

TOPIC GUIDE: INDUSTRIALISATION IN INDIA

**"INDUSTRIALISATION IN INDIA DOES NOT
BENEFIT THE RURAL POOR"****PUBLISHED: 01 DEC 2009****AUTHOR: SADHVI SHARMA**

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**INTRODUCTION**

Note that this Topic Guide was produced for Debating Matters India, and looks at the issues from a specifically Indian perspective.

In achieving average growth rates of 9% over the four years until 2009, India has caused much excitement as the economic success story that promises to alleviate poverty. With the aim of increasing national income and maintaining high growth rates, India has **expanded its service sector and pursued industrialisation**, pushing large-scale projects and setting up **special economic zones** (SEZs) - specially demarcated and self-sufficient growth centres. These, it is hoped, will accelerate development and industrialise India's hinterland. However, India's path to industrialisation is not straightforward, many alleging that this growth story has **excluded India's poor**. With land acquisition being essential to building large dams, steel plants or economic zones, it is argued that India's rural poor are being **unfairly displaced**, while benefits of the projects bypass them. The strongest opposition in recent times has been to SEZs, in particular to the \$350 million **Tata Nano** project in **Singur**, which led to **violent protests** by farmers **across the country** refusing to part with their land, which were backed by many **intellectuals and activists**. Nearly **200 projects** including factories, railroads and highways are being held back by similar struggles.

For further reading use the menu bar on the right hand side.

DEBATE IN CONTEXT

This section provides a summary of the key issues in the debate, set in the context of recent discussions and the competing positions that have been adopted.

What are Special Economic Zones?

Special Economic Zones (SEZs) are commercial areas or enclaves established to facilitate economic activity and invite investment, and which have more liberal economic laws and tax breaks for

companies. The Indian government passed the SEZ Act in 2005 and nearly 500 SEZs have been granted **approval** since, covering over 50,000 hectares of land. While the specific aspects and benefits of an SEZ have been debated, land transfer, displacement and dispossession have been most controversial in the recent past, given that acquisition of rural land is essential to the setting up of industrial units, factories and projects.

Displacement of the poor

The issue of displacement of rural population has emerged as the most important concern in the context of development and industrialisation. The high-profile **Narmada Bachao Andolan** was at the forefront of movements around displacement and activists more recently have lent their support to the anti-SEZ movements across India. The displaced families are often given a **raw deal** by the businesses, and **poor government compensation**, which takes years to come by. Many displaced people **do not reap benefits** of the projects for which they are displaced. Big industry is accused of **displacing the poor and tribals** and uprooting their culture and livelihoods. The State, on the other hand, is accused of holding a dismal record for compensation and rehabilitation. Also, displaced people are not provided with an **alternative livelihood** as most are **unskilled** for employment in the factories that come up on their land, **widening the gap between** the rich and the poor.

Does industrialisation ultimately benefit the poor?

Supporters of industrialisation argue that India's recent growth would not be possible without **industrialising its economy**. SEZs are said to have the potential to create much-needed **employment** and infrastructure to advance rural areas. In West Bengal for instance, the government has proposed SEZs and industrialisation to create **social infrastructure** that will ultimately benefit farmers and the poor. Focusing on manufacturing sector could **integrate farmers** into mainstream economic activity, benefiting the rural poor who otherwise are engaged in **unproductive labour**. Moreover, in some parts of India, farmers have willingly **sold their land** for **cash** that has enabled them to set up **businesses** and have a **better standard** of living.

On a broader level, economic and social development has always depended upon uprooting individuals from their existing circumstances. The history of **enclosure in the UK** is an example of massive displacement of the rural poor, in order to create the conditions for an agricultural revolution. While many of the individuals displaced as a result of enclosure resented this development and suffered as a consequence, the generations that followed benefited from the rapid economic development that British society underwent. Development always involves some individual casualties but what matters, according to this argument, is that the society as a whole is able to move forward, lifting people out of poverty in the longer term. If development policies were organised according to not upsetting people in the here and now, nothing would ever progress. The fact that India is a democracy **gives the rural poor far more rights** than those in eighteenth-century Britain, or in rural China today. But while these rights should give individuals protection and compensation, they should not be routinely employed as a brake on the measures needed to industrialise.

Saving farmers or romanticising farming?

In India, where over 70 per cent of the workforce is engaged in agriculture, **land is a sensitive issue**. Land acquisition for industrial purposes is often argued as inevitable and for the **greater common good**. But those opposed to the acquisition of rural land hold up farmers' right to land in arguing against their displacement and **lamenting destruction of rural life**. Besides, for most farmers in India, land is the primary **source of livelihood**, with many more landless labourers and their families depending on it. People who have been agriculturalists traditionally and do not have industrial skills, are better off tilling than losing their land to corporates. Land provides them **more security** than the promise of SEZs and has greater agrarian **potential**.

