

Special Economic Zones and Accumulation by Dispossession in India

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This paper seeks to reconstruct David Harvey's theory of accumulation by dispossession (ABD) through an ethnography of a Special Economic Zone in Rajasthan, India. While Harvey sees ABD as an economic process of over-accumulated capital finding new outlets, I argue that it is an extra-economic process of coercive expropriation typically exercised by states to help capitalist overcome barriers to accumulation – in this case, the absence of fully capitalist rural land markets. In India's privately developed SEZs, the accumulation generated by this dispossession – which represents the disaccumulation of the peasantry – occurs through capitalist rentiers who develop rural land for mainly IT companies and luxury real estate, and profit from the appreciation of artificially cheap land acquired by the state. While such development has only minimally and precariously absorbed the labour of dispossessed farmers, it has generated a peculiar agrarian transformation through land speculation that has enlisted fractions of the rural elite into a chain of rentiership, drastically amplified existing class and caste inequalities, undermined food security and, surprisingly, fuelled non-productive economic activity and pre-capitalist forms of exploitation.

Keywords: accumulation by dispossession, Special Economic Zones, land broker state, IT industry, agrarian transformation, India

INTRODUCTION

Between 2000 and 2005, the Indian government evolved a legal framework that opened the way for private companies to create hyper-liberalized export enclaves on the Chinese model. As in China, SEZs in India were intended to be spatially delimited experiments with extreme levels of liberalization that, because of political constraints, could not be applied to the country as a whole. But whereas China's SEZs were state developed, in India the private sector would be enticed with offers of cheap land to develop the zones themselves and create 'world-class' industrial and commercial infrastructure. Streamlined bureaucratic procedures and blanket tax and tariff concessions would then draw exporting companies to set up offices and factories in the zones. Supporters within the government believed that SEZs would help to overcome India's infrastructural deficit, spur foreign and domestic investment, bolster exports and foreign exchange, and generate employment. Since 2005, the Indian government has approved 581 zones across the country, ranging from 10 to 5,000 hectares in size.¹

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¹ The number and size of approved SEZs can be found on the website of the Ministry of Commerce and Industry, Government of India. Five hectares is the minimum size for certain categories of SEZs and 5,000 the maximum (it was originally 10,000 hectares, but reduced after the protests around SEZs erupted). However, because the government approves SEZs as soon as they have acquired the minimum amount of land permissible and only include the processing area in their totals, the figures listed on the government website do not represent

But the carving out of these 'spaces of exception' (Ong 2006) from the sovereign territory of India has run into an unexpected stumbling block. Farmers across India have opposed the Indian state's use of *eminent domain* to seize their property and transfer it to private companies for SEZs. As a result, many large proposed SEZs have been stopped, have stalled or are proceeding slowly and with great difficulty. From the Salim Group's petro-chemical SEZ in Nandigram, West Bengal, to Reliance's multi-purpose SEZ outside of Mumbai to the Korean POSCO steel SEZ in Orissa (at US\$12 billion, India's largest proposed FDI ever), farmers have humbled many of the largest companies operating in India and put the Indian government on the defensive. The breadth and tenacity of this resistance has led many observers to worry that farmers refusing to part with their land might become the largest obstacle to India's economic growth.²

The proliferation of land conflicts over SEZs exposes the central political-economic importance of land in India today. While land has always been the single most important asset in rural India, that land is also now increasingly desired by domestic and international capital looking for space to create factories, offices, residential townships, shopping complexes and various forms of infrastructure on a Public Private Partnership (PPP) basis. The contradiction between these sources of demand for land is intensified by the fact that farmers often find themselves poorly equipped to benefit from the kinds of economic activity for which their land is desired. So while the state's role in transferring land to private capital has increased with the onset of liberalization, farmer resistance to land dispossession has metastasized into a series of small wars across the subcontinent, with SEZs as a prime target.

However, while public debates rage on the appropriateness of forcibly transferring land from farmers to corporations, there have so far been few in-depth studies of actually existing SEZs to understand the political-economic consequences of such state-mediated transfer and commodification of land.³ This paper uses 18 months of ethnographic, interview and survey research on an SEZ in the state of Rajasthan to explore the role of land in neoliberal accumulation and the consequences of its expropriation for agrarian livelihoods. In so doing, it seeks to reconstruct David Harvey's (2003) theory of 'accumulation by dispossession'.

WHAT IS ACCUMULATION BY DISPOSSESSION?

