in 2010. Here the number of families to be displaced (p. 6) is listed 679, based on an enumeration calculated in 1996. In the Tata Steel (2006b) document, the *4 'R' Theme* of the Tata Steel Parivaar is described in the following terms: 1. Reassuring Communication – 'The Vision for a Better Tomorrow'; 2. Resettling the Displaced Population with Care; 3. Rehabilitation – Ensuring Better Quality of Life, Income, & Happiness; 4. Re-Check Implementation through self & independent social audits. I should probably note that, despite numerous and exhaustive search attempts, I have been unable to find *any* examples of these "self & independent social audits" associated with Tata and its Kalinga Nagar operations. Based on available documentation then, it seems reasonable to assume that at least part of the reason Jajpur's electricity, gas & water supply, and construction

Having thus established contributions from the KNIC to the level of industrialization in Jajpur district, then, two key points are worth reiterating. First, despite extensive rhetoric about the crucial significance of the KNIC to Odisha's overall industrial development, Jajpur district, where the KNIC is located, is not leading the sector, ranking outside the top 5 for industrial sector performance in 6 of the 8 years for which data is available, dating back to 2004. Second, to the extent that industrialization is occurring at all in Jajpur, it is overwhelmingly driven by low-value added sub-sectors such as mining & quarrying, not manufacturing, also running contrary to official rhetoric.

Section 7.2: Social Considerations – Resettlement & Rehabilitation (R&R), aka. Dispossession with a Smiling Face

Moving forward, what can be said about social conditions in the region? Perhaps more importantly, given Tata's extensive rhetoric about going 'above and beyond' standards set by the state, how successful has the company's R&R policy been?[318] In order to answer these questions, we must first establish precisely what Tata's resettlement and rehabilitation commitments were in the first half-decade or so after the 2006 massacre, and compare them alongside material conditions for those living in the KNIC today.

7.2.1: Tata's R&R Commitments in the mid-2000's

Based on information provided in their own resettlement and rehabilitation documentation, Tata Steel (2006a) was seeking approximately 3,260 acres stretched across six revenue villages in the Sukinda Teahesil of Jajpur District, the details of which are provided in table 7.5 below.

Table 7. 5 Village-wise Breakdown of Land Area Sought by Tata Steel Ltd. in Jajpur District

Revenue Village	Area (in acres)

sub-sectors performed relatively well during this period was due to increased activity in establishing Tata's R&R colonies. Any precise links beyond this positive correlation, however, are not immediately clear.

[318] It would also be interesting to know how much coordination there was between Tata and the Government of Odisha in carrying out the R&R process. Based on my own research, it now appears it was carried out in large part by recruiters, sub-contracted by larger labour contractors employed by Tata, though not in any formal capacity. This topic is taken up again the final section of the current chapter.

	Private Land	Government Land	Total Land
Gobarghati	731.600	61.940	793.540
Chandia	1,083.810	263.345	1347.155
Nuagaon	90.70	15.82	106.52
Gadapur	388.49	135.749	524.239
Khurunti	128.006	0.540	128.546
Baragadia	236.78	123.63	360.41
Total	**2,659.386**	**601.024**	**3260.410**

Note. Source: Tata Steel (2010a: 5).

Based on these figures, 82% of the total land area was classified as belonging to private owners, while the remaining 18% was classified as land belonging to government. The document (Ibid., p. 5) notes that roughly 60% of land classified as belonging to government is ‘encroached’ by scheduled tribes and scheduled castes, and that, during 1996-97 the company paid out Rs. 15,000 per acre for the property (about $200 US dollars in current prices).

Drawing on data from a demographic and socio-economic study conducted by the District Action Group of Jajpur District, with guidance from the Xavier Institute of Management, Bhubaneswar (XIMB), the Tata resettlement and rehabilitation document included detailed information about the number of families they expected to displace, which I have reproduced in table 7.6 (below):

Table 7. 6 Number of Families to be Displaced and Population of Affected Villages

Villages	No. of Families to be Displaced as per 1996 enumeration	Population of affected areas of the villages
Gobarghati	191	1077
Chandia	356	1410
Nuagaon	132	840
Gadapur	NIL	NIL
Khurunti	NIL	NIL
Baragadia	NIL	NIL
Total	679	3327

Note. Source: Tata Steel (2006a: 6).

The demographic breakdown for residents in the area was as follows: 88% scheduled tribe (ST); 1% scheduled caste (SC); and 11% in the general category. Literacy in the area was found to be just 37% (52% among males and 21% among females), while the working population accounted for just 33% of the total (a more detailed demographic breakdown is provided in Appendix M). With respect to the total number of families to be displaced, the document then offers the following details:

> The 679 families to be displaced, as enumerated in 1996, would be expanded to 1300-1400 extended families for the purpose of extending rehabilitation benefits as per the provisions of the revised R&R policy. Extended family, in the context of this Rehabilitation & Resettlement would mean that each major son of the family, unmarried sister or daughter over 30 years of age, father, mother along with minor children and other members would be considered as a separate family for the purpose of the rehabilitation & resettlement benefits. There are about 250 households on the plant site land. On an average, each of the original family would be eligible to get rehabilitation benefits of 4-5 extended families.[319]

On the issue of encroachment, they add that approximately 350 extended families are "staying on encroached land, working as farm labourers or farming on encroached government land of about 300 acres" (Ibid., p. 9). On the issue of opportunities for employment, they write that, of the 1300-1400 families identified for rehabilitation benefits, only 1000-1100 would seek employment, while the remaining 200-300 would seek self-employment assistance or cash-in-lieu of employment, adding, however, that "people are apprehensive of the kind of industrial jobs they would be able to do, owing to their literacy levels."[320] Mention of literacy or professional training programs/initiatives however, which, by their own admission, might seem to mitigate some of this apprehension, remain curiously absent from the document.

Finally, regarding the rehabilitation colony itself and the issue of self-rehabilitation, the document notes that "members of the displaced families are worried of the provisions of water supply in the rehabilitation colonies," and that many are also "insistent about access to proper medical facilities and provisions of schools for providing education to their children" (Ibid., p.

[319] Tata Steel (2006a: 9).
[320] There is little question that firms like Tata (by extension, particular segments of the state) are well aware that the options being offered are going to be rejected by the people on the ground. They know they are offering 'industry' without 'development'.

10). They add that compensation for home building assistance has been raised to Rs. 1.5 Lakhs, and that "each original family would get more than Rs. 6 lakhs towards house building assistance." The document specifies that some 270 acres of land will be required for the establishment of three resettlement colonies (two in Gobargati and one in Trijanga), the details of which are provided in table 7.7 (below).

Table 7. 7 Land Allotment and Development of Resettlement Colonies

Area/Amenity	Trijanga	Gobarghati-1	Gobarghati-2
Total Area	30 Acres	140 Acres	100 Acres
No. of residential plots	148	715 (about 100 plots have already been allotted to those displaced from other projects)	600
Plot area	1/10th acre	1/10th acre	1/10th acre
Common facilities envisaged	Pond, Football ground, Johar stand, Community centre, Primary School, Police outpost, Welfare office, Pump house with bore well, Transformer room, Burial ground, Piped water facility, Roads and drains		
Open space	40%		

Note. Source: Tata Steel (2006a: 27).

The cost of setting up the colonies is estimated at Rs. 50.00 crores, expected to be developed over three phases. A Gantt-chart laying out a timeline for construction of the colonies begins in June, 2006, and has the final phase ending in December the same year (see Appendix N).

7.2.2: Comparing Rhetoric with Reality

Having thus established Tata's intentions and claims, how has the megafirm faired looking back some fifteen years on? Key data on the resettlement process, in terms of the number of families displaced and resettled on a year-by-year basis, is difficult to come by. By the spring of 2010, however, press outlets were reporting that as many as 800 families had already been 'shifted' (a euphemism most often employed by industry, government, and the mainstream press in India in place of the much more accurate 'displaced') from the project site (*Telegraph India*, 2010). A year later, as mentioned above, the number of re-settled families had climbed as high as 915, out of a total 1,200 project-affected families (*Business Standard*, 2011b). This is broadly consistent with an internal company document which put the number of families displaced by February 28, 2011, at 909 out of a total 1195 families.[321]

Fast-forwarding roughly half a decade or so to the summer of 2016, Bose (2016) reports that, out of a total 1,234 families who had been in the area, only 120 remained, refusing resettlement and opting instead to maintain occupation of some 900 of the total 3,000 acres originally allotted to Tata for the first phase of its steel plant. Less than a year later, in May, 2017, it was reported in the *Business Standard* that any remaining villagers had by then already been entirely resettled (Satapathy, 2017). The following year, in November, 2018, a groundbreaking ceremony to mark the beginning of the project's second phase (set to expand production from 3 to 8 MTA over a 48 month period, at a cost of Rs. 23,500 crore) was held at the second 'Make in Odisha' conclave in Bhubaneswar (Tata Steel, 2018). While the groundbreaking ceremony was presided over by none other than Odisha's Chief Minister, Naveen Patnaik, neither the Tata press release, nor the business reporters that covered it, provided any accompanying details about the resettlement process (*Business Standard*, 2018).[322]

An *Orissa Post* (2019) article from the following year, by contrast, reported that as many as 605[323] resettlement and rehabilitation "issues" remained unresolved by Tata. Of these, 377 related to issues of employment; 68 to the allotment of homestead land; 70 concerned financial assistance for the construction of homes; 42 related to "transit shelter"[324] assistance;

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321 See a full breakdown, including the number of families displaced from all Kalinga Nagar revenue villages in Jajpur district from Tata's Steel project, as of February 28, 2011, in Appendix O.

322 As noted above, and in the previous chapter (Chapter 5), a *Business Standard* article from May, 2017, notes that any remaining villagers had already been entirely resettled by the spring of 2017 (Satapathy, 2017). Still, one might have expected at least some mention of those who were pushed off their land, despite having lived there for generations, so that such a groundbreaking ceremony could take place.

323 It is understood that this figure refers to families, not individuals.

324 It is not immediately clear from the *Orissa Post* (2019) article what the term "transit shelter" refers to, but presumably it concerns assistance for temporary residence.

and 48 cases were associated with "maintenance."[325] The report added Tata's claim that attempts were underway to provide "employment to 240 displaced families," of which 80 were classified as students and 53 as minors. Going a step further, the report credited Santosh Kumar Mishra, then the Assistant District Magistrate (ADM) for Kalinganagar, with the following statement: "Tata Steel has been asked to resolve the issues within a period of three months but it is delaying the settlement." Expressing displeasure over Tata's contumacious handling of its commitments, at a meeting of the Revenue and Disaster Management Department in November, 2019, Odisha's Principal Secretary, Revenue, directed Jajpur's District Collector to "resolve the rehabilitation and resettlement package of Tata Steel within a year" and submit a progress report to the department by December 1st, 2019. But while the *Orissa Post* article is clear to point out local frustration with Tata's recalcitrant approach to resettlement, even more painful has been the sense that:

> tribal leaders who were once spearheading the agitation against establishing the steel plant have now grown rich by allegedly surrendering themselves to the plant authorities. A common refrain in the area is while the tribal leaders have laughed all their way to the bank using the innocent and gullible tribals, there is no change in the latter's life as they continue to suffer in neglect and struggle for their rights. This has happened as the government's promises on compensation, rehabilitation and resettlement are yet to be fulfilled even after so many years. It is alleged that the government is not making any sincere efforts to resolve the problems.[326]

Following the publication of the *Orissa Post* article in January, 2019, little coverage of the resettlement and rehabilitation status of Kalinganagar residents can be found. Indeed, as the article itself makes clear, after rumours and reports began to surface that grassroots leaders had

[325] Again, it is not immediately clear what "maintenance" refers to in this context.
[326] *Orissa Post* (2019).

ultimately 'sold out' to Tata and the state government, "[e]ven the political parties who were then supporting the movement stopped raising their voice and became silent" (Ibid.).[327]

Despite the sparse coverage in recent years, socio-economic conditions in and around the KNIC can be further gleaned from district-level analysis, and although reliable HDI data for Odisha at the district-level is difficult to come by, an excellent report prepared by the Bhubaneswar-based Nabakrushna Choudhury Centre for Development Studies in 2004 offers a useful starting point (Government of Orissa, 2004). Looking at the data presented in the table below (see Government of Orissa, 2004: 195), we note that Jajpur ranks in the bottom third (22nd out of 30 total districts) in the HDI category; a somewhat surprising result, given the high degree of investment and industrial activity in the area. Jajpur also underperformed in the income index category, ranking 19th out of 30 total districts with a score of just 0.499 (Ibid., p. 194), and placing it among the Low Development category, based on the UN's income index logarithm.[328] Turning to gender inequality (represented by the gender development index - GDI), we find that Jajpur performs even worse, ranking 29th out of 30 total districts. Misra (2016: 404) notes that this result is also quite unexpected, given the high degree of commercial development in Jajpur, as well as its relative proximity to Cuttack, the state's major commercial hub.

Section 7.3: Attitudes and Perceptions Associated with Industrialization in Odisha

The section that follows is based on extensive fieldwork conducted over two four-month periods (both from September to December) on back-to-back trips in 2016 and 2017. On the first expedition I conducted semi-structured interviews with 21 individual participants, while also engaging in extensive informal discussion and conversation with academics,

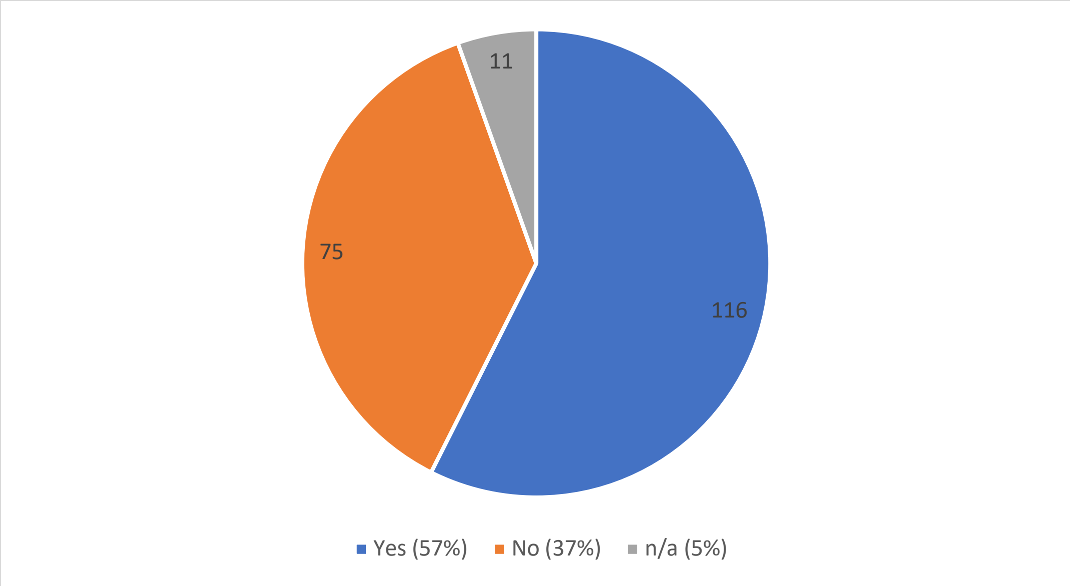
[327] This theme of former resistance leaders having sold out came up repeatedly in my field interviews in Kalinganagar region.
[328] The UN's income index reflects GNI per capita (2005 PPP International $, using natural logarithm) expressed as an index using a minimum value of $100 and a maximum value $75,000 (see http://hdr.undp.org/en/content/income-index for further clarification).

journalists, small farmers, activists, and NGO workers, as well as representatives from industry, including both workers and their managers (a detailed breakdown interview respondents is provided in the methods section). When I returned to the field in 2017, I conducted another 55 such interviews, as well as 7 focus groups and 4 open discussions. In addition, a survey was conducted with participation from 202 respondents living in and around the Kalinga Nagar region.

7.3.1: Contract Recruitment

Contract recruitment, otherwise known as employment obtained through a third party interlocutor ('middle-man'), is a common (if not confusing) aspect of work in India. The condition plays a crucial role in suppressing working class power by keeping workers divided and, oftentimes, without formal means to redress unlawful practice or behaviour in the workplace. In fact, the very concept of employment is a somewhat contentious matter in India, at least from an analytical perspective, as indicated by the disproportionate concentration of workers in 'informal' as opposed to 'formal' employment (especially in rural areas). Indeed, given that nearly 80% of total employment in India occurs in the informal sector, questions about how workers experience this informality would seem an appropriate place to begin.

Figure 7. 2
Respondents who obtained employment through a contractor



Note. Based on a survey conducted November/December, 2017

Looking at the chart above we can see that nearly 60 percent of the people we surveyed said they obtained their job through a contractor (middle man),[329] while nearly 40 percent did not.[330] Of those who had obtained their jobs through a contractor, 12 percent were charged a fee for the recruitment service. These one-time payments ranged from as low as Rs. 4,000 (roughly US $60 for a Tata security guard position) to as high as Rs. 20,000 (roughly US $300 for more skilled positions such as welders, electricians, grinders, etc.). The total amount paid out to contractors from these 14 respondents was Rs. 155,000, while the average payment was approximately Rs. 11,071 (roughly $160 in current US dollars) for one contract. This is important, because it means that employment contractors obtain their own salaries not only from the firms they recruit for (either directly or indirectly), but also from prospective workers, who are required to pay to be recruited.