The majority of Indians are however subsistence farmers, who live off their land, and in poverty. While 60 per cent of **India's workforce** is engaged in agriculture, its contribution to the GDP is a mere 17 per cent, the average size of **farm holding** being only 1.15 hectares. Lack of mechanisation means back-breaking toil and frequent crop failure. Lack of development in the rural hinterland means no healthcare, high infant mortality rates, poor education facilities and perpetual poverty. Small and marginal landowners find agriculture **unviable**. Those in favour of industrialisation consider the **shift** from agriculture to industry **inevitable**, arguing that the **small land holdings** in India cannot promise growth. Citing the shift from **agriculture to industry** as essential to the development of any economy, opponents of industry have been charged with **romanticising** small-scale farming. Critics have also pointed to the gap between **intellectuals promoting a general anti-development ideology**, and the specific circumstances of the rural poor whose interests they claim to represent.

ESSENTIAL READING

It is crucial for debaters to have read the articles in this section, which provide essential information and arguments for and against the debate motion. Students will be expected to have additional evidence and examples derived from independent research, but they can expect to be criticised if they lack a basic familiarity with the issues raised in the essential reading.

What's holding India back?

Mehul Shrivastava **Businessweek** 8 October 2009

SEZs in India: the record so far

C. P. Chandrasekhar and Jayati Ghosh **Hindu Business Line** 27 November 2007

Special Economic Zones: Indian scenario

Amit Abhyankar **India Inedited** 29 September 2006

FOR

The State and its Step Children

Medha Patkar and Amit Bhaduri **Tehelka** 11 April 2009

Farms or factories

Darryl D'Monte **Infochange India** 1 March 2008

SEZs: One more anti-Bharat act by India

Arun Kumar **Mainstream Weekly** 4 May 2007

Urbanising farmers: bleeding the poor, fattening the rich

S.G. Vombatkere **Mainstream Weekly** 24 April 2007

Industrialisation: Which way now?

Medha Patkar and Amit Bhaduri **Sanhati**

AGAINST

At last, good news about poverty

Gurcharan Das **Times of India** 13 November 2009

TATAs in tribal land

Varghese K George **Hindustan Times** 31 October 2009

India's tricky path to industrialisation

FT.com in **Rediff News** 11 October 2008

India's economic progress left in Tatas

Alka Sehgal **Spiked Online** 7 October 2008

The elections and after

Deepak Lal **Business Standard** 26 May 2004

KEY TERMS

Definitions of key concepts that are crucial for understanding the topic. Students should be familiar with these terms and the different ways in which they are used and interpreted and should be prepared to explain their significance.

Medha Patkar's charter [↗](#)

SEZs in India [↗](#)

SEZs in India: Some issues [↗](#)

Special Economic Zones – myth and reality [↗](#)

BACKGROUNDEERS

Useful websites and materials that provide a good starting point for research.

Economy in transition: Don't slap costs on poor producers [↗](#)

Mohan Guruswamy **The Tribune** 10 October 2009

India: alternatives in industrialisation [↗](#)

Amit Bhaduri **SACW** 9 May 2009

A coalition of irresponsibles [↗](#)

The Hindu 6 October 2008

India Inc. stuck [↗](#)

Suman Layak and Kushan Mitra **Business Today** 4 September 2008

Poor regions left out of industrial growth benefits: CSE [↗](#)

Thaindian News 28 March 2008

Rural paradise? SEZ who? [↗](#)

Bibek Debroy **Indian Express** 28 October 2006

Obstruction as ideology [↗](#)

Madhu Kishwar **Outlook** 3 May 2006

Full Marx [↗](#)

Indian Express 1 May 2006

Dam Campaigns [↗](#)

Kirk Leech **Spiked Online** 8 March 2001

The Magarpatta model for land acquisition [↗](#)

Rakesh Ganguli **Infochange India**

ORGANISATIONS

Links to organisations, campaign groups and official bodies who are referenced within the Topic Guide or which will be of use in providing additional research information.

IN THE NEWS

Relevant recent news stories from a variety of sources, which ensure students have an up to date awareness of the state of the debate.

Nuclear power plant hits a snag [↗](#)

Snehal Rebello **Hindustan Times** 28 October 2009

Industrialisation not at the expense of farmers: PM [↗](#)

Indian Express.com 26 October 2009

Will push industrialisation despite poll setback: Nirupam [↗](#)

Indian Express.com 23 September 2009

SEZ: After 4 villages get Rs 213 cr, it's the turn of 7 more [↗](#)

Nisha Nambiar [Indian Express.com](#) 18 January 2009

We can't resume work at Singur: Tata [↗](#)

[Indian Express.com](#) 30 August 2008

Tata pullout will hit WB industrialisation: Assocham [↗](#)

[One India](#) 24 August 2008

Indian protests: Violent protests threaten to delay Tata's plan for the world's cheapest car [↗](#)

Randeep Ramesh [The Guardian](#) 23 August 2008

Buddha argues for capitalist model for West Bengal [↗](#)

[Times of India](#) 4 January 2008

Orissa to get its first shipyard [↗](#)

Subhashish Mohanty [DNA](#) 28 November 2007

India: Industrial development will benefit the rural poor [↗](#)

B Prasant [Political Affairs.net](#) 19 February 2007

No alternative to setting up of factories: Buddhadeb [↗](#)

[The Hindu](#) 16 February 2007

'From agriculture to industry' [↗](#)

Suhrid Sankar Chattopadhyay [The Hindu](#) 1 January 2007

Punjab: SEZ on fertile land irks farmers [↗](#)

[India Business Week](#) 30 November 2006

AUDIO/VISUAL

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