Following Marx's seminal analysis of the British enclosures, most scholars have seen primitive accumulation – 'the historical process of divorcing the producer from the means of production' (1976, 875) – as a process that took place at the origins of capitalism in the West or as the crux of transitions to capitalism in the Global South. In both the historical debates over origins and more contemporary debates on agrarian transitions, primitive accumulation has most often been seen as a set of processes that are not intrinsic to fully developed

the true size of the SEZs. For example, the government lists the Mahindra World City studied here as 206 hectares when 1,214 hectares (3,000 acres) have been acquired for it.

² To take just a small sample of headlines in the national and international press: 'India Grapples with How to Convert its Farmland into Factories', *The New York Times*, 17 September 2008; 'India's Biggest Industrial Barrier? Farmers', *Globe and Mail*, 10 July 2008; 'India's Divisive Economic Zones', *BBC*, 24 September 2008; 'The Great SEZ Rush Skids on Slowdown, Land Issues', *Business Standard*, 28 June 2009; 'Land Acquisition Problems: Serious Concern for the Country', *MeriNews*, 9 December 2009; 'In India, Fresh Clashes over Rural Land as Farmers Stand Up to Government', *The Washington Post*, 21 May 2011.

³ The two major exceptions are Seethalakshmi's (2009) comprehensive overview of SEZs in Andhra Pradesh and Cross' (2009) ethnographic study of the Vishaknappattam SEZ, an older EPZ converted to an SEZ. However, the focus of the latter work is on the labour in the zone rather than the land acquisition.

capitalism – typically involving extra-economic coercion by states or landlords⁴ – that furnish the *preconditions* for capitalist accumulation. Most have seen it as a process linked to the development of capitalism in agriculture (e.g. Dobb 1947; Moore 1966; Brenner 1976; Patnaik 1990) or, more broadly, as the means of securing from agriculture the necessary surpluses for industrialization (Preobrazhensky 1965; Byres 1991, 11). Harvey's less historicist repackaging of 'primitive accumulation' as 'accumulation by dispossession' marks a departure from these uses of the term in that it tries to capture the diverse dispossessions being generated today by fully developed industrial and financial capitalism. Accumulation by dispossession opens up fertile terrain for understanding the proliferation of contemporary land grabs in India and elsewhere for factories, dams, Special Economic Zones, slum demolitions, mining projects, privatized infrastructure development, tourism and real estate schemes, all of which fit awkwardly into classical theories of primitive accumulation and agrarian transition.⁵ They fit awkwardly because they are driven by diverse forms of capital accumulation, many have little to do with agriculture and they cannot be interpreted as processes furnishing the preconditions for capital accumulation; they reflect the multiple demands for land and natural resources by fully developed capitalism. Accumulation by dispossession's descriptive resonance with these very contemporary phenomena and the political struggles they are generating has prompted a number of scholars to apply the term to various forms of enclosure and dispossession in contemporary India (Menon and Nigam 2007; Banerjee-Guha 2008, 2010; Sampat 2008).

But if it is to be a concept and not just a label, we must have a theory of how, why and with what consequences ABD emerges as an important phenomenon under advanced capitalism in a given social context. If it is not – as in the classic formulation – the process of creating the *preconditions* for capitalism by turning land into capital and peasants into wage-labourers, then what is it? Following Marx's analysis of primitive accumulation as accumulation in which 'conquest, enslavement, robbery, murder, in short, force, played the greatest part' (1976, 874), we would expect Harvey to define accumulation by dispossession as the deployment of extra-economic coercion in the process of accumulation, as Glassman (2006) suggests in his overview of the movement from primitive accumulation to ABD. This would capture many of the examples of dispossession that Harvey provides, such as dams, SEZs, slum demolitions, IMF structural adjustments and various forms of state-mediated enclosures, privatizations and transfers of public wealth that Harvey sees as moving to the foreground of accumulation under neoliberalism. However, Harvey fails to provide a clear definition of ABD in either *The New Imperialism* (2003) or *A Brief History of Neoliberalism* (2005) (he instead includes a list of examples and a few categories of processes). And while Glassman suggests that 'accumulation by extra-economic means' is the uniting thread of both primitive accumulation and ABD (2006, 617), Harvey explicitly rejects this, claiming that it is 'primarily economic rather than extra-economic' and 'is most importantly exercised through the credit system and financial power' (2006a, 159).

Without the means-specific distinction between economic and extra-economic expropriation, however, Harvey can only define accumulation by dispossession by its *function* for global

⁴ Some have also argued that primitive accumulation can occur through more strictly economic forces, such as usury in 'interlinked markets'. See, for example, Bhaduri (1983, 85–107).