In terms of how workers felt about the recruiters themselves, a significant majority (72%) agreed that their contractor had been honest about the working conditions and job

[329] I will note that, out of 20 one-on-one semi-structured interviews I conducted with workers in Kalinganagar in 2017, 18 confirmed that they too had been hired by contractors. Of the remaining two, one was unemployed, though hoping to find work through a contractor, while in the last case the response to this question was ambiguous/unclear.
[330] This question was not applicable to 11 respondents (roughly 6% of the total) because they were either unemployed or engaged in work that was not subject to contract recruitment.

benefits associated with their employment, while less than a quarter (22%) disagreed.[331] Note that none of the major firms (Tata, Jindal, NINL, etc.) offer formal job benefits and protections to contract labourers. Instead, and only in certain cases (depending on the individual contractor, the type of employment, the level of protest from the labourer demanding benefits, etc.), contractors will provide partial benefits through an employee pension fund (EPF), but most workers lack any basic health coverage at all, unless they pay into it.[332] Health benefits too, as one might expect, are also handled through the labour contractor. Indeed, I encountered several workers who said they typically paid as much as 10-12% of their daily salary back to their contractor (who of course pays their salary in the first place) in exchange for health insurance. Others said they were unsure whether they were paying into health benefits or not (in some cases because they were typically paid in the form of cash advances) nor did they know for certain whether they would be covered in case of accident, injury, or other health problems associated with their work.[333]

On the related question of whether or not contractors were considered to have been honest about the living conditions they would find in the labour colony, fewer than a fifth (19%) expressed agreement.[334] Despite the general lack of health coverage and other benefits for the vast majority of respondents, however, the survey results show they were more disappointed by what was ultimately revealed to be their *living*, rather than *working* conditions,

[331] Note that there was a discrepancy in the data for one of the 116 respondents (a 52 year old male factory worker supervisor, employed by Jindal) who said he had obtained employment through a contractor. In this case, we were not able to reliably identify a response to the question of whether or not they believed their contractor was honest about working conditions and job benefits.
[332] Respondents also spoke of ESA and ISI benefits (which I understand are health benefits). Again, a small percentage of the workers' salaries would be deducted directly by the contractor in order to access the benefit.
[333] Adduci's (2017) fieldwork, based on extensive interviews with mine workers from the state of Odisha, is instructive: "Workers and trade unionists reported that often all workers are kept in the dark regarding companies' subscription to medical insurance to guarantee workers' health-care. As a result, workers might be denied the provision of treatment for occupational ailments, while not being able to afford treatment privately."
[334] Exactly half of those who obtained employment through a contractor disagreed with the statement, while another 22% percent were neutral. Note that this question was inapplicable to a total of 10 respondents who had obtained employment through a contractor because they had not lived in such a colony, and so could not comment on conditions there.

and suggest that, on average, the employment recruiters tend to be more misleading about former than the latter. Images of the housing/living conditions of some of the workers I interviewed are provided below (see figures 7.3, 7.4, and 7.5).

Figure 7. 3 Photo of living quarters in a labour colony near the Tata steel plant, taken in October, 2017. Source: Author's Photo.

Figure 7. 4 Photo of labour colony dwellings in Kalinganagar, taken in October, 2017. Source: Author's Photo.

Figure 7. 5 Photo of children playing at living quarters in the Gobarghati resettlement colony (near the Tata plant) in Kalinganagar, taken in November, 2017. Source: Author’s photo.

On the question of preference, only 18 percent of respondents said they would prefer to be hired through a contractor than by a company directly; as many as two thirds (62%), by contrast, expressed disagreement. These results suggest that, regardless of whether or not contractors are honest, or require payment for their services, most would prefer to avoid dealing with them altogether.

During the 2017 expedition, my field partner and I were fortunate enough to interview a Tata Steel contractor at the Ghobarghati resettlement colony in Kalinganagar, recently established for those displaced from Ghobarghati village, now in Tata’s possession. To my astonishment, this particular recruiter had even participated in the struggle against the mega-corporation, dating as far back as 2005, and had refused to leave his land until 2015, holding out hope that the Rs. 5 lakhs he and his family were initially offered in 2007 would at some point improve, which it of course did not. When I asked whether or not he or members of his family were offered jobs (or *ex gratia* payments) in exchange for their land (claimed over and over by state officials as mandatory) he responded in the negative. So how did he come to be a recruiter for Tata? He explained that during the first phase of construction, a situation emerged whereby outside contractors (contractors operating outside more traditional channels and with significantly smaller operating budgets) were given contracts, adding: "It depends upon the luck and performance, somehow I have got some contractor works partially."

He went onto explain that the reason he and other contractors like him don't recruit permanent employees is, simply put, because they aren't given permanent contracts to fill. Though he was at the time of our interview awaiting the start of phase 2 at the Tata plant in anticipation of another round of contract tenders, he was also engaged in what he called 'petty contract' work, including the contracting of labourers to demolish the former settlement at Ghobarghati village (where he used to live), and assist in the transportation of materials during the evacuation and resettlement process (to the site where he was now living, and where we conducted our interview).[335]

When I asked whether or not he tended to recruit labourers from outside the state (a common criticism leveled by workers across the country), he explained that he was in fact just one of ten locally-based petty contract vendors who worked for a much larger contractor, based outside the state, and that while he and the other small contractors had operating budgets of just Rs. 4-5 lakhs, large-scale contractors like the one he worked for had operating budgets as high as Rs. 5-6 crores. In other words, the largest contract recruitment tenders did not flow from major industrial firms to local, small-scale, petty recruiters, who are typically only able to draw on localized pools of labour, but to large-scale contractors based outside the state, who operate with far more resources (financial and otherwise), and are able to draw on much larger and more disparate[336] labour pools; particularly from states like Jharkhand and Bihar in this

[335] "I have got the work for displacement in those villages and facilitate those displaced families to resettle in the new TATA colony. I am engaged to transport the materials to other places as well as to the TATA colony" (Semi-structured interview, November 7, 2017).
[336] These pools are disparate not only in terms of their geography (far flung areas) but also in terms of their ethnolinguistic backgrounds, making them much less likely to organize along solidaristic grounds *as* a class of workers.

specific context.[337] When I asked him why the big contractors are so keen to recruit from outside the state, he said the practice was necessary in order to fulfill large contract orders within short, fixed time periods. When I pressed him on this point, he responded that there were "no other merits," and that the contractors themselves were often forced to go months at a time covering workers' salaries, along with vehicle and other equipment rental costs, out of pocket while awaiting payment from Tata (sometimes in excess of six months).[338]

When I asked whether he or the workers he's recruited had ever considered going on strike or filing formal grievances over pay discrepancies, he couldn't help but laugh, saying it would only lead to his blacklisting from the tender process altogether. When I asked whether legal action had ever been filed over late or withheld payments, he said that he was aware of several local labour court cases, but that he had not dealt with such issues personally. In fact, he explained, when labour issues did arise, workers were much more likely to come to the contractors to resolve them, not the companies; if this meant providing direct cash handouts to workers to prevent labour disruptions and unrest, so be it.

So as we can see, and as the recruiter I spoke with made painfully clear, not only do contractors allow firms to fill large labour contract orders within short/fixed time periods, but so too do they act as a crucial buffering mechanism, insulating industrial firms from having to pay workers at regular/fixed intervals, address labour grievances, or even offer sustained (to say nothing of permanent) employment.[339]

[337] This is an important finding, given that the issue of outside recruitment came up so often in my interviews and discussions. Indeed, in village after village, interview after interview, I was told that the primary beneficiaries (of what little industrial activity there was) were outsiders (along with managers, contractors, and of course government officials) because they were the ones that tended to receive the better paying and more secure skilled positions, while lesser-skilled, temporary, and poorly paid work was reserved for locals.

[338] "Workers depending upon sub-contractors might experience significant delays in being paid their salaries and be forced to rely on informal credit in order to meet their needs. In some cases, sub-contracting agents can informally retain part of their salaries" (Adduci, 2017).

[339] "Without the contractor, no industrial work is going on. Less workers are getting employment directly through the company. Companies are not directly recruiting the workers. If they will be directly employed by the company, then they will demand permanent service. That is why companies are not recruiting workers directly. If workers are employed through contractors, they will not demand permanent jobs. When contracts

It is difficult to downplay how often the issue of contract work came up in my fieldwork in Kalinganagar. In fact, even before I had arrived in the state, I met with Dr. Deepak Mishra at the JNU campus who explained to me that, when his students visit the area to conduct field research, they aren't able to reliably record daily employment figures, because virtually every industrial unit in the region employs labour through a complex system of contractors and sub-contractors, such that the workers who operate these units are not even on the labour roles. While Dr. Mishra noted that he was ultimately successful in locating some units which were "trying at least to show that they are responding to labour standards," they were very much the exception. In his view, the entire focus was on reducing the cost of labour—by subcontracting as much as possible and thereby transferring the bulk of labour costs to the contractors themselves—while at the same time trying to meet global quality standards, in terms of output. To put it lightly, this hardly sounds like a winning strategy, and yet it remains an accurate portrayal with what I would come to encounter in my own work in the weeks and months that followed.

I will end this section simply by saying that the comments and survey results presented here are consistent across a range of interviews with academics, NGO staff, youth training specialists, labour union representatives, and general labourers (both current and former), as well as block development officers (BDOs) and other local officials and representatives, including locally elected *sarpanches*[340] in both Trijanga and Baragadia.

7.3.2: On the Issue of Workplace Conditions and Job Satisfaction

It was also important to gain insight about the conditions which confronted workers in their places of work. Questions about health benefits, workplace safety, and professional development training were thus also included in the survey.

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come, work continues, and workers get money. When work stops, the workers remain unemployed" (Semi-structured interview, November 7, 2017).

[340] A *sarpanch* (also known as a *gram pradhan* or *mukhiya*) is a decision-maker, elected by the village-level constitutional body of local self-government known as the Gram Sabha (village government).

On the question of health benefits, the split was nearly 50:50 as to whether or not workers considered them adequate (43 percent agreed with the original statement, while another 47 percent disagreed). It is notable that a significant majority of respondents agreed that their places of work were both safe and clean (hardly any respondents strongly disagreed with the statement). When the question was rephrased to determine whether or not employees considered their workplaces dangerous, a significant majority (60% of the total) agreed. Questions about job-based training and safety equipment generated similar results, with very few respondents reporting unsafe working conditions, or the need for better equipment or training to fulfill day-to-day employment responsibilities. These results were somewhat unexpected, though certainly encouraging, and suggest that working conditions in the KNIC are trending in the right direction, at least in terms of safety and training.[341] On the question of job satisfaction however, results were more mixed, with roughly a fifth either agreeing, strongly agreeing, disagreeing, or remaining neutral; only 16 respondents strongly disagreed with the statement, suggesting that, in general, workers were more likely to be satisfied than dissatisfied with the nature of their employment.

7.3.3: Union Participation

Participation in labour unions provides important protections for workers, including regular pay at a minimum rate, as well as important health and other benefits which might otherwise not be provided. Unions also provide an important space for worker education, organizing, and empowerment. It was therefore important to get a sense of how common union participation might be in the KNIC, its relative effectiveness, as well as the level of desire among non-unionized workers to join a union. From our total pool of respondents, 93 percent said they were not members of a union. These results are not particularly surprising. Indeed, it

[341] Of course, these figures and results are in the aggregate. Longer form responses to these questions from one-on-one semi-structured interviews, open discussions, and focus groups are discussed towards the end of the chapter.

was expected that a low union participation rate would be observed, though perhaps not quite as low as 7 percent. It is also discouraging that, of those respondents who did identify themselves as members of a labour union, as many as a third (5/15) felt their unions were not doing enough to improve working conditions.[342] Given that the total figures here are so small to begin with, however, it would be unwise to draw too much from these percentages.

Of those who did not identify themselves as members of a union, 45 percent said they would like to be, while another 23 percent said they would not.[343] Finally, responding to the statement: "All workers should be able to join a labour union if they so choose," 56 percent of respondents agreed. In dramatic contrast, only 6.4 percent of respondents disagreed, while another 31 percent remained neutral.

The first series of results in this case were more surprising. Indeed, if we add up all those who either disagreed (39) or were neutral (54) on the question of whether or not they would like to join a union, the total figure is higher (93) than for those who agreed (only 79). Given the high degree of precarity and informality in India in general, and in Odisha in particular, one would have expected the number of those who preferred to join a union to be much higher. In the same vein, while it was encouraging to see a significant majority agreeing that anyone should be able to join a union if they so choose, it is somewhat confusing that such a high percentage of respondents (nearly a third of the total) remained neutral on this question. Still, the data bears out, at least in broad strokes, what was generally expected, i.e., that union participation in the KNIC is extremely low, and that most workers would likely join a union if given the opportunity (though it remains an open question as to how effective workers feel those unions might be).[344]

[342] It should be pointed out that our survey did not ask respondents to identify which union they belonged to, so it would be unwise to draw too much from such figures.
[343] Nearly a third of eligible respondents (31%) were neutral on this question.
[344] In a discussion I had with two skilled workers (earning about Rs. 25,000/month, equivalent to roughly $330 US dollars) in a labour colony near the Tata plant, I was told that, in their opinion, no unions in the area were

7.3.4: On the Issue of Land Acquisition

Given that the dispossession of local populations from land remains an ongoing feature of any industrial development project (in both advanced and developing economies) it is also important to get a sense of the attitudes and opinions workers hold about this process in the KNIC. Based on the survey, only 58% of respondents said they currently hold land. Asked whether or not they (or their family) used to own land, the 'yes' group grew to 84%, while the 'no' group fell to just 16%. Asked whether or not they (or their family) had sold land in the past, 30% said yes, while another 68% said no.

Of those who had sold land, 82% said they sold it to the Industrial Development Corporation of Odisha (IDCO), the land-transfer (land bank) arm of the state. The other 18% said they sold their land either to real estate developers or industrial operators directly.[345] Among the group who had sold land, 52% said they were offered employment as part of the land deal, while the other 48% said they were not. Asked whether the compensation they received in exchange for land was land was fair, some 72% disagreed; and on the question of whether or not the subsequent resettlement and rehabilitation package was fair, 56% disagreed.

A labour supervisor we met in Duburi told us that, in the mid-2000's, he was hired by a contractor to recruit residents for relocation out of Tata's proposed plant area into a nearby resettlement community. As a resettlement worker, part of his job was to get those who were being resettled to sign forms waiving any future right to demand higher compensation. He resettled families in this manner from villages including Keliemantra, Gopargati, Chandia, Belighot, Chotachandi, and more, during which at no time did he have any cooperation or

interested in the general condition of workers, adding that organizers today are dismissed for even suggesting (let alone organizing around) confrontation with industry (Focus-group discussion, Oct. 31, 2017).

[345] In virtually all official Government of Odisha documentation on the subject, it is stipulated that IDCO is responsible for both carrying out and overseeing the land transfer process. That so many report selling land to entities other than IDCO is highly concerning.

coordination with IDCO.[346] He said that those who had formal title received significant compensation and were offered permanent jobs, while those who had little land or lacked formal title were given far less compensation and/or temporary work. He went onto explain that, after the firing in 2006, local tribal leaders were appointed to resettle their own communities, some of whom grew very rich from this activity and subsequently relocated to the capital at Bhubaneswar, where they now enjoyed serious political connections and employed a network of sub-contractors of their own. He also mentioned that those who are resettled and subsequently become unemployed are given food, clothing, and money directly from Tata, depending on the size of their household, as well as money for childhood education. These services and facilities however are only provided to those who are categorized as 'permanently resettled', which applies only to those who were able to prove formal land title *prior* to being resettled, and were subsequently provided a resettlement ID. Those who did not have formal title to land prior to resettlement are provided housing only in the resettlement colony, and are therefore denied these extra benefits.

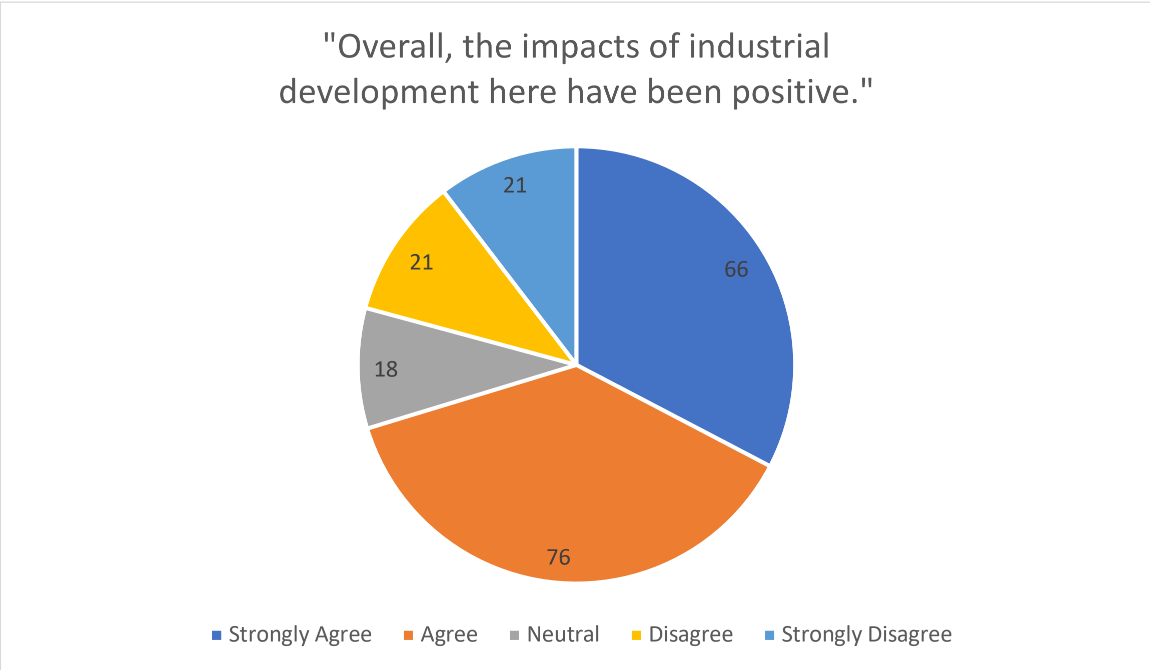
These results show that, as expected, the proportion of surveyed workers who currently hold land in the KNIC is quite low, just 58%, compared with 42% who now own no land at all. It also shows that the reason so few hold ownership over land is partly due to the fact that they sold it for industrial purposes. Indeed, 170 of 202 total respondents reported having owned land at some point (either then or in the past), with more than a third (36%) having sold land either to the state (through IDCO) or directly to a commercial developer. Even more crucially, the survey reveals that those who sold their land felt overwhelmingly that the both the monetary compensation (72%), and the resettlement package (56%) they received fell far short of what was promised/expected.

[346] The state body, as I have said on several occasions, charged with overseeing and coordinating the resettlement process.

7.3.5: Perceptions of Industrialization and Development in General

Finally we come to perceptions about industrialization and development in general. Such questions are crucial in determining the degree to which industrial expansion has benefitted local groups (in whose name, of course, such projects are carried out) as well as the level of endorsement and community 'buy-in' (i.e., social license) among those living in and round the KNIC.