⁵ However, while Harvey offers a lucid reconceptualization of primitive accumulation, he is not the first to argue that it is a recursive rather than originary feature of capitalism. While Luxemburg (2003) saw it as an essentially serial process as capitalism spread across the globe and developed in different countries, Perelman (2000) and De Angelis (2001), among others, had already advanced theories of primitive accumulation as a continuous process intrinsic to fully developed capitalism. Also see De Angelis (2007).

capitalism: 'What accumulation by dispossession does is release a set of assets (including labour-power) at very low (and in some instances zero) cost. Over-accumulated capital can seize hold of such assets and immediately turn them to profitable use' (Harvey 2003, 149). But if what constitutes ABD is its function in providing outlets for over-accumulated capital, this makes it indistinguishable from other 'spatial fixes' and the ordinary operation of capitalist expansion that he analyses elsewhere (Harvey 2006b). The concept's specificity and utility is undermined, as it is no longer clear what ties together the various processes that he clubs under accumulation by dispossession and what makes them distinct from 'expanded reproduction' (Brenner 2006, 100).

Moreover, conceiving accumulation by dispossession as a generic response to crises of over-accumulation in the global economy is far too abstract to capture the specific political-economic logics driving variations in ABD over space and time. By reading every instance of dispossession as a result of the global impulses of capital, it fails to answer the question of why impulses towards accumulation would translate into *dispossession* in a particular context (for example, why land expropriation rather than land purchase through the ordinary operation of real estate markets?). It elides the central role of the state in carrying out the dispossessions that Harvey enumerates and thus eclipses the important transformations of state structures that this entails. Harvey's rendition of the concept then fails to provide analytical leverage on the politics of dispossession by missing the specificity that coercive state intervention into the accumulation process lends to anti-dispossession struggles. Finally, it does not leave space for understanding the diverse forms of accumulation that dispossession makes possible. What is needed is a precise concept of accumulation by dispossession that does not reduce it to an unfalsifiable economic claim about its role in global capitalism, and where variation in both terms (the type of accumulation and the mode of dispossession) can be empirically studied and compared, not assumed into the definition.

Consequently, I define accumulation by dispossession as the use of extra-economic coercion to expropriate means of subsistence, production or common social wealth for capital accumulation. It is the extra-economic character of accumulation by dispossession that distinguishes it from 'the silent compulsion of economic relations' (Marx 1976, 899) that constitutes 'expanded reproduction' and that forces us to consider why and with what consequences this defining characteristic of pre-capitalist surplus expropriation (Wood 1981) seems to have reached new prominence under neoliberal capitalism.⁶ With this definition in hand, I then proceed from the opposite direction as Harvey, examining from the ground up a particular form of accumulation by dispossession, and taking as an object of investigation its role in accumulation at a particular political-economic conjuncture. In the case of rural India today, I show ABD to be a decidedly *political* process through which the state's coercive power is deployed to make a key condition of production – land – available for capital in a context where increasing demand confronts the barrier to accumulation represented by smallholding peasants and incompletely capitalist rural land markets. This conjuncture under neoliberalism is giving rise to what I call a land broker state, which takes as one of its chief responsibilities the forcible transfer of agrarian land to capital for industrial, commercial and residential development.

⁶ While sociologists have long held that markets are embedded in social relations and that state functions (including coercive ones) are central to the normal functioning of capitalism, ABD points to a state role that is distinct from these well-established understandings of the embeddedness of capitalism in the very direct and immediate nature of the state's coercive intervention into the accumulation process. The extra-economic force of the state, rather than providing the background conditions for accumulation by protecting private property and maintaining social order (Wood 1981, 80), is directly applied to make assets available for capital accumulation.

Next, I examine the *specific* forms of accumulation that dispossession makes possible in an SEZ, arguing that ABD operates through capitalist rentiers (corporate developers) who commodify land for industry and urban growth and capture windfall profits from the artificially cheap land acquired by the state. SEZ developers sell the developed land to producing companies who want infrastructurally supported land near sources of cheap skilled labour, and the SEZ developer then leverages this industrial presence to build luxury real estate colonies. Under this particular form of ABD – in contrast to dams, mines or commercial logging – expropriation serves the commodification of rural land and its transformation into urban space rather than the extraction of natural resources. To quantify the accumulation that such dispossession makes possible, I put forward the concept of the *rate of accumulation by dispossession*.