Figure 7. 6
Attitudes about the positive impacts of industrial development in the KNIC



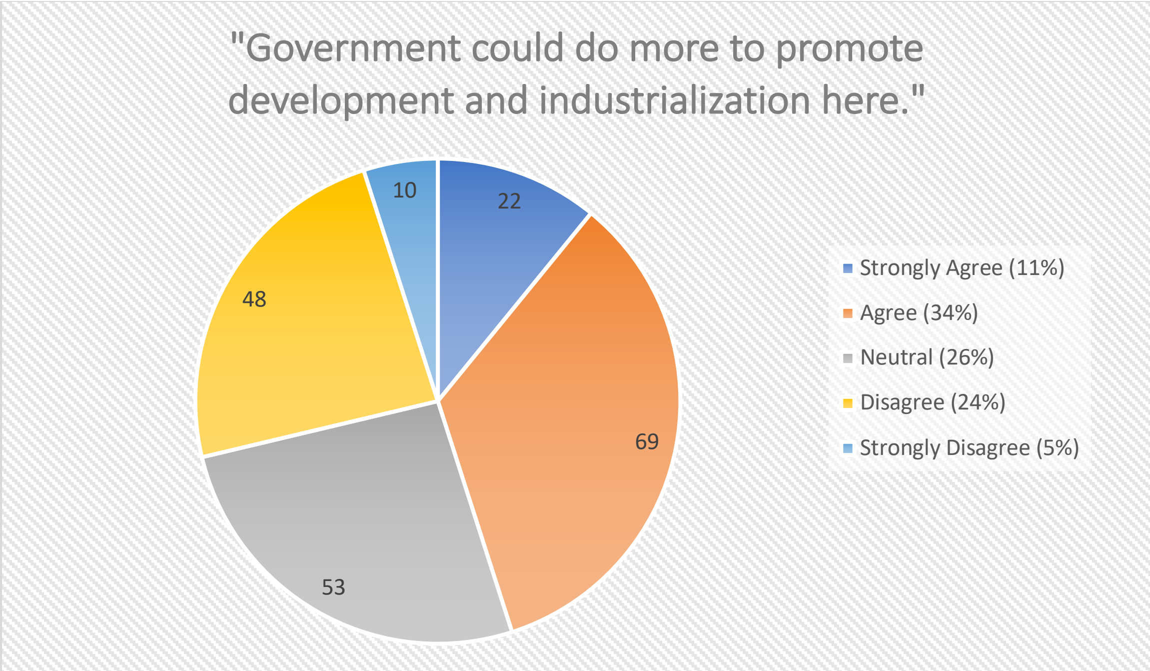
Note. Data drawn from survey conducted in October/November, 2017.

In the chart above (figure 7.3) we can see well over 2/3 of respondents agree that the impacts of industrialization in the region have been positive; certainly an encouraging sign. This is offset to some degree, however, by responses to the inverse question: "Overall, the impacts of industrial development here have been negative." Here as many as half (50.9%) expressed agreement, while only 25 percent expressed disagreement. Another 24 percent were neutral, suggesting respondents found it somewhat easier to qualify the *positive* rather than the *negative* impacts of industrialization.[347] Just over half (55%) of our respondents said they were better off with more industrial units in the region, while only about a quarter (26%) expressed disagreement; so here again we see a trend towards favourable over unfavourable responses.[348]

Looking to the future, on the question of whether or not people hope to see more industrial development in the KNIC, as many as 66 percent expressed agreement, with only about 15 percent expressing some degree of disagreement. Here again the favourable responses greatly outweighed the negative, in this instance by a margin of roughly four times. Asked about whether or not the government actively promotes industrialization and development in the KNIC, 78 percent expressed agreement, while only about 10 percent expressed disagreement. Still, nearly half (45%) agreed that the government could be doing a better job in this respect (see figure 7.4 below). Nearly the same amount (26%) were neutral on this question, suggesting some level of ambiguity around the degree to which government should be expected to promote local development. Still, the fact that nearly half of all respondents expressed belief that government could be doing more, compared to less than a third holding the opposite view, suggests significant disapproval of the role government has played thus far in promoting industrialization in the region.

Figure 7. 7
Attitudes about the role of government in the industrialization process

[347] Only 38% of our respondents said they felt IDCO was honest about the kind of development that would occur in Kalingnagar. Slightly fewer (34%) disagreed, while more than a quarter were neutral on the question. When asked about whether or not the overall impacts of industrial development in the region have been positive, an overwhelming majority (70% of the total) were in agreement, while only 21% expressed disagreement.
[348] In terms of expectations, as many as 48 percent agreed that the type of industrial development occurring in the KNIC is consistent with what was expected. By contrast, only 37 percent expressed disagreement. Thus while the margin of favourable (48%) over unfavourable (37%) responses is narrower here, the former still predominate.



Note. Data drawn from survey conducted in October/November, 2017.

This sentiment—that of the state government (let alone the Centre) not doing enough to promote local development—was borne out time and time again in my interviews, focus group discussions, and casual conversations. In the village of Rabana, for example, a group labourers[349] explained to me that their community was insufficiently lit, the roads were poor, there were no schools,[350] and that it was generally not safe. They felt the government should either provide these services directly, or otherwise pressure companies to provide them. They were also angered by the steady rise in environmental pollution with every new industrial unit established in the area,[351] as well as the prevalence of skin, lung, and cardiac diseases among members of their community. They felt that no significant development had occurred in Kalinganagar last 10-15 years, and insisted they would not sell their land again if given the choice.

[349] These men, aged 40, 55, 52, 33, and 46, worked for Rohit Ferrotech Private Ltd., who had offered them jobs in exchange for their land. They told me their monthly salary averaged around Rs. 8000/month (about $110 US dollars).
[350] A school in eye-shot from where we conducted the interview had been closed some years earlier, we were told.
[351] This criticism was extremely common and was mentioned repeatedly in virtually every community we visited.

Phrases like: “Government has been vital for industry, but very poor for local people,” or “government supports policy which benefits their own pockets, not local people” or simply “government supports industry, not people” were commonplace across my interactions with industrial sector labourers. A ward member we interviewed at the resettlement colony at Ghobarghati explained that, in the early years of the resettlement, many adults received training while youths were given opportunities to pursue diplomas and industrial training accreditations (ITI); though female youth, he said, were not afforded this opportunity. Over the last 5 years, however, no such training has been provided to local youth, whether male or female. He said that the government also provided free electricity in the resettlement colony for the first 7-8 years, but had only recently (just 6 months prior to our interview) implemented a payment system. In the beginning, in other words, government and industry appeared to be working together to provide the facilities and infrastructure necessary to establish a successful community. But as local resistance and militancy waned, and as Tata consolidated its territorial control in the area, even the most basic services, let alone broader coordinated community development initiatives, have been steadily scaled back, or abandoned altogether.

Perhaps the most shocking field site I have visited to date was that of a small labour colony near the Jindal plant site, surrounded by as many as five steel plants, with a sixth (that belonging to Tata) just out of eye-shot (see figures 7.5, 7.6, and 7.7 below).

Figure 7. 8 Panoramic shot of five steel plants encircling a small village, nearest the Jindal plant in Kalinganagar. In this segment (segment A) two plants are visible, indicated with red arrows. Source: Author's photo.

Figure 7. 9 Panoramic shot of five steel plants encircling a small village, nearest the Jindal plant in Kalinganagar. In this segment (segment B) two more plants are visible, indicated with red arrows. Source: Author's photo.

Figure 7. 10 Panoramic shot of five steel plants encircling a small village, nearest the Jindal plant in Kalinganagar. In this segment (segment C) the fifth plant is visible, indicated with a red arrow. Source: Author's photo.

Even before I had time to count the number of steel plants encircling us, I was struck by the level of smog and pollution in the area, visible to the naked eye. Indeed, as I wrote in my log notes: "I could feel it on my skin, I could taste it in the air."[352] The headwoman of the village, who was kind enough to speak with my field partner and I, explained in detail how her land had been taken, and that she still had yet to receive compensation from IDCO. None of her children have jobs in any factories, and she has yet to see positive effects from the drive towards industrialization in Kalinganagar. She feels her community is unable to fight back against industrialists and IDCO because they are voiceless, adding that no activists or members

[352] My log notes continue: Everyone we spoke to complained of pollution, citing it as their chief concern. The head woman of the village was coughing profusely. She was coughing so much and several times I saw fluid coming out of her mouth as she gasped for air. It appeared to me as if industry was basically saying: "Fuck it, if they won't leave, we'll smoke 'em out and kill 'em anyway."

of the labour movement have visited them to take up their claims. They have approached local MLAs with their grievances, but say they have achieved no success in that regard. No researchers or government officials visited her community to survey their needs and risks before the plants started coming up. Crucially she said that, if there had been any benefits from the rise in the number of industrial units in the area, they were far below what was expected. She said the government was "non-functional" in the community, that housing was a major problem, and that incomes in the area could not adequately support a family household.

She also told us that there were as many as 11 young engineering graduates in the village, but that all of them were unemployed. This was not the first I had heard of a surplus of unemployed engineers in the state. When I later interviewed a young engineering graduate who now worked as a day labourer at the Tata plant, he told me that, over the last couple of decades, there had been an explosion in the proliferation of engineering colleges across Odisha. This has led to a significant decline in the quality (whether real or perceived) of engineering degrees in the state at precisely the time it is producing a sharp rise in graduates. Further, what demand there is for engineers typically requires 3 to 5 years of on-the-job experience, putting most positions completely out of reach for new/recent graduates. He explained to me that though he had travelled out of state for some temporary engineering work, his contracts were never renewed, and he would once again find himself unemployed. Worse, he was not able to attain any formal certificate of experience for this work from his contractor, so even though he had managed to gain valuable experience as a working engineer, he had no credible way to prove it. Eventually he had little choice but take up a labouring job with Tata, where he had by the time of our interview worked for over a year and a half.

This is not to say of course that none spoke positively of the rise in industrial activity in the area. Some workers we met in the town of Byasanagar for example spoke of better road infrastructure, more employment, an expanded local market, and an overall rise in general opportunity for people over the last 10-15 years. In the town of Jakhapura, we were told that people now have regular incomes, as well as steady access to clean water (though the pump the government initially installed no longer worked). A woman in her early-30s who worked as a cleaner in the NINL plant (not far from where she and her community lived on 'encroached' land, owned by the company) said that many women in the area now have more employment opportunity and are earning higher incomes than they had in the past.[353] She added however that as women's incomes have risen, so too has sexual harassment, conflict between men and women, and the general price of food and other general goods in the area.[354] A younger woman in her early 20s who worked as a cleaner at the Ferro Chrome plant (where she earned about Rs. 250/day for about 26 days/month) said that her work was safe, that she received regular training, and that she was a member of a union which actively fought for bonuses, earning her an additional Rs. 14,500 in bonuses during her 2 years on the job. An older Adivasi woman in her 50s who had worked for an ancillary grinding unit for some 10 years said she was confident that, if industrialization continues in the area, more job opportunities will come up. Unfortunately, the grinding unit where she used to work had closed some 2 years previous, and she had been unemployed ever since. She went onto say that the government leaves the task of employment generation to companies, and that it makes no effort to pressure industry to absorb surplus labour. She said the industrial unit where she used to work, just across the street from a community of some 75 families (which I found remarkable, given its small size and poor condition) should never have been closed; that the government should have either

[353] She told me she was now earning about Rs. 4500/month; roughly Rs. 230/day, of which 13% is paid into an employee pension fund (EPF).

[354] She also described a situation where, over a 3 year period, a community of 75 households (of which she was a member) collectively gave money to an individual in exchange for a tract of land. After 3 years of this, the individual disappeared with the money, never to return. She said that the matter was currently proceeding in court, but when I asked whether she and her family were better off with industrialization taking place in Kalinganagar, she said she believed the area would become developed eventually.

intervened to prevent its closure, or otherwise taken it over themselves to ensure so many did not lose their livelihoods.

So not everyone we met spoke negatively of the impacts of industrialization in Kalinganagar. Still, the fact remains that when respondents were given opportunity to speak at some length, positive assessments were firmly in the minority. Indeed, I struggle to find them among my exhaustive notes and records.[355]

Section 7.4: Summary

The purpose of this chapter was, firstly, to assess the level of industrial development achieved to date in Kalinganagar and, secondly, to provide a deeper look at the attitudes and opinions held by regular workers and their families about this process. I began with the issue of contract recruitment, a common trend across India, much to the chagrin of the average worker. Roughly 60 percent of the workers we surveyed obtained their jobs through a contractor. Looking at the opinions respondents held about the integrity of contractors, our results suggest that contractors tended to be more misleading about living rather than working conditions. Regardless of how honest contractors are, however, a significant majority of the workers we spoke to would prefer not to have to deal with them (preferring instead to be hired and remunerated by their employers directly).

Contract recruiters play an essential role in India's industrial sector, not only because they allow firms to access large pools of labour quickly, but also because they insulate these same firms from even the most basic worker demands, such as regular pay, health & safety benefits and protections, and permanent employment. Contractors therefore allow major industrial firms to reduce the cost of labour power by downloading basic services, protections,

[355] Clearly I am referring here specifically to responses from workers, labourers, and supervisors living and working in the area, and am excluding 'elite' interview testimony, i.e., discussions with managers, government officials, elected representatives, etc. whose evaluations were (for fairly obvious reasons) overall more optimistic.

and responsibilities to the contractors themselves, while focusing instead on meeting global quality standards in the production of industrial goods.

Next I turned to the issue of workplace conditions and job satisfaction. Here a majority of respondents felt the level of health and other benefits they received were insufficient, though most considered their workplace both safe and clean. Respondents pointing to unsafe work practices or the need for better equipment or training were in the minority, a somewhat unexpected result. Results about job satisfaction, however, were more split, with the total number of respondents expressing positive assessments (83) falling slightly short of the total the number of respondents expressing either negative or neutral assessments (87).

Union participation in the KNIC was expected to have been quite low, and this was borne out in both the survey as well as longer form interviews and discussions conducted in the field. Of the respondents who did not identify themselves as members of a labour union, just under half said they would like to be, while just over half agreed that any worker should have the right to join a union if they so choose. Given the high degree of precarity and informality in India in general, and in Odisha in particular, one would have expected these numbers to be somewhat higher. It appears to be the case that a rising number of labourers in the area have reduced faith in the effectiveness of labour unions to fight for (let alone win) better conditions for workers. Still, it should be pointed out that, because our survey did not ask about specific unions or union affiliations, it would be unwise to draw too much from such figures.

Turning to the issue of land acquisition, more than 40 percent of those we surveyed owned no land at all. Of the respondents who said they had sold land, more than 10 percent said they sold it to an industrial or real estate firm (which of course runs counter to state claims that all land transfers are carried out by IDCO). Only 48 percent of our respondents said they were offered employment in exchange for land, and only 26 percent considered the compensation they received to have been fair. The key takeaways here: (i) the rapid decline in the share of workers who own land; (ii) the fact that more than a third of those who had owned land at one time, sold (either some or all) for industrial purposes; and (iii) a significant majority of respondents felt the monetary compensation and resettlement packages they received fell far short of expectations.

Finally, I discussed attitudes about industrialization and development in the KNIC in general. Somewhat surprisingly, a significant majority took a favourable view, while only about a fifth took an unfavourable view. Just over half of survey respondents agreed they would be better off with more industry in the area, while slightly fewer agreed that the type of industrial development occurring in the KNIC is what was expected. Looking to the future, more than two-thirds said they hoped to see more industrial development in the KNIC, and nearly half agreed the government could be doing a better job to promote local development.

The idea that both state and federal bodies were simply not doing enough to promote local development was borne out not only in the survey results, but in longer form interviews, discussions, and focus groups as well. Indeed, positive assessments of government efforts and the broader development trajectory in the KNIC in general were few and far between, at least when testimony from 'elite' interview respondents (industrial managers, government bureaucrats and officials, elected representatives, etc.) is excluded. There is a discrepancy then, to some degree, between the survey data (which tended towards some more favourable interpretations) and that borne out in the interview testimony (where positive assessments appear hardly at all).[356] In those rare cases where positive signs were identified in the interview testimony, they were quickly qualified (women have more work, but this has raised new tensions with men in the community; industrial firms provide essential services in some cases

[356] I think this is partly due to the phrasing of my survey questions, which probably left too much open to interpretation.

where state services are lacking, but only to those households able to prove formal land title; and so on). One is left with the overwhelming sense that, while there has been some development in the KNIC, generally speaking, the benefits of industrial growth have not flowed to the people in who need it most, and in whose name it was carried out.

Chapter 8

CONCLUSION

I. Summary of Findings

As we saw in Chapter 3, efforts by the All-India Congress party to establish a state-led industrial development strategy in the late-colonial period set the tone for Indian industrialization in the immediate decades after independence. Successes from the roughly three-decade period covering the first five 5-year plans included the establishment of a modern industrial base, expanding agricultural output, and rising social development in areas such as life expectancy and employment. Still, industrial and agricultural forms of production were inefficient (and heavily reliant of foreign technology), its effects were uneven, and inequalities persisted. Moreover, India's industrial development experience over this period generally underperformed relative to its peers.

The 1970s saw both endogenous and exogenous factors converge, slowing the expansion of Indian industry. Lurches toward liberalization were initiated in the 1970s and gathered steam in the 1980s, and by the end of that decade, a growing balance of payments crisis forced India to turn to the IMF for bailouts. With conditions now ripe for reform, India embarked on an aggressive path of liberalization reform beginning in 1991 under the NEP banner. While it is true that the early results of liberalization were encouraging, stagnation soon set in once again. Today, MVA is lower than it was 1991 (a curious case of *de*-industrialization prior to having actually achieved industrialization), while jobless growth[357] remains a persistent feature of the Indian economy.

In Odisha specifically, as we saw in chapter 4, the above average growth in GSDP terms over the last 10-15 years has indeed been encouraging. But despite an aggressive push to liberalize the state's industrial sector, most of this growth has occurred in services rather than industry or manufacturing. Reduced unemployment has also been observed across the state, though Odisha still lags the national average on this score. Per capita income has also risen, though the state continues to rank among the bottom (24 out of 27), and is one of only handful of Indian states with a per capita income below Rs. 100,000. So while Odisha has indeed made significant gains, both in terms of industrial and socio-economic development in the post-reform period, it has met neither the promises nor the expectations proffered by the advocates of liberalization.

Given that my theoretical framework is concerned principally with means of production in the form of land (as well as the process through which land itself becomes commodified) Chapter 5 looked empirically at state efforts to acquire land for industry in the districts of Jajpur (where the KNIC is located) and Jagatsinghpur (where the POSCO-Odisha project was set to be built). In the former case, rather than address local grievances and cultivate community buy-in (social license), state forces were used to crush the smallholders who stood against them, leading to one of the most violent industrial sector clashes in the state's history. The incident laid bare just how far the Indian state was willing to go to acquire land—including to the point of killing those who opposed dispossession—on capital's behalf. In the latter case, by contrast, while the state's efforts were indeed belligerent in the early stages, state authorities were hampered in Jagatsinghpur; partly due to the increased scrutiny they faced in the wake of the

[357] Jobless growth refers to an incremental decline in employment occurring alongside an incremental rise in output. While I do not address the phenomenon of jobless growth in India in any direct way in the current work, readers interested in some of my thoughts on this question, with particular refernce to the 'flexibility debate', can refer to Appendix C.

KNIC massacre. Resistance groups in the POSCO case were also much more successful in taking advantage of federal-level legal mechanisms, including the Forest Rights Act (FRA) and the National Green Tribunal (NGT) than in the KNIC case.

Chapter 6 inverted the perspective explored in chapter 5, focusing not on state efforts to do the dirty work of dispossession, but on the scalar politics of the industrialization process, which included grassroots efforts to prevent land acquisition. Indeed, not everything can be about economics; politics too play a role. So Chapter 5 included a look at state-centre relations as well which, somewhat counter-intuitively, were also shown to frustrate industrial ambition at the sub-national level. Several important preliminary conclusions were thus presented. They included, first, the fact that the physical occupation of land by local groups was necessary to prevent, or otherwise delay, industrial development from going forward (though in neither case was it determined to be sufficient). Second, it was also shown that the anti-POSCO movement benefitted significantly from the politics of scale both in geographical (making use of transnational grievance mechanisms, leading to increased scrutiny and international attention) as well as historical terms (resistance movements invoked the failure of past projects, while the state worried itself over the potential for another 'Kalinga Nagar' to erupt).[358] Finally, it was also observed that the politics of scale exist within the state itself (in terms of conflicting interests at national and sub-national levels). Thus, to the degree that this can be described as a neoliberal politics of scale (given the Indian state's broadly neoliberal orientation), one could argue that liberalization has not tended to produce an environment conducive to industrial expansion in Odisha. Indeed, rather than draw on the lessons offered either by early- and late-industrializers (where coordination at the national level subordinated industrial development

[358] It is also likely that the POSCO resistance (based laregely, as it was, on the Jagatsinghpur coast) benefitted from the fact that it is a much more agriculturally productive and significant region than Kalinga Nagar was (prior to the establishment of the KNIC). So the people in the POSCO case, in a way, had more to lose, in the sense that the horticultural and pisciculture products produced there were more economically significant to the region as a whole.

to national development goals), federal intervention in the POSCO case hindered industrial expansion at the state-level (by refusing to follow through on prior-negotiated agreements, despite multiple court challenges from the state Government of Odisha).

Chapter 7 brings the economic and political together into further dialectical unity. In the first two sections, I present the latest and most reliable data on the degree of industrialization achieved, following the violent dispossession of smallholder communities (freeing up land for industry). The chapter showed that Jajpur district, where the KNIC is located (a decision paid for in lives), is not a leader in terms of industrial production. Furthermore, to the extent that industrialization is occurring at all in Jajpur, it is overwhelmingly driven by low-value added sub-sectors such as mining & quarrying, not manufacturing. Both facts contradict the official narrative and reveal that, over the last thirty years, neoliberal capitalism has failed to produce meaningful levels of industrialization; neoliberalism has failed, in other words, on its own terms.

On the development score, in Odisha in general and in the KNIC region in particular, we saw that Jajpur ranks among the bottom in terms of human development, and also underperforms (relative to the district average) in income index terms. So what little industrialization is occurring is clearly having limited (if not marginal) positive impact in human and social development terms. More importantly, these statistical indicators are borne out and reflected in the interview, focus group, and survey responses generated by labourers and others living in and around the KNIC.

What this reveals is the class character of neoliberal industrialization in Odisha. In other words, the framework I've put forward is concerned not just with access to means of production in the form of land, but includes labour as well (the capital circuit cannot be completed otherwise). This is why I focused so much on contract recruitment, which remains a persistent and growing feature of industrial employment in the KNIC, allowing firms to hire and fire with great speed (saving precious resources in responding to market fluctuations), and suppress the class power of labourers by keeping them unorganized and without formal means (or intentionally kept in the dark about formal means) to address workplace grievances. The main takeaway here is that contractors allow major industrial firms to dramatically reduce labour costs by downloading recruitment services, basic worker protections, and other financial responsibilities onto the contractor class.

Our field interviews and survey confirmed suspicions that labour union membership and land-ownership status was low in the KNIC, that the latter had declined rapidly in the post-reform period, and that the vast majority of those who had sold land their land for industrial purposes felt their compensation packages fell far short of promises and expectations. This sense of expectations unmet flowed over into people's attitudes about Odisha's industrial strategy more generally, where positive assessments of government initiatives and the broader development trajectory in the KNIC were rare. Indeed, to the degree that positive accounts were provided, they were quickly qualified with new contradictions that had emerged in consequence. One is left with the overwhelming sense that, while there has been some development in the KNIC, on the whole, the benefits of industrial growth have not flowed to the people in who need it most, and in whose name it is most often carried out.

II. Implications of the Dissertation for the Wider Literature

These findings have significant implications for the wider literature with which we began. How then do we make sense of these findings in the light of this broader scholarship? To complete the circle, in other words, we must return to theory.

The State

The first major implication concerns the failure of the Indian state to make land and labour markets work in such a way that both an expansion of industrial production (made possible through the availability of land) and an associated expansion in the benefits accruing to local people (in terms of wages, benefits, and improved standards of living, etc.) could be achieved. De Haan & Dubey (2005) made a similar observation some years ago, writing that the extreme economic disparity observed across Odisha was not the result of a lack of development or economic growth, but rather, 'entitlement failure', i.e., the lack of command over food production (caused by unequal access to land, credit and productive assets) as well as a history of displacement followed by inadequate/insufficient resettlement and rehabilitation. This meant that deprivation (in terms of lack of access to education, income, and markets) was largely the result of exploitative social and economic processes and, given that such disparities were reinforced and/or exacerbated in the post-1990 period, a strong public policy response, along with fiscal adjustment and governance reform, would therefore be required (Ibid). D. K. Mishra (2011) adds further weight to such claims, pointing out the systematic undermining of livelihood resources (forests, grazing lands, water bodies, etc.), the reorganisation of property rights over resources (including agricultural land, village commons, tanks, ponds, lakes and rivers, etc.), and an endemic quality of 'non-responsiveness' by the state to a range of social and natural calamities, leading to extreme vulnerabilities among Odisha's resource dependent populations (Ibid.). For Mishra, Odisha's recent phase of development is marked by two distinct processes of state intervention. The first involves the establishment of mining and related industries, leading to conflicts over land, water and environmental pollution, while the second concerns a gradual shift in public policy towards a more market-oriented approach. Taken together, such processes have "led to increases in the costs of healthcare, education, fuel and transport (among others for the poor), emphasis upon infrastructure projects that help private capital in extracting resources from the inaccessible areas (linking up industries with ports or railway networks) that carefully avoids interventions in favour of the poor such as asset redistribution, even while implementing a number of projects that are potentially directed against poverty, malnutrition and ill-health" (Ibid., p. 6).[359]

If we return to the developmental state (DS) scholarship, a more radical critique might see the development *orientation* of the developmental state as emerging from the nature of the state *in itself*, rather than from the hierarchically and unevenly unfolding patterns of capitalist dynamics, which lay the *conditions* for statist notions to arise in the first place (as peripheral states are forced into "catch-up" conditions, for example).[360] Put another way: "Even though the developmental state embodies class contradictions emanating from 'catch-up' capitalist development, it appears that the characteristics of the developmental state are the product of 'national' policy choices (typically taken by national elites) and 'national' distinctiveness" (Song, 2013: 1270). I am inclined to agree with Song here, and I think this kind of an approach takes us closer to theorizing and making sense of the empirical findings presented by people like D. K. Misrha (2011), De Haan & Dubey (2005) and myself, which I referenced to open the chapter.

In fact, we can see an even further fetishization of the state in the DS frame in the sense that, while it has at times been attentive to the suppression of labour movements in *specific* contexts, it still largely presents national development in a class-neutral form (it elides/downplays the capital-serving function of the capitalist development process).[361] Indeed,

[359] "It is important to recognize that many of those who have been displaced in Orissa, and also elsewhere, have been dislocated not because of a mega-event like the construction of a dam or an industry, but because of a rather gradual but systematic undermining of the basis of their livelihoods. Not only that these two kinds of displacements are interrelated, it is important to understand both these aspects together to understand the protests in their proper perspective. (…) The development projects, because of their very nature, have not been able to create alternative sources of livelihood for the majority of those who were displaced. Again, whatever traditional means of survival the poor had, those sources have been snatched away, destroyed and polluted by the more powerful sections of the society" (D. K. Mishra, 2011: 12).
[360] "Even though the particular positioning and timing of development within the world system actually condition failure or success of capitalist development, an autonomous and effective (developmental) state *appears* to be the main driver and determinant of outcomes of "national" development" (Song, 2013: 1270, emphasis original).
[361] Marx's critique of List's arguments in favour of protectionism (in order to promote 'national' and 'productive' development) are instructive here: "Since the bourgeois now hopes to become rich mainly through 'protective tariffs' and since protective tariffs can enrich him only insofar as no longer Englishmen, but the German bourgeois himself, will *exploit* his *fellow-countrymen*, indeed exploit them even more than they were

the often bloody and brutal process of subjugating populations to the imperatives of capital accumulation is, from the perspective of the developmental state, presented as 'productive' and/or in the 'national' interest. Song (2013: 1271) reminds us that this nationalistic/statist mode of development is one of the key ways through which the capitalist mode of production (i.e., capitalist exploitation) expresses itself in a seemingly class-neutral (i.e., fetishized) form.[362] Indeed, the Korean state, just like any other state, will remain capitalist as long as it exists within the capitalist world system, meaning its very existence is premised on the subordination of its population to the imperatives of capitalist accumulation, regardless of who captures and dominates it.

Song's Marxian critique of the developmental state framework has important implications, because it means that radical scholarship (including radical geography) should concern itself less with how development is to be achieved (or, as in the case of the current work, why a country might have either succeeded or failed in its drive towards industrialization) and more with the impacts (both general and particular) that rapid 'catch-up' industrialisation has on humans, social relations and the environment. "The extremely intense mobilisation of human and natural resources and its destructive consequences for social space,

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exploited from abroad, and since protective tariffs demand a sacrifice of exchange values from the consumers (…) the industrial bourgeois has therefore to prove that, far from hankering after material goods, he wants nothing else but the sacrifice of exchange values, material goods, for a spiritual essence. Fundamentally, therefore, it is solely a matter of *self-sacrifice*, of *asceticism*, of Christian *grandeur of the soul*. It is pure accident that A makes the sacrifice, but B puts the sacrifice in his pocket. (…) Since the whole desire of the bourgeoisie amounts, in essence, to bringing the factory system to the level of 'English' prosperity and making industrialism the regulator of society, i.e., to bringing about the disorganisation of society, the bourgeois has to prove that he is only concerned for the harmonisation of all social production, and for the organisation of society. He restricts foreign trade by means of protective tariffs, while agriculture, he maintains, will rapidly attain its highest prosperity owing to manufacturing industry. The organisation of society, therefore, is summed up in the factories. They are the organisers of society, and the system of competition which they bring into being is the finest confederation of society. The organisation of society which the factory system creates is the *true organisation of society*. The bourgeoisie is certainly right in conceiving in general its interests as identical interests, just as the *wolf* as a *wolf* has an identical interest with his fellow wolves, however much it is to the interest of each individual wolf that he and not another should pounce on the prey." (Marx, 1845:10, emphasis original).

[362] "[T]he rapid industrialisation of Korea was neither caused by the choice of individual state elites nor by super-exploitation of labour alone. The state's drive for 'catch-up' development itself emanates from the uneven dynamics of global capitalism, and an overt mode of the state's disciplining of society was intrinsic to 'catch-up' development in countries on the lower ranks of the hierarchy of global capitalism" (Song, 2013: 1271).

everyday life, and the natural environment are intrinsic to capitalist development," meaning that radical political projects (including radical scholarship) must interrogate and problematize such 'productivist' notions of development (Ibid.).

This can only occur, however, once the mystification of the state as the ultimate promoter of 'national development' (particularly in the context of Third World development/industrialization) is adequately critiqued and theorised. Indeed, observers would be right to point out a rather 'soft' (or perhaps sanitized) reading of the history of industrialization in the developmental state scholarship. And yet, as we have seen in case of Odisha, the state will do virtually anything within its power to get capital what it needs, when capital needs it. Not just 'the state' but also the judiciary, the laws and legal system, the police enforcement apparatus, pilot agencies, and so on, all of which are oriented towards facilitating, maintaining, and defending the commodification of land (into capitalist private property) and the transfer of land from smaller- to larger-scale owners. The state will use coercion to do this, leaving no stone unturned. This is not to say that the state can't do anything to mitigate the dehumanizing impacts of capitalism (or that it might even construct institutions for that very purpose) but to emphasize the fact that capitalism is the problem first, and the state only in a secondary sense.

Neoliberalism

The second major implication (of my findings for the wider scholarship) concerns our understanding of neoliberalism itself. Indeed, even prior to the global coronavirus pandemic, Joe Stiglitz (2019) was proclaiming that the "credibility" of neoliberalism's faith in unfettered markets was on "life support," and that the only way forward was a "rebirth of history" based on a revitalization of enlightenment values such as "freedom, respect for knowledge, and democracy." *The New Republic*'s Ganesh Sitaraman (2019) wrote of the "complete wreckage of economic, social, and political life" for a generation of millennials impacted by the 2008 crisis, leading to neoliberalism's "collapse, irrelevance, and wandering search for a future," while causing people around the world to recognize "that the world of the 1980s has changed and that it is time for a new approach to politics." In late September, 2008, French President Nicolas Sarkozy observed (without a hint of irony) "[s]elf-regulation as a way of solving all problems is finished. Laissez-faire is finished. The all-powerful market that always knows best is finished" (Vucheva, 2008).[363] In the summer of 2020, when the planet was still figuring out how to make sense of the coronavirus pandemic, the London School of Economics' own Luke Cooper (2020) was busy explaining why the current crisis was fundamentally different from those observed in 1989, 2001, and 2008 because, firstly, the scale of the economic downturn was "unlike anything the world had ever seen in peacetime" and, secondly, because the pandemic constituted an "early warning of humanity's ultimate vulnerability to the natural world." For Cooper, that the shift towards a post-neoliberal world is underway is obvious because, despite a "bruising" contest for the democratic nomination, Joe Biden's platform was "well to the left of Obama's," and because his climate change task force was chaired by none other than the "high profile socialist Congresswoman, Alexandria Ocasio-Cortez." Perez (2021) tells us that the paradigm shift began back in 2009, but has been accelerated in the face of the coronavirus crisis. "In the acutest stage of the pandemic, governments the world over approved fiscal and monetary stimulus packages on a scale that had only been seen before during the two world wars. Biden doubled or tripled the stakes."[364] He continues: "The textbooks say with crystalline clarity that in response to a large-scale external shock, such as that caused by the coronavirus pandemic, it is necessary to deploy ultra-expansive fiscal policies with monetary policies to complement the stimulus. But nobody in history has ever

[363] Albo & Evans (2009) and Evans & Albo (2008) offer a critique of 'end of neoliberalism' prognostications in a Canadian context; see also chapter 1 in Albo, Gindin, & Panitch (2010).

[364] "[T]he US, as well as rolling out a vast and swift vaccination program, approved a first stimulus package of almost $2 trillion (€1.7 trillion) to strengthen the economic rebound in the short term and included payments of $1,400 (€1,160) to US citizens, the equivalent of what economists often call 'throwing money out of a helicopter'" (Perez, 2021).

been this audacious." And it's not just the trillion-dollar stimulus packages, with trillions more committed over the coming years, but also the fact that Biden has proposed to pay for this 'audacious' spending with *gasp* tax hikes on corporations and the wealthy. In fact, the OECD has recently announced plans to implement a 15% global tax on corporations, expected to raise US$150 billion in additional tax revenue every year,[365] with US Treasury Secretary Janet Yellen heralding the agreement as a "clear sign" the "race to the bottom is one step closer to coming to an end".[366] Meanwhile, in the UK, if the opinion columns of the *Financial Times* are to be believed, Boris Johnson is the second coming of John Maynard Keynes![367] Thankfully, not all are strumming the harp for neoliberalism's demise.

In 2015, for example, *Jacobin* founding editor and publisher Bhaskar Sunkara interviewed NYU's Vivek Chibber about the potential for a return to a state-led developmentalist paradigm in the wake of neoliberalism's "terrible record" in terms of human suffering and lackluster economic growth (Sunkara, 2015). On the question of a renewed developmentalism *within* capitalism, Chibber's view is that such an outcome is unlikely because the earlier developmentalist period was based on an essentially unprecedented degree of support/partnership with national capitalists.[368] On the question of an altogether *new* developmentalism ("some kind of growth-oriented agenda in which the state plays an important role") Chibber is more optimistic, saying that the conditions for a "social-democratic growth agenda or labor-led development agenda" are actually "not all that forbidding" (Ibid.). He quickly qualifies his position however, reminding us that the old-style developmentalism "rested on a significant containment of labor's political power, either through military

[365] 'U.S. Proposal for 15% Global Minimum Tax Wins Support From 130 Countries,' *The New York Times* (2021, July 1).
[366] 'US wins backing for global minimum corporate tax rate,' *Al Jazeera* (2021, July 1).
[367] See the May 14 column from Phillip Stephens (2021).
[368] "[T]here are too many sections of the domestic capitalist class that is too wedded to a globalizing agenda for them to go back to putting up with all those regulations and controls that developmentalism entailed" (Chibber quoted in Sunkara, 2015).

dictatorships … or through some kind of handcuffing of the labor movement through corporatism," meaning that "labor often became dependent on state support and state largesse," leading to "very negative political consequences." He notes further that while industry had expanded to become the most vital sector for an earlier phase of late-development, this has decidedly not been the case in Latin America, South Asia, or the Middle East, where services and informal work remain dominant.[369] "This makes their developmental path much different from the earlier generation, and there's no reason to think that at some point it will veer back towards industrialization, so you're going to get growth, but it's going to be growth of a very different kind" (Ibid.). And while Chibber admits that "growth is a good thing" he adds that, alongside growth, capital will not only need to be *constrained*, but also *forced* to give up assets "where it is politically and economically necessary" and to negotiate with organizations representing ordinary citizens, especially in sectors "that allow private capital to continue to have power over investment" (Ibid.). Asked whether or not such a perspective is consistent with the idea of going beyond capitalism, Chibber responds: "Not at all. It's recognizing that a ruptural break with capitalism is probably not on the agenda in most parts of the world, so short of that, you have to come up with a bridge, which recognizes that you have to work within capitalism but nevertheless tries to tame capitalism and make it less brutal for working people" (Ibid.).