I then leave the confines of the SEZ to show the peculiar agrarian transformation unleashed by this form of ABD. I show how accumulation for capital in the SEZ is based on the *dissaccumulation* of productive agrarian assets among the peasantry. The principal spillover of accumulation within the SEZ into its rural surroundings is via speculative land commodification, which intersects in complex ways with agrarian social structures, draws certain classes into a chain of land-based rentiership, and ultimately amplifies existing inequalities in the rural class and caste structure. And while many have considered primitive accumulation, no matter how brutal, as a necessary and historically progressive process of modernizing the countryside, creating an industrial proletariat and unleashing greater productive possibilities,⁷ I show that the agrarian transformation generated by this specifically neoliberal form of ABD fails to productively transform the rural economy, actually leads to an expansion of pre-capitalist – or what Marx would call ‘antediluvian’ (Marx 1981, 728) – forms of capital, and is constitutive of a process of knowledge- and capital-intensive development in which the labour-power of the dispossessed peasantry is largely irrelevant. The result is a capitalist transformation of the countryside – characterized by non-productive speculation and rentiership, the expansion of pre-capitalist exploitation and the creation of a marginalized pool of underemployed labour – that looks very little like anything predicted by Marxist theories of agrarian transition, and that suggests stark implications for rural India as it confronts the increasing pressures of land commodification and the expropriating practices of land broker states.

As one of the few and earliest of the large SEZs to acquire land and become operational in India, the Mahindra World City (MWC) outside Jaipur is a useful case study in which to see the political-economic transformations entailed by forcibly transferring land from agriculture to the most advanced and rapidly growing sectors of India’s economy. While most large SEZs remain bogged down in land acquisition, the 3,000 acre Mahindra World City SEZ became operational in August 2008. As such, it provides a rare opportunity to investigate a large developed SEZ, the accumulation that it will generate and its effects on the surrounding rural society. Moreover, because the local population is mostly dependent on rain-fed agriculture in a semi-arid environment, and because the government offered farmers a relatively more inclusive compensation package, the MWC also offers a sort of limit case; what follows may represent the ‘best’ possible outcome of forcibly transferring land from farmers to capital for SEZs.

ACCUMULATION IN A ‘WORLD CITY’

The steel and glass IT campuses of the Mahindra World City rise incongruously from the semi-arid agrarian landscape that surrounds it on all sides. With a large approach road from the

⁷ Harvey at times seems to share this view. He writes, ‘Primitive accumulation may be a necessary precursor to more positive changes’ (2003, 163–4).

nearby national highway still under construction, one must travel the 5 km to MWC over a small village road lined by fields, *chai* stalls and a proliferating number of local shops (*dukans*), breaking occasionally for livestock. The World City is cordoned off from the rural hinterland by a barbed wire fence (it will eventually be a 9 foot boundary wall) and a guarded entrance. While the 3,000 acre SEZ is supposed to eventually include five sector-specific zones, for information technology and services (IT/ITES), light engineering, gems and jewellery, handicrafts, and apparel, only the 700 acre IT zone – supposed to be the biggest in India – is operational. Infosys and Deutsche Bank are currently conducting their business process outsourcing (BPO) operations from slick modern buildings that now sit on the former grazing land of several villages. Two large domestic banks are in the process of moving into a 500 acre Domestic Tariff Area (DTA) for non-exporting companies. Once there is a critical mass of industry and employees, Mahindra will use 1,000 acres to develop a 'Lifestyle Zone', which will provide elite residential colonies with all the amenities (shopping, recreation, schools, hospitals) for the white-collar employees working in the zone. More than an old-fashioned export processing zone, the SEZ will be an elite satellite city where one can, in Mahindra's motto, 'work, live, and play'.

MWC is a 74:26 joint venture between Mahindra Lifespaces Developers (the real estate subsidiary of the US\$7 billion Mahindra and Mahindra Co.) and the public-sector Rajasthan Industrial Development and Investment Corporation (RIICO). It is the biggest 'public-private partnership' in Rajasthan's history and is a product of the previous Rajasthan government's aggressive attempts – under the pro-business BJP Chief Minister, Vasundhara Raje – to lure major IT companies to the state. To understand the political economy of this 'integrated industrial city', one must understand the anatomy of an SEZ, and the distinct accumulation strategies of an SEZ developer and the producing companies who set up their units inside.