Given what has been observed in Odisha (quite apart from the incalculable impact on working people in the wake of the global pandemic), can we say with any confidence that capitalism has become less brutal for working people? In *The State and Revolution*, Lenin warns against the "erroneous bourgeois reformist assertion that monopoly capitalism or state-monopoly capitalism is no longer capitalism," noting that it was all too common for people to

[369] "[I]t's not just that industry has been less prominent in these countries, it's that over the past twenty years a process of deindustrialization has set in. Industry is actually shrinking in terms of the employment that it commands in the economy — it's the informal sector that's now getting bigger and bigger" (Sunkara, 2015).

confuse a capitalist regime with high levels of state spending and some public ownership with 'state socialism', a view that has only been consolidated since the 1970s (Lenin, 1917; see also Blakely, 2021). It seems to me a much more accurate interpretation sees the current increase in state spending as an indication of neoliberalism's failure (Saad-Filho, 2020; Watkins, 2021). Indeed, contrary to what has long been claimed, neoliberal industrial policies have not contributed to significant industrial expansion in most of the developing world. The current work adds further evidence to the contrary. Supporters of neoliberalism also claimed that freer markets would lead to greater growth, which would in turn contribute to rises in state revenue, which states would then be able to use to finance public spending and social welfare programs. This has also not occurred.

Between 2010-2018, for example, social spending averaged just 3% of GDP in India, compared to an average of about 20% for OECD countries (OECD, 2019: 104-05). Further, between 2015 and 2019, social expenditure (as a percentage of GDP) grew by just 7.7% (an average growth of just 1.5% per year, during a period when India's GDP was growing by more than 6.7% per year) (*Live Mint*, 2020). Of that 7.7%, 3.1% went to education, while another 1.6% was spent on healthcare. This means that all other social service segments (everything from housing, urban development, and welfare for SCs, STs, and OBCs, to labour welfare, social security, nutrition and natural disaster relief)[370] had to make do with the remaining 3%. So it's not just the state which has failed (to make land and labour markets work), but also neoliberalism (which has failed to deliver on its own promises). Indeed, I agree with Albo, Gindin, & Panitch (2010) that neoliberalism is not about the extent of deregulation versus regulation, government spending, or clinging to this or that public policy component. Rather, "neoliberalism should be understood as a particular form of class rule and state power that

[370] These abbreviations refer to official government social categories. SC refers to Scheduled Castes, ST refers to Scheduled Tribes, and OBC refers to Other Backward Castes.

intensifies competitive imperatives for both firms and workers, increases dependence on the market in daily life and reinforces the dominant hierarchies of the world market, with the U.S. at its apex." The phenomenon described here, it seems to me, remains alive and well.

Initial Theoretical Concerns

A third implication of the dissertation takes us back to the two principal theoretical concerns raised at the outset: industrialization has not proceeded as much as was promised and, where it has occurred, workers have not benefitted. Why? My argument is (a) that the availability of means of production in the form of land was partly to blame (capital and states are finding it harder and harder to bring land into the capital circuit), and (b) labour is being exploited to such an extreme degree that the benefits they derive from industrialization processes are marginal at best, and negligible at worst. Moreover, there is an important connection between the two: the same neoliberal framework, under which capitalists find it difficult to get land when they want is applied to labour; i.e., the state intervenes on behalf of capital and the ruling elite, not on behalf of farmers and workers. Put another way, the land question is important to explain why industrialization has not been delivered to the extent promised, while the labour question is important to say, to the extent that some industry has happened, labour has not benefitted. But they are connected, because if local groups are aware of people who have given up their land without much benefit, or who have failed to find gainful employment in the industries that have taken over their land, why would they want to give up their own land?

Of course, someone could respond by pointing out that India has an advantage of cheap labour, which helps to attract industrial investment. But what we have seen is that, in spite of India's abundant pools of cheap labour, the country is not industrializing. This is because Indian labour is not just cheap; it is also precarious, impermanent, and lacking in benefits, etc. Thus, an *advantage* from one angle (that of industry) is experienced as a *disadvantage* from another angle (that of labour). Thus, if the conditions for labour in Indian industry are so poor (which is, again, precisely why they are coveted by international capital) why would local labourers give up their land? Moreover, because conditions are so poor, labour productivity remains one of the lowest in the world. Apart from its relative price, there are other qualities capital seeks in labour, such as docility. And as we have seen, industries in Andhra Pradesh recruit from Odisha, while industries in Odisha recruits from Bihar and Jharkhand, and so on. So there is preference among industry for labour that is *extra*-local (non-locally based), making it harder for workers to come together to organize or agitate for better working conditions (i.e., concessions from their employers). This means that the benefits for local labour are inherently limited. Bringing us back, once again, to the following question: if the labour-based benefits of industry are *not* local, then why would *local* labourers want to give up their land?

As I have shown, while the dispossession literature underemphasizes the labour angle, the labour literature tends to under-emphasize land. My work seeks to make a modest contribution to bridging this divide. The whole point of the massive literature review on industrialization the world, and in India, was to understand how the relation between the state and market (in the context of industrialization) has been studied/looked at. For many, the point is, free up the market, and industrialization will come. But we know that this has not happened. My dissertation deals with land, but not from the standpoint of dispossession. It deals with dispossession from the standpoint of the circuit of capital, and from the standpoint of the politics of scale. The dissertation seeks to go beyond popular concepts of dispossession to include the labour question. Whether or not I have been successful in this effort is another matter altogether.

Alternative Conceptions of Industrialization Within the Indian Left

A fourth implication concerns conceptions of alternatives, in terms of approaches to processes of industrialization, within the Indian Left. Viewed from a particular lens, this topic is not unrelated to the Chinese case I referenced in the opening chapter, which noted the wildly different economic trajectories of the two countries over the last forty years,[371] despite having found themselves roughly equivalent on a range of development indicators in the late-1980s/early-1990s (on the eve of India's embrace of liberalization). Responding to "those in India who defend neo-liberal policies in India by citing China's growth success," Patnaik (2012) makes two important points. The first concerns the fact that China's export success is based on manufacturing, while India's remains based on services. This is crucial because the "total employment generated per unit value of exports, both direct and indirect" is larger (in the domestic economy) when it consists of manufactured goods, than when it consists of IT-related services; the implications for "alleviating poverty and using up labour reserves" which "lie at the root of poverty" in economies such as India's are obvious (Ibid.).

The second and more important distinction concerns the fact that the Chinese approach has allowed that country to maintain a current account surplus on its balance of payments, leading to a buildup of foreign exchange reserves, while India has "more or less systematically" run a deficit, rendering it far more dependent on the inflow of foreign capital (Ibid). In an abstract sense this might not matter much, if not for the tendency (as Patnaik points out) for countries to undertake "massive measures to entice global capital into its shores," every single one of which is "aimed at squeezing the people, for that is precisely what boosts the 'confidence of investors' in the economy" (Ibid.).[372] Crucially, even when pro-finance measures are undertaken, there is no guarantee the corresponding inflow of financial capital will be sufficient to meet current account deficits, in which case a whole *new* set of (pro-capital) measures will

[371] For more on China's development trajectory in recent decades, see Roberts (2015, 2019).
[372] As Patnaik (2012) points out, "typical measures" undertaken by the state to "entice finance capital" include: "reducing subsidies to the people, raising administered prices, privatizing public sector assets, cutting down on welfare expenditure, making the State retreat from the responsibility of providing the essential services needed by the people, [and] increasing the burden of indirect taxes to close the fiscal deficit."

need to be announced.[373] Patnaik's point is that, during periods of protracted crisis, liberalized economies like India's are likely to experience "both reduced growth rates and growing attacks on the people" at precisely the time global finance "is allowed greater control over the nation's resources," while the state increasingly concerns itself with the task of pleasing international financial speculators (Ibid.). China on the other hand, due to its substantial current account surplus, has the freedom to use domestic fiscal stimuli to maintain a strong growth rate and offset the contradictory effects of reduced exports, even in the context of world crises. Indian industrialization in the post-reform period, in other words, has failed not only to increase the role of industry and manufacturing in its export sector (with the attendant poverty-alleviating effects described above), but has also rendered the Indian economy far more vulnerable in the face of crises and external shocks.

Writing a half-decade earlier, Patnaik (2007) confronted a similar set of questions in response to the 'Nandigram tragedy'.[374] Faced with the "unenviable" choice between "predatory corporate industrialization" on the one hand, and "the wrath" of a displacement- and dispossession-threatened peasantry on the other, Patnaik argues states have been both "complicit" in, and "victims" of, such processes (Ibid., p. 1895).[375] And yet, "corporate industrialization" is not the only path on offer. Rejecting the "luddite" argument *against* industrialization,[376] Patnaik's position is that "care must be taken" to ensure the destructive

[373] "Like a drug addict needing repeated doses of drugs to keep himself going, finance capital requires repeated announcements of pro-finance and anti-people measures to come to a particular country, and since each set of measures is anti-people, their cumulative effect against the people builds up over time" (Ibid.).

[374] A situation in which the ruling CPI(M)-led government in West Bengal supported a corporate industrialization project that led to the dispossession of a local small-scale peasantry, prompting their resistance, which in turn invited violent police action from the state government. For more on this event, see Bagchi et al. (2007), Banerjee et al. (2007), Bhattacharya, D. (2011), Bhattacharya, M. (2007), EPW (2007), Patnaik (2007), Varma & Mubayi (2007).

[375] "[T]he supreme irony of the situation, and supreme triumph of neoliberalism, consists in the fact that this entire issue is being debated as a conflict between the needs of 'industrialization' in general and the interests of the peasantry, as if the corporate nature of that 'industrialization' did not matter. Obliteration of the specific social form of a phenomenon represents the triumph of the bourgeois apologetics, and such is the magnitude of triumph today that 'industrialization' and corporate industrialization are being treated as synonymous concepts" (Patnaik, 2007: 1895).

[376] Patnaik (2007: 1894) is careful to point out that an argument against "corporate industrialization" is not an argument against industrialization *as such*. Indeed, "[g]rande industry provides us with a whole range of use-

effects of industrialization processes on surrounding populations, and especially the peasantry, "are minimised" (Ibid., p. 1894). Such an industrialization—which minimizes or even avoids costs to regular people in general, and the peasantry in particular—could be brought about, "through other means," that is, by placing it "under the aegis of the public sector or the cooperative sector, where the peasants themselves could collectively own industry by organising themselves into cooperatives" (Ibid., p. 1895).[377]

Another important alternative articulated in the aftermath of Nandigram by Banerjee et al. (2007) confronts the issue of land-based compensation formulae. Rather than a lump-sum one-off compensation payment (which can be easily undermined by small fluctuations in rates of inflation) compensation in the form of "an inflation-adjusted monthly pension combined with a savings bond that could be sold on short notice … would go a significant distance" to limiting financial risk, while also tying land-based compensation more closely to future valuations (Ibid., p. 1488-89). Taking the concept a step further, Banerjee et al. suggest the pension could be tied, at least partially, "to the profits of the industrial enterprise being set up by putting some of the funds in the equity of that firm" (Ibid., p. 1489). This money could also be invested in "the proceeds of a mutual fund tied to real estate valuations in the affected area," or could even be setup as a fixed family pension, reducing the risk of abscondence (Ibid.).

values which are part and parcel of everyday life for everyone. These use-values have to be produced and it is worth producing these use-values at home, which means that their production has to be located in some state or the other."

[377] "[W]hen it comes to other forms of ownership like cooperatives, etc, they are simply ruled out of court, even though one of the most remarkable success stories of industrialisation in post-independence India has occurred within the cooperative sector" (Patnaik, 2007: 1894). In an interview published in the *Wire* in 2017, Patnaik was asked about his concept of revolution. He responded: "Obviously it is not a world of petty production that you are going to build. The point is to defend them [referring to peasants, petty producers, and the proletariat proper] and then what you are going to do is to improve their condition and then reach the higher form of collective ownership and collective life – cooperatives, voluntarily cooperatives and collective forms. That is the long revolution" (Jipson & Jitheesh, 2017).

Banarjee et al. are careful to point out however that such a system would necessarily need to be run by an "independent regulatory commission with judicial powers to oversee the whole process, particularly with regard to the design and administration of compensations," and operating at "arms-length from the government, with independently appointed officials (analogous to appointment of judges in state high courts)" (Ibid.).

Others on the Indian left have called for a re-conceptualization of the role of the state in the economic development process, one that is "dynamic" and which sees public investment and capacity expanded to "build robust institutions" (Jain, 2020). Indeed, it is notable that, alongside India's poor industrial performance in the post-1990 period, so too has public spending declined, falling from 18 percent of GDP in 1990-91 to just 12.2 percent in 2019-20 (Ibid.). Speaking to the imperative for structural transformation in India, Jain (2020) notes that India would need to create 16 million new jobs annually, over a 15-year period, to reach the Lewisian 'turning point', i.e., "the point at which surplus rural labour is fully absorbed into the manufacturing sector." Jain adds that India also requires "serious investment in rural and agricultural productivity," and argues the country's vast informal sector needs to be seen "not as a temporary aberration in pursuit of formality" but rather "as a crucial sector that actively contributes to GDP" (Ibid.).[378] Writing in a similar vein, Amit Basole (2016) has pointed out that, even where access to land is not a constraint, "modern industry and services have not been absorbing labour at the pace necessary to reduce the size of the informal sector," adding that, as long as this scenario persist, "incomes will not rise very much in real terms for this majority." There must, in other words, be both "policies and a politics" that seek to rapidly improve the

[378] "For far too long, the informal economy has been considered an anomaly that has to be kept afloat through social security measures. Careless and actively debilitating policies like demonetisation and the abrupt imposition of a lockdown in India due to the pandemic have neglected the fact that the informal economy is a particularly precarious and important part of the economy, which contributes to both growth and a majority of livelihoods" (Jain, 2020).

standard of living of informal sector workers "without the chimera of hope that they will be absorbed into the formal sector" (Ibid.).

Basole (2016) goes on to write that India has a "long tradition of thought and experimentation" with varying approaches to industrialization, not just the "the capital- and resource-intensive, labour-saving kind that has developed in the advanced industrialized countries," which he characterizes as "ill-suited" to conditions in India. Pointing to the "Gandhian experiment" during the late-colonial period as one such example, Basole reminds us that a Gandhian or "dispersed pattern of industrialization" need not be equated with handicrafts. Instead, it refers to "an approach that draws upon peoples' own existing knowledge-base and techniques ('lokavidya'), carries them forward, and puts livelihoods before productivity and local before long-distance wherever a trade-off becomes unavoidable" (Ibid.). Rather than fetishizing "glass and aluminum development," Basole compels his readers to recognize that such an approach often "destroys much more than it creates in terms of livelihoods, culture, and ecology. In other words, everything that matters" (Ibid.). Struggles against land acquisition and corporate industrialization, in other words, have to go beyond mere "defense of meagre livelihoods" assertions (Ibid.). Instead, activists opposed to corporate industrialization must position themselves as "future-oriented", i.e., as "harbingers of a future India based on industry suited to our conditions," rendering irrelevant disingenuous counter-claims which characterize them as "anti-development or backward-looking" (Ibid.). So there is an implicit critique here, with which my dissertation is in full agreement, against the 'post-development' idea. For me, industrialization (including large-scale industry) is necessary to meet the (entirely legitimate) developmental demands of both farmers and workers in the Global South.[379] But as I noted earlier, there is nothing *inherently* progressive about such processes. Rather, such processes must be oriented, as a matter of course, in the interests of

[379] It is easy to say that farmers and workers in Bihar and Odisha don't need industrialization. Go there.

both farmers and workers; it must, in other words, be an industrialization which benefits them first, not simply as a residual consequence of capital accumulation in the industrial sector.

Politics of Scale

A fifth implication concerns the wider literature concerns the politics of scale. How, in other words, can we refine our understanding of the relationship between geography and politics, based on what has been presented? I am again reminded of the twin concepts from Cox (1998), 'spaces of dependence' (localized social relations upon which we depend for the realization of essential interests, and which define place-specific conditions for material well-being) and 'spaces of engagement' (the space in which the politics of securing a space of dependence unfolds) which were first introduced in Chapter 2. People, firms, state agencies, etc. must organize in order to ensure the conditions for the continued existence of the spaces upon which they depend/rely (in order to reproduce themselves). But in so doing, they inevitably confront other centres of power (local governments, for example, or international press agencies), creating spaces of engagement. In both Kalinga Nagar and Jagatsinghpur, private capital approached the state for assistance to acquire land upon which local (smallholding) farmers and fishers were dependent. This put capital (and by extension, the state of Odisha) in direct confrontation with these local groups, generating new spaces of engagement. In the former case, resistance groups struggled primarily at the local scale. There was far less national and international scrutiny and, ultimately, the state and capital were successful in dispossessing smallholders. But stories and memories of this event travelled far beyond Kalinganagar, just as similar struggles had before. In this case, however, it was not just that smallholders were weary of the extreme violence deployed by the state, indeed, so too were POSCO representatives and state officials keen to prevent another massacre. At the same time, the resistance movement in Jagatsinghpur was far more successful in making use of a loose but overlapping extra-local network which connected it to places, people, and institutions far afield from the local spaces where they lived their lives. In both cases, the politics of scale should be understood as reactions to the failure of neoliberal industrial policy to deliver on its promise (of industrial expansion and improved living conditions). Based on these findings, it may be reasonable to conclude that, the more local resistance movements are able to make use of extra-local networks, the more likely they are to succeed (the more difficult it will be for the state and capital to carry on 'business as usual', opening up the possibility for delays, and increasing the likelihood for project abandonment/devaluation).

III. Questions Left Unanswered, Areas for Future Inquiry

Despite the implications identified above, tremendous work remains, and I have probably raised more questions than I have managed to answer. For example, while I have tried to emphasize the sphere of production in my analysis, I ultimately had very little access to these 'hidden abodes' during fieldwork expeditions. I was able to speak with industrial sector labourers about their working conditions, and I was able to get a sense of how they felt about the spaces in which industrial production occurs. But I was never able to observe labourers at their places of work, my interaction with industrial sector managers and officials was limited, and while plans were underway for a third and final round of fieldwork in 2020 (which would have allowed me to spend more time investigating what is actually happening inside workplaces), the spread of the coronavirus pandemic ultimately cut these plans short.

Relatedly, it is also clear that I have not paid sufficient attention to the ecological consequences of capitalist industrialization. Put another way, I have ignored the degree to which industrial processes under capitalism are embedded within existing ecological systems, which they influence and reshape, thereby forming new environments and new environmental contradictions. "The ecosystem is constructed out of the contradictory unity of capital and nature, in the same way that the commodity is a contradictory unity between use value (its material and 'natural' form) and exchange value (its social valuation). (...) The nature that results is something that is not only evolving unpredictably of its own accord (because of the autonomous random mutations and dynamic interactions built into the evolutionary process in general) but actively and constantly being reshaped and re-engineered by the actions of capital" (Harvey, 2014).[380] Nature, in other words, is not something 'out there' that capitalism is somehow ravaging uncontrollably; rather, it is internal to capitalism and is a product of the system itself—capitalism produces nature; its own nature, *in its own image*.

Applying a political ecology analysis to the 'hidden abodes' of factory production, Huber (2017) points out that industrial facilities represent a "massive 'metabolism' of material and energy consumption and waste," such that, what happens in these spaces has "serious consequences" for energy systems, climate change, and local air and water quality, and the entire industrialized food system. Where Marx encouraged investigation of industrial production as a way of understanding the creation of surplus value through exploitation, Huber suggests further forays into the hidden abode can reveal as well the driving forces of ecological degradation (Ibid.).

This idea of a metabolic interchange between nature and society was also identified by Marx and Engels who observed the extraction of nutrients from soils in the countryside, which would then be then sent to urban centres in the form of foods and fibres, where they end up contributing to various forms of pollution, as a "metabolic rift," i.e., a rift in the metabolic interchange between nature-society (Foster, Clark, & York, 2010: 45-46). "It is not the unity of living and active humanity with the natural, inorganic conditions of their metabolic exchange with nature, and hence their appropriation of nature, which requires explanation or is the result of a historic process, but rather the *separation* between these in organic conditions of human existence and this active existence, a separation which is completely posited only in the relation of wage labour and capital" (Marx, 1993: 489, emphasis my own).

[380] Harvey is here drawing on the concept of the 'production of nature' first articulated by Neil Smith.

R. J. Das (2014) has applied the concept of the metabolic rift to aquaculture practices in the Indian state of Odisha, which have led to the destruction of crucial mangrove forests and the chemical contamination of land and water. He then distinguishes between an *ecological* metabolic rift (or EMR, such as that described above) and a *labour* metabolic rift (LMR), of which there are three components. The first (LMR1) concerns the fact that, through the labour process, more value is extracted from labourers than are returned to them in the form of wages (even if those wages are sufficient to cover the cost of the reproduction of labour); this is exploitation proper. The second (LMR2) occurs when labour is exploited *over and above* the cost of reproduction, such that the wages paid by capital fall short of what is needed for the regular maintenance of labour; this is what Marx called super-exploitation. The third instance of a labour metabolic rift (LMR3), which constitutes an extreme form of LMR2, can be observed when the bodies of labourers which exit production are made worse in quality (though the labour process) than the bodies that had initially entered it. This occurs when labour is made to work longer-than-normal hours, at a heightened pace, under strict surveillance, or under specific bio-physical conditions which may require the use of hazardous chemicals, night work, and/or an absence of workplace safety, etc. As R. J. Das (2014: 20-21) writes: "In its many forms, LMR draws attention to these issues concerning the spaces of labor process *as well as* the wage question which concerns the spaces of market for wage-labor." I raise these points simply to point out that these are questions which are also of great importance to me, but which are not adequately explored in the current work. I had fact in fact originally intended to make the Marxian concept of the metabolic rift a central feature of my dissertation, but was ultimately unsuccessful in developing a theoretical framework that rose this level of sophistication. Moving forward, it is my intention to develop a framework which is more attentive to the metabolic interchange between capital and nature (and labour as a part of nature) as a feature of the process of capitalist industrialization.

I also had very little access to state officials and representatives from higher levels of government who might have been able to provide a more accurate picture of what was happening inside the state. How, for example, were investment allocation decisions made? How responsible did state managers feel when the Kalinganagar firing occurred, and how worried were they really about the potential for another massacre to erupt in Jagatsinghpur? How active is IDCO in steering industrial policy, in particular as it relates to the process of land acquisition, in Odisha (or how has this role changed over time), and in what ways (and through what specific channels) do national-level industrial priorities get articulated and become realized in sub-national contexts? And so again, both in terms of industrial production, and in terms of the functioning of the state itself, my research has left many questions unanswered. Any future work, therefore, would need to do a better job interrogating and investigating such spaces, both in the context of both primary fieldwork and secondary research.[381]

It is also clear that I have not paid sufficient attention to the world economy. Indeed, I make almost no mention of crisis tendencies in the capitalist world system, and at no time do I deploy the term ‘imperialism’. I suppose I purposely avoided these and related investigations because I wanted to focus on the specific issue of under-industrialization in India in general, and in Odisha in particular, in a way that went beyond exogenous explanations. That idea that India is under-industrialized *because* the capitalist world system is in crisis, or because it suffers domination by stronger/wealthier countries in the core, always seemed like a bit of a shortcut. I’m not denying those things haven’t happened, or even that they persist. Rather, I’m saying that there are also internal factors, factors which take us all the way back to the very circuit of capital itself, in terms of access to land and the exploitation of labour, which also

[381] I am thinking for example of state ethnographic work by Alison Mountz (2010), but there are of course many others who have done similar interrogations.

help to explain, firstly, why it is that industrialization isn't proceeding and, secondly, why it is that, when some industrialization does occur, people tend not to benefit much.

It has now become clear to me, however, that even this interpretation is inadequate. Indeed, it doesn't take a rocket scientist to point out the obvious fact that if India is trying to export to the US at a time when the US is in crisis, there will be less demand for Indian products. So I admit that I should have done a better job drawing out the links between oscillations at the scale of the world market and broad industrial sector trends in India in particular, and in the Global South more generally. In a recent series of articles for the *New Left Review*, Benanav (2019a, 2019b) argues that the deindustrialization of labor (referring to the declining proportion of manufacturing employment in the global workforce) is largely a consequence of contractions (in year-over-year growth terms) in industrial output, investment, and productivity under neoliberalism. This is true not just in the west, but at the world scale as well. Benanav also shows (and he is not alone in this)[382] that while deindustrialization began in the high-income countries in the late-1960s and early-1970s (after a period convergence in incomes across the US, Europe, and Japan), it quickly spread to middle and low-income countries with far larger deviations in income per capita.[383] He adds that peak industrialization levels in many poorer countries were so low that it may be more accurate to say that they never experienced modern industrialization in the first place, and I would certainly include South Asia in this latter category.[384] To this we can add the World Bank's recent assessment that, since the global

[382] See the introductory chapter in MacMillan, Rodrik & Sepùlveda (2017): "… deindustrialization is now beginning to happen at lower levels of income. Manufacturing's share of employment peaked at above 30 percent in the United Kingdom and Germany, and at around 25 percent in Japan and South Korea. But in China, manufacturing employment rose to slightly less than 15 percent in the mid-1990s before it started to fall gradually. Viet Nam, Cambodia, and other smaller countries will likely not surpass such levels. The apparent failure of African countries to industrialize to date and the deindustrialization of Latin America have to be seen against such a global context. The industrialization-led growth model may have run its course" (p.31-32).
[383] "In the late 1970s, deindustrialization arrived in southern Europe; much of Latin America, parts of East and Southeast Asia, and southern Africa followed in the 1980s and 1990s" (Benanav, 2019a: 22-23).
[384] Again, it is important to acknowledge that industrial expansion in places like Gujarat, Tamil Nadu, and Maharashtra (or at least key centres within these sub-national units) is indeed happening and is certainly encouraging; more importantly, per capita incomes are rising in these states, and industry remains a key driver of aggregate growth. Certainly, a more comprehensive study would incorporate intra-state analysis as well.

financial crisis of 2007-08, trade has also grown more slowly, not just because economic growth has become less trade intensive, but because global growth has also slowed.[385]

More recently, Michael Roberts (2018) has made similar observations. He points out that profitability in the major imperialist economies peaked in the early 2000s (after a short credit-fuelled burst of up to 2007), just prior to the Great Recession, causing a contraction (Roberts calls it a long depression) which has largely persisted up to the present. "World trade growth is now no faster than world output growth, or even slower." While Roberts and Benanv appear to be looking at some of the same trends (a rise in globalization of trade/exports/credit in response to falling profitability in the imperialist centres), they offer two very different interpretations, with the former seeing under-industrialization largely as a result of under-investment (itself a response to falling rate of profit), while Benanav sees manufacturing overcapacity in the world market as the culprit.

Benanav argues that the world economy's industrial growth engine has begun to sputter due to the replication of technical capacities, international redundancy and fierce competition for market share/access, and because no replacement for it as a source of rapid growth has emerged. And so instead of workers moving from low- to high-productivity jobs (as in a traditional Lewisian model), the reverse has been taking place, as workers increasingly pool in low-productivity service-sector jobs. Furthermore, as countries have deindustrialized, they have also experienced a massive build-up of financialized capital, chasing returns to the ownership of relatively liquid assets, rather than investment in new fixed capital. Prospects for late-industrialization in developing countries are bleak, therefore, because they continue to encourage domestic producers to break into already oversupplied international markets for manufactures, despite the fact that nothing has replaced those markets as a major source of

[385] From Hallward-Driemeier & Nayyar (2017), quoted in Benanav (2019a: 25, n49).

globally accessible demand.[386] In other words, no matter how oversupplied international markets might be, developing countries have to continue to find ways to insert domestic firms into industrial lines and supply chains. For Beneanv then, it is this system-wide overcapacity, in combination with the global downturn in economic growth more generally, which have been so devastating for developing countries, where both job growth and foreign exchange captured through liberalization have been pitiful.[387]

Roberts (2021) takes a different view. For him, 'profits call the tune' in the capitalist accumulation process, not effective demand (or lack thereof), meaning that changes in profitability (rates of profit) lead to changes in the business environment, not vice versa.[388] Drawing on a wide range of empirical evidence to support his claim, Roberts (2021) adds more recent data from Ian Harnett (co-founder and chief investment strategist at Absolute Strategy Research, a macro financial research company), which finds that global business investment in the 'means of production' tends to follow global profits growth (at the world scale, not just in the US). Looking at year-over-year changes in global non-financial sector investment after depreciation (new investment over and above that needed to replace worn out equipment and structures) Harnett shows that earnings (profits) growth in the non-financial sector from the

[386] Overcapacity in agriculture is even worse than in industry, and services (which are mostly non-tradable) still constitute only a tiny share of global exports (roughly 5%, 25% for primary commodities, and 70% for manufactures) (Benanav, 2019a: 35-36).

[387] "What automation theorists describe as the result of rising technological dynamism [i.e., global deindustrialization] is actually the consequence of worsening economic stagnation: productivity-growth rates appear to rise when, in reality, output-growth rates are falling" (Ibid., p. 37). Adherents to the automation discourse therefore miss the fact that declining labour demand is the result of overcrowded markets and economic slowdown, not simply automation (the replacement/displacement of variable capital with fixed capital). Benanav provides powerful evidence that technological change should be understood as a secondary cause of low labour demand, operating within the context of the primary cause (overcapacity in world markets for manufactures, leading to industrial stagnation).

[388] "[C]apitalists do not 'earn' profits from their investment in capital (means of production and labour). This theory denies Marx's law of value that only labour produces value and surplus value (profit) for the capitalist. It turns profit into the 'gift of capital'; i.e. there is no profit without capitalists investing. Yet profits can be generated out of the exploitation of labour power and capitalists may not invest. Indeed, that is what we can see now in the expansion of 'fictitious capital' at the expense of productive investment" (Roberts, 2021).

1990s led changes in new non-financial investment.[389] Elsewhere, Roberts (2020) has shown that the global rate of profit (profitability, not profits) has been in secular decline for some seven decades (dating back to 1950), a trend which has only accelerated since the late-1990s. Paired with Harnett's data, Roberts (2021) shows that new investment relative to depreciation has declined globally from a multiple of 2 in the 1990s to less than 1 now. "In other words, annual global investment is now less than that needed to replace worn out fixed assets!" (Ibid.). Furthermore, when investment rates (measured by total investment to GDP in an economy) are factored in, total investment is shown to be extremely weak—total investment (government, housing and business) in 2019 was lower than in 2007. "In other words, even the low real GDP growth rate in the major economies in the last ten years has not been matched by total investment growth. And if you strip out housing, business investment has performed even worse" (Roberts, 2021). Harnett's conclusion is that the Covid-19 pandemic will upset this trend, because a new political will to keep interest rates low and reverse neoliberal austerity will lead to a rise in capital investment and government spending.[390] But such a conclusion runs directly counter to Harnett's own data, which show that investment is driven by profits, not by government spending or 'effective demand'. For what it's worth, I am inclined to agree with Roberts on these points. And I raise them because any story of under-industrialization in the capitalist periphery (low income developing countries) should also be attentive to trends at the world scale, which show secular declines in investment, resulting from reduced profitability. Thus, given India's high degree of integration with the global economy (see Ghosh & Chandrasekhar, 2009) it is clear that trends within the country cannot be understood in complete isolation from those in the world economy more generally.

[389] "When earnings growth rises as in the 1990s, investment follows it upwards and then down in the later 1990s. Earnings growth started slowing as early as 2005, leading to a decline in investment, and eventually to the Great Recession" (Roberts, 2021).
[390] "There will now be a focus of investing productively by 'capital-heavy' businesses through 'reshoring'; spending on infrastructure especially on environmental targets; and on global protectionist measures to avoid reliance on China's production etc." (here Roberts, 2021, is paraphrasing Harnett).

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APPENDICES

APPENDIX A

Breakdown of Interview Participants and Survey Respondents

Table A. 1 - 2016 Expedition: Semi-Structured Interview Participants

Position / Job Type	Number of Participants	Affiliations
Academics (current)	7	Jawaharlal Nehru University (JNU); Indian Institute of Technology, Kharagpur; Xavier Institute of Management (XIMB); Nabakrushna Choudhury Centre for Development Studies (NCDS); Seoul National University; Sogang University
Academics (retired)	3	n/a
Journalists	1	Samadrusti
Activist / NGO workers	5	Posco Pratirodh Sangram Samiti (PPSS); National Alliance of Peoples' Movements (NAPM); Vasundhara; Korean House for International Solidarity (KHIS)
Corporate Managers	2	POSCO; Vedanta
Government Bureaucrat (retired)	1	Departments of Water Resources, Forest & Environment, Rural Development, Tribal Development, Disaster Management
Small farmers	2	n/a
Total	**21**	

Table A. 2 - 2017 Expedition: General Overview

Interview type	Participants / Respondents	Male : Female
Semi-structured interviews (elite)	35	31m : 4f
Semi-structured interviews (industrial sector workers/labourers)	20	16m : 4f
Survey	202	170m : 32f
Focus groups	30 (from 7 sessions)	28m : 2f
Open discussions	4	2m : 2f

Table A. 3 - 2017 Expedition: Semi-Structured Interview Participants (elite interviews)

Position / Job Type	Number of Participants	Affiliations
Academics (current)	5	Jawaharlal Nehru University (JNU); Xavier Institute of Management (XIMB); Nabakrushna Choudhury Centre for Development Studies (NCDS)
Journalists	1	KN Bulletin
NGO workers	5	Tata Steel Rural Development Society (TSRDS); Odisha Institute of Education and Social Development (OIESD); Centre for Public Health and Environmental

		Education (COPHEE); Natural Institute of Social Welfare (NISW)
Elected representatives (multiple regions & jurisdictions), as well as government officers, officials, and bureaucrats	14	Sharpanj; Panchayat Executive Officer (PEO); Block District Officer (BDO); Tehsildar; Assistant District Manager (ADM); Member of Legislative Assembly (MLA); Land Acquisition Officer (LAO); Pollution Control Board; Industrial Promotion & Investment Corporation of Odisha (IPICOL); Industrial Development Corporation of Odisha (IDCO); State Institute for Rural Development (SIRD);
Industrial managers	1	Odisha Mining Corporation (OMC)
Labour union leaders	5	Communist Party of India, Marxist (CPIM); Indian National Trade Union Congress (INTUC)
Labour contractor	1	Tata
Education sector	1	Kalinga Institute of Polytechnic
Doctor	1	Danagadi CHC Hospital
Land holder (Tata industrial area)	1	n/a
Total	**35**	

APPENDIX B

Table B. 1 Gini coefficient comparisons over time, in select Latin American countries

Country	Early 1950s	1960-64	1967-70	1971-74	1977-80	1981-85	1985-90	1990-95	Pattern
Argentina	0.37	0.41	0.41	0.42	0.46	n/a	0.51	0.54	increasing
Brazil	n/a	0.57	0.63	n/a	0.62	n/a	0.64	n/a	stable
Chile	0.44	0.46	0.5	0.47	0.52	0.52	0.54	0.52	increasing
Mexico	0.59	0.61	0.59	n/a	0.55	0.48	0.52	0.53	decreasing
Venezuela	n/a	n/a	n/a	0.49	n/a	0.39	0.41	0.4	decreasing

Note. Source: Hira (2007).

Table B. 2 Declining standards of living in select Latin American countries, based on the UN's Historical Living Standards Index (HLSI)

Country	**1950-60**	**1960-70**	**1970-80**	**1980-90**	**1990-95**	**Trend**
Argentina	8%	16%	9%	-6%	9%	decreasing
Brazil	40%	21%	36%	4%	3%	decreasing
Chile	18%	15%	11%	10%	11%	decreasing
Mexico	25%	24%	21%	2%	1%	decreasing
Peru	29%	22%	16%	-3%	6%	decreasing
Venezuela	22%	17%	11%	-1%	1%	decreasing

Note. Source: Hira (2007).

Table B. 3 GDP Growth for ISI versus Neoliberal period in Latin America (1950-2000)

Variable (5 Year Average)	Country	1950-55	1956-60	1961-65	1966-70	1971-75	1976-80	1981-85	1986-90	1991-95	1996-2000
GDP Growth (%) up to 1999	Argentina	3	4	3	5	2	2	1	1	5	2
	Brazil	6	8	3	10	10	4	4	1	3	2
	Chile	3	5	5	4	-2	8	0	6	7	4
	Mexico	6	6	8	6	5	7	0	3	2	6
	Peru	6	6	8	6	5	7	0	3	2	6
	Venezuela	9	5	7	5	6	2	0	3	2	1

Note. Source: Hira (2007).

Table B. 4 Manufacturing Value Added (MVA) as a percentage of GDP in select Latin American countries (1950-2000)

Variable (5 Year Average)	Country	1950-55	1956-60	1961-65	1966-70	1971-75	1976-80	1981-85	1986-90	1991-95	1996-2000
Manuf. Value Added (MVA) as % of GDP	Argentina	24	26	27	29	32	30	25	25	24	22
	Brazil	21	25	27	27	30	30	27	26	24	23
	Chile	24	25	27	28	27	23	21	22	21	19
	Mexico	19	19	20	23	24	24	24	24	24	27
	Peru	15	16	18	20	22	21	18	19	19	18
	Venezuela	12	14	14	15	15	16	18	19	18	17

Note. Source: Hira (2007).

APPENDIX C

Expanded Discussion on the Issue of Labour Market Rigidity/Flexibility in India, its Role in Constraining Industrial Expansion and Economic Development

In a recent study for the International Food Policy Research Institute (IFPRI) at the World Bank, McMillan, Rodrik, & Sepulveda (2017) argue that, in addition to land constraints and poor infrastructure, one of the primary reasons India remains under industrialized is due to its “rigid and arcane” labour regulations. The introductory chapter in the edited volume summarizes work by Ashan & Mitra (2017 – Chapter 1 in the edited volume) who argue “labour regulations are a big impediment in this regard and that labour-market reforms are needed, especially because the future potential of agriculture and services in generating overall growth is limited (beyond a point) at India’s stage in the development process” (Ibid., p. 68). The study points to some, albeit weak, evidence that the greatest increase in informality is taking place in relatively low-productivity and slow-growing sectors, suggesting that structural change in informality is “probably not a cause for concern.” Still, they acknowledge that, at the macro scale, informality is increasing, opening the possibility that other variables, not included in the analysis, are driving the trend. While they note that the negative relationship between a sector’s labour productivity and the change in its informality has been weaker in the post-liberalization phase (driven by the need to hire/fire workers rapidly in response to shocks in the presence of global competition), the solution, they argue “is the reform of labor laws to make labor markets more flexible.”

I find this an extremely problematic conclusion on the question of structural change in India, or anywhere else for that matter. For starters, it is not a new explanation for poor economic performance. This rather tired debate was resurrected in the 1990s (though it has a much longer history) when reports like the OECD’s (1994) Jobs Study argued that rigid labour markets were responsible for the high unemployment observed in Europe, beginning in the 1980s. Greater labour market flexibility was recommended by (a) increasing the flexibility of working time, (b) making wage and labour costs more flexible by removing minimum wage regulations, (c) reforming employment security provisions, and (d) reforming unemployment and related benefit systems.

Roughly a decade later, the IMF (2003) was “urging repeatedly” that countries with high unemployment “undertake comprehensive structural reforms to reduce ‘labour market rigidities’ such as generous unemployment insurance schemes, high employment protection, such as high firing costs, high minimum wages, non-competitive wage-setting mechanisms and severe tax distortions.” The World Bank’s World Development Report in 1990 also championed the orthodox position, arguing that labour market protections (pesky things like minimum wages, job security regulations and social security) though well-intentioned, would only raise formal sector labour costs, leading to reduced labour demand overall and depressed labour economies, particularly in areas already suffering from poverty. To the Bank’s credit though, a report on collective bargaining vis à vis the global economy, released a little over a decade later, argued high unionization rates led not just to lower inequality of earnings, but also lower unemployment and inflation, higher productivity, and speedier adjustment to shocks (Aidt & Tzannatos, 2002). Going further, the ILO’s Jobs Report (1996-97) found that jobless rates rose independent of market regulation levels and that, even in cases where trade union power, unemployment, or minimum wages were significantly reduced, “little if any positive employment effect” was produced.

On top of all this, systematic analysis of the ‘rigidity debate’ literature by Baker, Glyn, Howell & Schmitt (2003), which included the OECD study referenced above, found that “empirical support for the labor market rigidity explanation comes almost exclusively from multivariate analyses that have become increasingly complex” and that “actual empirical results appear far less robust and uniform across studies than is commonly believed” (Baker et al., 2003). They showed that even modest changes in the measure of institutions, countries covered, or time periods of analysis led to significant changes in the finding of negative relationships between labour market rigidities and economic outcomes in member countries. They write that not only is the literature “far from unanimous” in demonstrating the impact of standard institutional variables on unemployment, but also that many prominent papers explicitly acknowledge this lack of robustness in their own results, across both specifications and variable definitions (Ibid., p. 41). In conducting their own comprehensive econometric analysis, the authors of Baker et al. study found no less than a “yawning gap between the confidence with which the case for labor-market deregulation has been asserted and the evidence that the regulating institutions are the culprits” (Ibid., p. 42). They found even less evidence that reduced social and collective protections for workers would positively impact employment, concluding the effects of various kinds of deregulation on employment very well be “negligible.”

And this is of course quite apart from the fact that even basic protections—like unemployment insurance, minimum wages, and employee rights in cases of dismissal—benefit mass populations around the world, whether at work or not, and have typically only been achieved through long and protracted processes of struggle by ordinary citizens and the labor movement. This, as the Baker et al. authors rightly note, helps to explain the long and continued overwhelming popularity of these sheltering institutions; and that was back in the early 2000’s, in the context of Europe! Seen in this light, it is rather socking to see the likes of Dani Rodrik and others make this argument today. The idea that the employment costs of even basic labor market institutions are self-evidently greater than the benefits in terms of security and incomes for the recipients, quite apart from having any actual empirical basis, reveals a rather discomforting dismissal of the countless years of struggle and sacrifice that have occurred in the Global South, not least a country like India.

Looking at India specifically, the authors of the IFPRI study are clearly not aware of comprehensive work by Guha (2009) who showed over a decade ago that labour market flexibility had no statistically significant impact on output or employment growth in Indian manufacturing. His research demonstrates that, since the mid-1980s, organized manufacturing in India has experienced a monotonically increasing trend in the capital-labour ratio (Ibid., Graph 1), but not the capital-output ratio (Ibid., Graph 2) which has remained largely stagnant (or declined slightly). This is of course the opposite of what would be expected had capital-intensive technology been adopted primarily to replace labour who were otherwise difficult to retrench, due to labour market rigidities. Rather, it seems, capital-intensive technologies have increasingly been adopted because (a) financial market liberalization has dramatically reduced fixed capital costs for large firms, and (b) domestic demand patterns have increasingly come to reflect global demand patterns, which are heavily tilted towards capital-intensive production processes and products (Ibid., p. 51). Another important dimension pointed out by Guha, which is otherwise completely ignored in the IFPRI study, concerns the wage-profit ratio in Indian manufacturing: while the share of wages in net value addition declined dramatically in the two decades after the mid-1980s, falling from more than 30% to just 15%, with rates increasing in the last 3 years, the profit share in net value addition, by contrast, increased from 18% to 45% over the same period, with rates increasing from the mid-1990s onwards. Note also that in the mid-1990s, the average wage-rate was highest, but since the late-1990s, it has fallen below levels observed in the late-1980s/early-1990s (Ibid., Graph 4). All this is to say of course that while labour market flexibility has had no discernible influence on output or employment, it has succeeded in redistributing income upwards, away from workers and towards employers.

APPENDIX D

Definitions of ‘Defence’, ‘Key Industries’, and ‘Public Utilities’ given in the Red Book published by K.T. Shah on behalf of the National Planning Committee in 1939

Defence Industries:
1. Firearms (land, air and marine) and their parts
2. Munitions, cartridges, explosives, shells, torpedoes, etc.
3. Tanks and armoured cars end other forms of mechanical equipment especially designed for military purposes
4. Warships of all types including submarines
5. Military aircraft of all kinds
6. Gases for warfare and gas-masks.

Key Industries:
1. Power-Hydro and thermal (generator)
2. Fuel, coal and fuel wood, mineral oil, power alcohol, natural gases
3. Metals, ferrous and important non-ferrous including winning of ore for them
4. Industries for the making of machine tools
5. Industries for the making of machinery and machinery parts
6. Heavy engineering industries for the building of ships, locomotives, wagons, automobiles, air-craft and the like (vital)
7. Instruments and apparatus - commercial, industrial and scientific (standards)
8. Chemicals, heavy chemicals, fine chemicals including dyes (some vital), fertilizers and refractories.

Public Utilities:
1. Distribution of electricity, gas end other forms of energy
2. Public transport and communication services
3. Water supply
4. Sanitation

Additional note: “Banking and Insurance were reserved for consideration later. The above list is a tentative one which might be added to or varied in future. It was resolved to forward it to the sub-committee concerned for their consideration” (from Chattopadhyay, 1985: 135, n136).

APPENDIX E

Table E. 1 Change in the composition of India's export basket (%) between 1987-88 to 2013-14

Commodity and Year	1987-88	1990-91	1995-96	2000-01	2005-06	2010-11	2013-14
Petroleum Products	4.14	2.88	1.43	4.20	11.29	16.52	20.05
Gems & Jewelry	16.67	16.11	16.59	16.57	15.06	16.12	13.14
Basic Chemicals, Pharmaceuticals & Cosmetics	4.38	6.81	6.82	8.22	8.85	7.69	8.81
Transport Equipment	1.61	2.21	2.91	2.23	4.19	6.39	6.86
Machinery & Instruments	3.28	3.84	2.61	3.55	4.93	4.71	5.19
Readymade Garments	11.61	12.32	11.56	12.50	8.36	4.62	4.78
Manufacture of Metals	1.84	2.51	2.60	3.54	4.11	3.37	3.10
Cotton Yarn, Fabrics, Madeups, etc.	7.30	6.45	8.10	7.77	3.83	2.30	2.85
Rice	2.16	1.42	4.30	1.44	1.36	1.01	2.47
Electronic Goods	1.27	1.28	2.11	2.36	2.11	3.27	2.44
Iron & Steel	0.18	0.89	2.19	2.31	3.44	2.04	2.40
Other Engineering Goods	1.34	1.67	1.39	1.32	2.229	3.38	2.24
Plastic & Linoleum Products	0.42	0.61	1.84	2.05	2.73	1.86	2.16
Other Agriculture and Allied Products	0.25	0.74	1.67	1.80	1.58	1.59	2.16
Leather & Manufactures	7.98	7.98	5.51	4.36	2.62	1.56	1.82
Rubber, Glass, Paints, Enamels and Products	1.44	1.71	2.05	2.10	2.04	1.43	1.73
Manmade Yarn, Fabrics, Madeups, etc.	0.73	1.25	2.36	2.38	1.90	1.70	1.64
Marine Products	3.40	2.95	3.18	3.13	1.54	1.04	1.62
Other Ores and Minerals	1.27	2.01	2.05	1.76	2.27	1.55	1.27
Oil Meals	1.36	1.87	2.21	1.00	1.07	0.97	0.90
Iron Ore	3.54	3.22	1.62	0.80	3.69	1.87	0.51
Carpets	2.63	2.06	1.77	1.31	0.83	0.41	0.33
Tea	3.83	3.29	1.10	0.88	0.38	0.29	0.26
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00

Note. Source: Reserve Bank of India (RBI) and author's estimation (Sinha, 2016: 105).

APPENDIX F

Table F. 1 Gross Value Added (Rs. in Lakhs) by economic activity at constant (2011-12) basic prices

Economic Activity	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17 (3rd RE)	2017-18 (2nd RE)	2018-19 (1st RE)	2019-20 (AE)
All Primary	6583276	7154850	7466281	7562938	7785720	9106485	8563628	9597771	10131427
Mining & Quarrying	2648738	2596740	3097752	2851914	3674187	4179091	4037895	4691193	4851692
All Secondary	6951734	6919638	7962695	7432683	8093061	9932986	10643003	11483203	12112601
Manufacturing	4116404	3985120	4830204	4374503	4840719	6446482	6998073	7530791	7976363
Electricity, Gas, Water Supply & Other Utility Services	775701	924884	987637	919544	1105926	1187222	1164489	1281562	1347397
Construction	2059629	2009633	2144855	2138636	2146416	2299282	2480441	2670850	2788840

Note. The all primary activity category includes agriculture, forestry, and fishing. RE refers to *revised estimates*, and AE refers to *advanced estimates*. Table reproduced from the Government of Odisha's Directorate of Economics and Statistics (DES, 2020: 14).

APPENDIX G

Table G. 1 Number of displaced persons, and percentage of persons resettled

State	Displaced Persons	Resettled	% Resettled
Andhra	1,526,813	440,090	28.82
Assam	307,024	11,000	03.59
Goa	15,950	5,375	33.63
Gujarat	690,322	164,498	23.82
Kerala	219,633	30,036	13.68
Orissa	548,794	192,840	35.27
West Bengal	3,634,271	400,000	11.18
Total	**6,942,807**	**1,243,839**	**17.94**

Note. Table reproduced from Sahoo & Mishra (2017: 254).

APPENDIX H

Expanded Discussion on Local Grassroots Response to the Kalinga Nagar Massacre, and Findings from Subsequent FFT Investigations

A *dharna* (non-violent sit-in protest) was held on the Daitari-Paradip expressway with the four bodies that had by then been recovered. On the morning of January 4^{th}, 2006, five bodies were returned by police authorities with their hands chopped off at the wrist, and as the FFT findings above reveal, some of the bodies also had breasts and genitals removed. While protestors accused the police of murder in these instances, the latter claimed that this ‘removal’ was the only way to get fingerprints and identify those individuals whose faces had been mutilated, a statement strongly contested by both forensic experts and former police officers (Mohanty, 2006). Locals responded in outrage, and as they took to the streets in ever greater numbers, they were soon joined by human rights associations and sitting members of political opposition parties. Mounting unrest ultimately led to the suspension of the three doctors who carried out the autopsies. Backed by senior district health officials, the doctors said at the time they were merely following police orders. Roughly two-and-a-half years later, these very same doctors were dismissed from their positions following an order by Chief Minister Naveen Patnaik (*DNA India*, 2008).

A mass cremation ceremony for the (initial) 12 *Adivasis* victims was held later on January 4^{th} in Ambagadia (the site of the cremation was subsequently renamed Veer Bhumi) (Pradhan, 2006). In attendance at the funeral was local Congress leader and former minister Sarat Kumar Rout, State Congress party leaders Nalinikanta Mohanty, Srikanta Jena, Umesh Swain, Lalatendu Bidyadhar Mohapatra, and Dhananjaya Siddhu, as well as veteran SUCI leader and MLA Sambhu Nath Nayak. The convener of the Kalinga Nagar Surakhya Manch, Sadasiv Deo, accompanied by thousands of supporters, was also in attendance. BBJM leaders at the ceremony declared that a monument would be constructed at the funeral site in memory of those who were murdered, and reiterated calls that protests and road blockades would continue until a set of demands were met. These demands included: an end to all displacement and the granting of 5 acres of land to all families that had already been displaced; the removal/resignation of Odisha’s Chief Minister, Finance Minister, Minister of Mines and Industry, and the Scheduled Caste & Scheduled Tribe Welfare Minister, and for murder charges to be brought against the Chief Minister and the Minister of Finance; compensation of Rs. 20 lakhs for the families of each of the deceased, and compensation of Rs.10 lakhs for the families of those who were injured; and for Adivasis to be given full rights over mineral resources, land, water, forests and industry in tribal areas (see Pradhan, 2006, for a complete list of these demands).

In April 2006, several months after the massacre at Kalinga Nagar, three district units (Bhubaneswar, Cuttack, and Dhenkanal) of the People’s Union for Civil Liberties (PUCL) jointly constituted their own fact-finding team (FFT) to investigate and produce a report. After an initial visit to the region on January 11th, the team subsequently conducted three additional visits during which they interviewed and interacted with local residents, protest leaders, family members of deceased victims, district police and civil administration officials, and residents of two rehabilitation colonies associated with the development. The FFT also visited injured survivors of the massacre at the SCB Medical College in Cuttack (Pradhan, 2006). Towards the end of the report, the author notes that victims of the massacre were largely seen as martyrs by the general public, and that support for and solidarity with the BBJM resistance movement increased by “leaps and bounds” as the issue increasingly attracted national and international attention (a report I return to in the next chapter). As the blockade persisted, protests by project-affected communities were held across the state, raising the issue of displacement along with demands for justice and rehabilitation.

Responding to public outrage, the Government of Odisha ordered a judicial commission of inquiry on February 21, 2006, to investigate the killings, though "common perception" was that such an inquiry amounted to "a farce enacted by the government in power to pacify public anger," based largely on the fact that inquiry reports are rarely, if ever, tabled in the state assembly—to say nothing of disciplinary actions taken against erring officials (Ibid.). The terms of reference for the commission (the results of which are discussed further below) included: an analysis of the sequence of events and circumstances leading to police firing at Kalinga Nagar; whether measures taken, the quantum of force used in anticipating, preventing and handling situation were adequate, inadequate or in excess of what was required; and the role, conduct and responsibility of any organisations, groups, or individuals in influencing or precipitating the incident (*The New Indian Express*, 2017e).

On March 9th, 2007, after 431 consecutive days of protest, activists organized under the BBJM banner lifted their blockade of the NH-200 Paradip Express highway, a crucial artery in Odisha's mineral corridor10 (*Rediff*, 2007). The blockade's lifting came on the heels of a meeting between Chief Minister Naveen Patnayak and BBJM leaders in January, followed by a High Court decision in February that ordered the state to take "immediate measures" to resolve the issue with "stringent action" where necessary (*Business Standard*, 2007). It was also widely reported that a large contingent of police had been deployed to the area in the days prior to the announcement. Barely a month later, on April 2nd, as many as 300 activists resurrected the blockade following the death of Kisson Bubuli (a 28-year-old tribal youth injured in the police firing 15 months prior) at the SCB Medical College and Hospital in Cuttack (*Telegraph India*, 2007a). Bubili's death, along with the 13 activists and lone police officer who died either during or shortly after the massacre, brought the total death toll to 15 (14 Adivasis, and one police officer). As many as seven platoons of police were deployed to the area in response, though no major incidents were reported.

Years later, in the fall of 2017, I interviewed an Odisha Mining Corporation (OMC) official who had been working for the Neelachal Ispat Nigam Ltd. (NINL) steel company in Kalinga Nagar at the time of the firing. According to him, the gunshots were heard from within the NINL plant compound, not far from the contested Tata site. While he was not witness to the event, he referred to the blockade that followed as a "pain in the back." He continued: "We used to commute every day from Cuttack and Bhubaneswar, regularly. And I remember that same day when the firing took place, we didn't know that such a thing has happened. I was commuting with another colleague, taking his car, then we reached that place, people said don't go there has been a firing. So we came all the way, took another route, and then we had to reach Cuttack. So that stuck for over a year, more than a year. So consequently we had to travel an extra 50km a day, 50 to 100km a day." When I asked the OMC official whether or not the blockade, given the high degree of disruption it ultimately caused, was an effective resistance tactic, his response was emphatically in the negative. In his view, Tata had won, landholders received compensation (the details of which he was unaware), and Kalinga Nagar was on the path to prosperity.

Shortly after Bubuli succumbed to his injuries, tensions again flared in the Kalinga Nagar region in June, 2007, when groups clashed over the construction of a private hospital by Tata Steel in the village of Gobarghati (*Telegraph India*, 2007b). Of the four individuals who were seriously injured in the clash, only one had to be transferred to the SCB Hospital in Cuttack for treatment. According to reports, police said the melée erupted when more than 300 Adivasis (mostly women armed with traditional weapons) attacked construction labourers, and damaged doors and windows at a nearby Tata rehabilitation colony. Speaking to reporters, BBJM secretary Rabinda Jarika urged the district administration to prevent the Tata from entering the proposed site until the broader crisis was resolved (Ibid.). Jarika's pleas shed light on a peculiar feature of state efforts to promote industrialization, such that it is not simply what the state does, but what it does not do, for example, refusing to prevent access to contested land. By granting Tata access to the site, the state was effectively inviting the escalation of conflict, in direct contravention of a High Court order.

APPENDIX I

Brief timeline (2008-10) of state violence associated with the Kalinga Nagar Integrated Industrial Complex (KNIC), adapted from Paikray (2015)

March 13, 2008: While returning home on a motorbike with his wife and mother, prominent BBJM activist Jogendra Jamuda is shot in the back at close range, though he manages to survive. Despite the incident occurring in view of the Kalinga Nagar police station, the assailant(s) are never apprehended.

May 1, 2008: Arbind Singh, a Tata Steel contractor, and his associates, attempt to kill prominent BBJM activist Dabur Kalundia, though the latter manages to escape. Singh is arrested later that day and released three months later (Shankar, 2010). Kalundia's bank accounts are frozen during this period, and contract payments for factory work he had performed are withheld.

March 28, 2010: The District Magistrate (DM) for the district of Angul meets with residents in the village of Baligotha and assures them their grievances relating to a proposed common corridor road will be investigated. Locals point out that every factory in the area is already well-connected by road access, and that the proposed four-lane corridor project will cut through a 7km stretch of Adivasis farmland. Most curiously, the proposed corridor road will cut directly through those villages most associated with resisting Tata's presence in the area over the previous 5 years. Locals are also concerned it will section villages off from one another, while simultaneously providing police authorities with easier access to and from the area.

March 30, 2010: Section 144 (Unlawful Assembly) of the Indian Code of Criminal Procedure (CoCP), which empowers an executive magistrate to prohibit an assembly of more than four persons in an area (immediately in cases considered urgent), is imposed on Baligotha. Multiple platoons of armed police with at least 60 officers and hundreds of ruling party and Tata Steel supporters surround the area, home to many BBJM activists and supporters, and launch a coordinated attack. Dozens of women and children are injured in indiscriminate rubber bullet firing, steel pellet firing and lathi charges. Dabur Kalundia sustains bullet wounds to the chest and legs. Houses are ransacked, demolished and set ablaze, valuables are stolen. Cattle are indiscriminately shot. Foodstocks are set afire, kerosene is poured into wells, and televisions, radios, sewing machines and other appliances are destroyed. A 'mixed mob' of policemen and Tata Steel supporters blockade all entry points to the village, preventing access to all, including media. Cash and important documents are also stolen from the homes of Dabar Kalundia and elected village council leader (Sarpanch) Rajendra Kalundia. After the attack, the DM for Angul, who had just days earlier met with area residents, tells media that construction of the common corridor project would move forward "at any cost," with the district Super Intendant (SP) adding that "protestors would not be spared."

March 31, 2010: A committee of journalists including Rabi Das (senior journalist), Chitta Mohanty (writer and political activist), Sudhir Pattnaik (senior journalist), and Mahendra Parida (trade union and human rights activist) visit the area to observe and report on damages. Highlights of their findings include: as many as 30-40 persons injured with bullet wounds; four critically injured persons taken to hospital; no efforts made by the administration to treat those injured; and unwillingness among those injured to leave the area for treatment, fearing torture and arrest (complete details of the committees' findings and recommendations are provided in the appendix section).

April 5, 2010: Balema Goipai, a 65 year-old woman, dies of what was believed to be cerebral malaria. Her son, Samsundar Goipai, tells reporters that, while she had been sick for days, he was too afraid to take her to hospital: "The BJD (Biju Janata Dal) goondas [sic] were outside, waiting to pick us up .... No one goes out anywhere these days. We were afraid if we went, they'd put us in jail as well" (The New Indian Express, 2010). On the same day, India's former Tribal Affairs Minister and acting BJP (Bharatiya Janata Party) state president Jual Oram is prevented from visiting Kalinga Nagar by members of the ruling BJD party. His convoy is attacked, his car damaged, and accompanying journalists are roughed up and robbed (Ibid.).

May 6, 2010: A large contingent of police visits the village of Chandia to demolish the homes of displaced villagers. Only a small group of officers are permitted entry to the village to carry out the demolition. No untoward incidents are reported (*Sanhati*, 2010).

May 10, 2010: A large contingent of armed security forces again visits the village of Chandia to demolish more homes. Villagers opposed the demolition, claiming they had struck a deal four days earlier for all demolition work to be completed that day. Police respond with lathi charges at crowds of men, women and children. Many are injured and Garkha Barla, aged between 30-35, is taken to hospital by police.

May 12, 2010: Police return to Chandia at 9am to carry out more demolition work. A group of women assemble to prevent the action. Police respond with lathi charges, but when this fails to disperse the crowd, they resort to gunfire. Lakshman Jamud, a 65 year-old resident of Chandia, is shot from behind and killed while trying to flee the attack with his grand-daughter. The district administration denies the cause of death, claiming Jamud died of heatstroke (*The Economic Times*, 2010b).

APPENDIX J

Brief timeline of Park Geun Hye's impeachment (*Reuters*, 2017)

Feb 25, 2013: Park is sworn in as the first female president of South Korea, promising an era of hope.

April 16, 2014: The Sewol ferry sinks with the death of 304 people, most of them school children. The toll is attributed to the Park government's failure to act quickly.

Oct 25, 2016: Park makes her first public apology for giving a friend, Choi Soon-sil, access to draft speeches during the first months of her presidency.

Oct 31, 2016: State prosecutors arrest Choi on suspicion of exerting inappropriate influence over state affairs.

Nov 4, 2016: Park makes her second televised apology, saying she would take responsibility if found guilty.

Nov 20, 2016: Prosecutors indict Choi on charges of abuse of power and attempted fraud.

Nov 29, 2016: In her third televised apology, Park asks parliament to decide how and when she could give up power because of the scandal.

Dec 9, 2016: Parliament votes to impeach Park. She is stripped of powers while awaiting a court decision on the vote. Prime Minister Hwang Kyo-ahn becomes acting president.

Jan 1, 2017: Park denies wrongdoing, calling accusations "fabrication and falsehood".

Feb 17: Samsung Group chief Jay Y. Lee arrested for suspected role in the scandal.

Feb 28: Special prosecutor indicts Lee and other company executives for bribery and embezzlement.

March 6: The special prosecutor says Park colluded with Choi to take bribes from the Samsung Group, paving the way for her to be prosecuted if she is ousted from office.

March 9: Lee's trial begins on charges of bribery and embezzlement. He was indicted on charges including pledging 43 billion won ($37.24 million) in payments to Choi.

March 10: Constitutional Court upholds parliament's vote to impeach Park, removing her from office.

APPENDIX K

Comments on Jajpur District Website

The screenshot below shows a list of the currently active industrial firms in Kalinga Nagar, as of January 19, 2021.

Sl No	Name of the Industry	Location	Production Items	Capacity	Status
1	Nilachal Ispat Nigam Ltd	Kalingnagar	Pig iron	492000MT	Working
2	Tata Steel Ltd	Duburi	steel	No Information	Working
3	Jindal Industries	Kalinganagar	Stainless Steel	1600000MT	Working
4	VISA Steel	Jakhapura	Mid steel	320000MT	Working
5	Rohit ferro tech ltd	Kalinga Nagar	Ferro Alloys	80,000MT	Working
6	K.J. Ispat Limited	Kalinganagar	Sponge iron	30000MT	Working
7	IDCOL ferrocrome	Jajpur Road	High carbon	18000MT	Working
8	Maithan Ispat Ltd	Kalinganagar	Sponge iron	740000MT	Working
9	MESCO	KHURUNTI	Pig Iron	600000MT	Working
10	Dinabandhu steel and Power	Kalinganagar	Steel	250000MT	Working

Figure K. 1 Screenshot of currently active industrial firms in Kalinga Nagar on January 19, 2021, from the Jajpur District Administration website (https://jajpur.nic.in/economy/).

APPENDIX L

The 15 Medium and Large-Scale Industrial Units Listed in Both the 2016-17 (p. 11-12) and 2017-18 (p. 7-8) Industrial Profile Reports

1. M/s. IDCOL Ferrochrome & Alloys, JK Road
2.M/s. Konark Jute Ltd.,Dhanmandal
3. M/s Surya Sponge Iron,Budhakendua
4. M/s. Neelachal Ispat Nagam Ltd.,Kalinganagar Industrial Complex, Duburi
5. M/s.M.V.International Ltd., Anjira
6. M/s.Mesco Ispat & Steel Ltd., Kalinganagar Industrial Complex
7. M/s.VISA Industries, Kalinganagar Industrial Complex
8. M/s., Jindal Stainless Ltd., Kalinganagar Industrial Complex
9. M/s. Yazdani Steel &Power Ltd., Kalinganagar Industrial Complex
10. M/s. Maitan Ispat Ltd., Kalinganagar Industrial Complex
11. M/s.VISA Industries, Golagaon, Pankpal
12. M/s. Rohit Ferro Tech Ltd., Kalinganagar Industrial Complex 13. M/s.KJ Ispat Ltd., Kalinganagar Industrial Complex
14. M/s. Jabamayee Ferro Alloys Ltd., Sukinda
15. TATA STEEL, Kalinganagar.

Note that the 'major exportable item' listed in both reports are steel, ferro, and alloys.

APPENDIX M

Excerpts from Tata Steel Parivar Program, Sub-Section Titled 'Analysis of the Families to be Displaced'

HAMLET	FEMALE	MALE	TOTAL POPULATION
Baiduburi	64	77	141
Baligotha	237	226	463
Champakoila	11	12	23
Chandia	293	296	589
Gadapur	426	414	840
Gobaraghati (*Including part-Champakoila & Bamiagotha*)	515	562	1077
Kalamatia	60	73	133
San-Chandia	26	35	61
Grand Total	**1632**	**1695**	**3327**

Figure T. 1 Table excerpted (screenshot) from Tata Steel (2006a: 8).

Educational Qualification	Male	Female	Total
Illiterate	816	1282	2098
Upto 6th	167	162	329
Upto 7th - 10th	526	153	679
HSC	105	22	127
ITI	5	1	6
IA/I.Sc/I.Com	39	6	45
Graduate	32	4	36
Post-Graduates	4	2	6
Engineering	1	0	1
Total	**1695**	**1632**	**3327**

Figure T. 2 Table excerpted (screenshot) from Ibid.

HAMLETS	MALE ABOVE THE AGE OF 18 YEARS									UNMARRIED SISTERS ABOVE 30	TOTAL
	18-27	28-37	38-47	48-57	58-67	68-77	78-87	88-97	Total		
Baiduburi	12	14	16	2	2				46	3	49
Baligotha	67	41	41	13	12	3			177	3	180
Champakoila	1	3	2			1			7	0	7
Chandia	62	64	39	28	14	6	4		217	34	251
Gadapur	100	78	54	32	22	9	3	1	299	36	335
Gobaraghati (*Including part-Champakoila & Bamiagotha*)	119	115	81	40	22	9	4	1	391	15	406
Kalamatia	17	16	9	7	1	3			53	0	53
San-Chandia	6	6	6	1	2	4			25	1	26
Grand Total	**384**	**337**	**248**	**123**	**75**	**35**	**11**	**2**	**1215**	**92**	**1307**

Figure T. 3 Table excerpted (screenshot) from Ibid.

APPENDIX N

Gantt-Chart Timeline for Resettlement Colony Construction in Kalinga Nagar

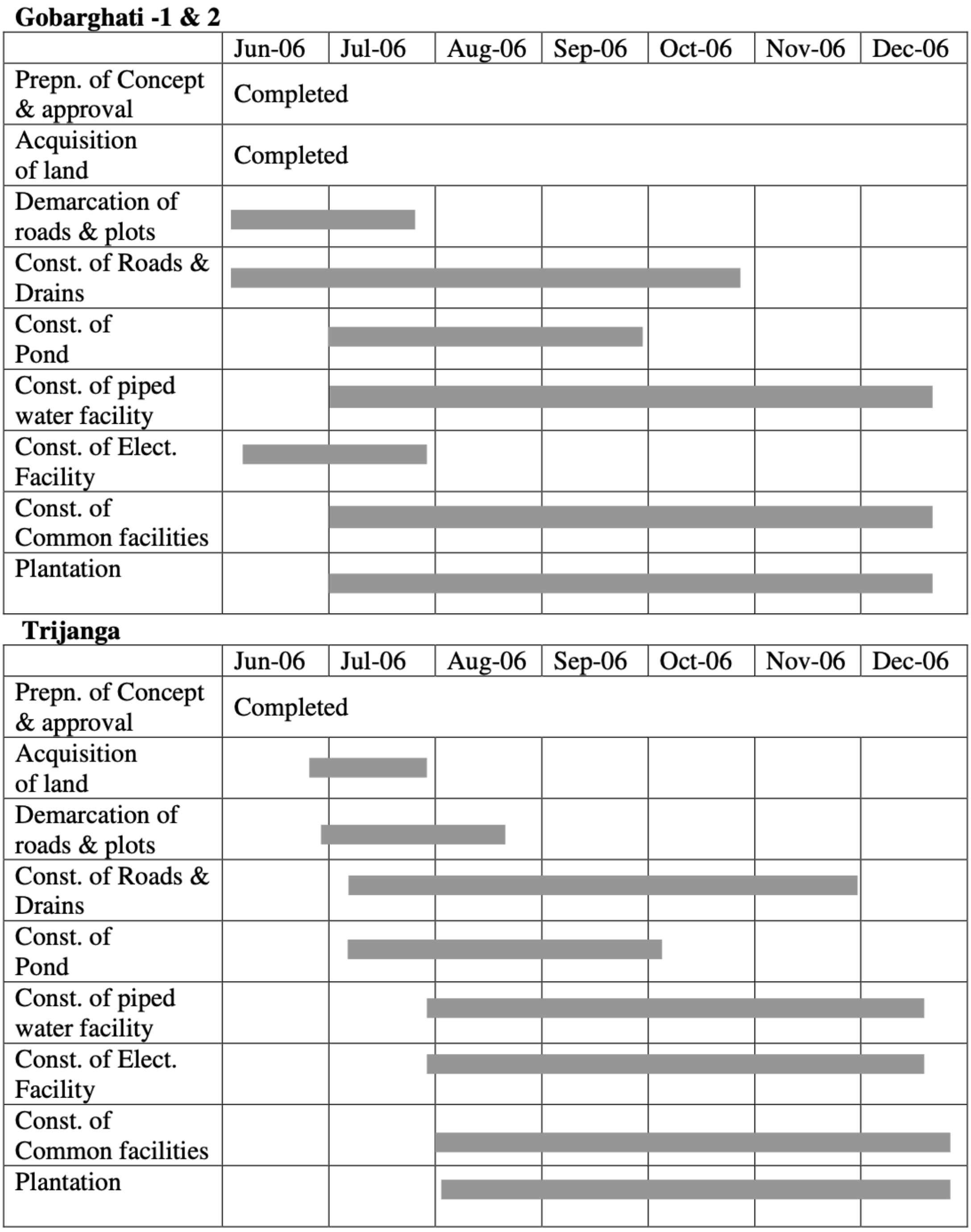

Figure M. 1 Excerpted (screenshot) from Tata Steel (2006a: 28).

APPENDIX O

Number of Families Displaced from All Kalinga Nagar Revenue Villages (Jajpur District) Due to Tata Steel Project (as of February 28, 2011)

Sl. No.	Village	No. of Families		Family Shifted	Caste - ST/ SC/ OBC/ General				Self Rehab. Paid	TSA Paid	Plot alloted	HBA Paid	Cash in lieu Paid	MA Paid
		1996	2005		ST	SC	OBC	General						
1	SANCHANDIA	14	27	27	27				2	27	25	26	7	27
2	BAIDUBURI	27	54	41	40		1		4	41	31	37	3	40
3	CHMPAKOILA ©	5	6	6	2		4		0	6	4	6	1	6
4	KALAMATIA	44	92	92	4		88		0	91	87	87	21	91
5	CHANDIA	110	227	116	103		6	7	5	113	49	53	29	109
6	BALIGOTHA	90	160	95	94	1			6	66	51	61	8	65
7	GOBARGHATI	62	120	85	85				6	82	53	59	14	78
8	BAMIAGOTHA	20	42	25	25				2	21	17	17	4	18
9	CHMPAKOILA (G)	22	47	47	47				4	46	19	19	2	46
10	AMBAGADIA	4	8	7	7				0	7	5	6	1	7
11	SASHOGOTHA	35	105	95	82	2	11		3	95	85	91	26	94
12	GADAPUR	106	265	231	225	6			3	220	140	101	21	217
13	BANDARGADIA	23	42	42		42			0	42	38	38	11	42
	TOTAL	**562**	**1195**	**909**	**741**	**51**	**110**	**7**	**35**	**857**	**604**	**601**	**148**	**840**

Figure N. 1 ST = Scheduled Tribe; SC = Scheduled Caste; OBC = Other Backward Caste; TSA = Temporary Shed Allowance; HBA = House Building Assistance; Maintenance Allowance. Source: Jeevan & Asha (2011: 12).