SEZ Developer as Capitalist Rentier

Mahindra's role as SEZ developer is to physically develop land and infrastructure for the companies who will set up productive, export-oriented units in the zone. To enable this land development function, the government forcibly acquired private farmland and public grazing land from farmers, and sold it to Mahindra at a low price that only reflects its government-listed agricultural value plus administrative fees. With 3,000 acres of farmland in possession, Mahindra employs construction companies to 'develop' that land by levelling it, building roads and installing water, electricity and data connectivity. Mahindra then resells this land by the square metre on a long-term lease basis to producing companies. As one MWC official succinctly put it, 'You can say our product is developed land parcels' (interview, 29 October 2010). Because the SEZ Act only requires that an SEZ developer use 50 per cent of the land for productive purposes, Mahindra will also use over 1,000 acres to develop and sell luxury residential space. In interviews, MWC managers made it clear that their real profits will come from housing, not industry, and that the Lifestyle Zone 'will be our bread and butter' (interview, 14 July 2010).

An SEZ developer is thus a capitalist rentier who, with state assistance, commodifies rural land for urban uses and captures the windfall between the artificially low price of dispossessed agricultural land and its industrial, commercial and residential value minus development costs. I call the ratio between the cost of state-acquired land and its ultimate appreciation after costs the *rate of accumulation by dispossession*. I have tried to calculate this rate for the MWC based on figures obtained through interviews and through correspondence between MWC and the Rajasthan government obtained through the Right to Information Act. After administrative

fees, Mahindra paid the government US\$22,679 per acre⁸ and, according to Mahindra executives, their land development costs amount to about US\$66,000 per acre (e-mail correspondence with author, 29 July 2010). They are now selling long-term leases for the developed land to companies in the industrial area at US\$55 per square metre or approximately US\$223,000 per acre (interview, 14 July 2010). While the residential zone is not yet developed, the current rates in the private housing townships that have been constructed around the SEZ are US\$137 per square metre or approximately US\$554,000 per acre. By subtracting the land and development costs from the sale prices for industrial and residential plots, we can provisionally conclude that by developing land parcels, Mahindra is making over US\$135,000 per acre on industrial leases (they will eventually raise the rates when the zone hits a critical mass) and will make at least US\$465,000 per acre in the residential area. This translates into a 'rate of dispossession' (the ratio of the land's sales price to its cost of acquisition and development multiplied by 100) of 253 per cent and 625 per cent respectively for each category of land, given current prices; given that this is in the midst of a real estate downturn, it will probably be much more.

It is thus no coincidence that SEZ development comes under Mahindra and Mahindra's real estate development subsidiary⁹ and that so many of India's SEZs are being built by real estate companies (Palit and Bhattacharjee 2008, 55–7). Because high-end real estate colonies are by far the highest-value land use in India today, the freedom that the SEZ Act of 2005 gave developers with 50 per cent of the land (usually acquired by state governments through *eminent domain*) provided the major incentive for companies to go into SEZ development. The SEZ Act opened a huge opportunity for real estate companies to cheaply acquire unprecedentedly large chunks of land on the urban periphery at a time when India's growth rate was ticking towards 9 per cent and a liberalized real estate market was entering a dramatic speculative ascent (Searle 2010).¹⁰ As the Vice-Chairman of Mahindra Lifespaces, Arun Nanda, succinctly explained the business model, 'You need to create infrastructure and jobs; the profits will come later. You make money on housing and not on the infrastructure' (*Business Standard* 2008). For an SEZ developer, building the infrastructure for industrial plots is the necessary cost for the ability to develop a satellite city on cheaply acquired farmland. But first they must attract export-producing tenants.

SEZ Producer as Capitalist Tenant

There are a variety of strong incentives for exporting companies to set up offices or factories in SEZs, including income tax holidays, duty-free imports, exemption from sales, service and the

⁸ The price at which the government sold the land to the company is taken from correspondence between the Rajasthan State Industrial Development and Investment Corporation and the Jaipur Development Authority (RIICO 2006) and between the MWC and the Government of Rajasthan (MWC 2007), which the author obtained through Right to Information petitions filed by civil society organizations. This price per acre is an average of the price of the private acquired farmland (Rs.245 crore for 2,000 acres) and state (grazing) land (Rs.61.17 crore for 1,000 acres). One crore = 10,000,000. Thus, the total cost for the 3,000 acres was Rs.306.17 crore, or Rs.1,020,567 (US\$22,679) per acre. It should be noted that the government rate for state land (used as commons) is cheaper than private land, making the rate of accumulation by dispossession steeper for commons than for private land. (Note that from here onwards, I have converted all rupees amounts into dollars, assuming an exchange rate of Rs.45 per US dollar.)

⁹ It may also be added that, contrary to Harvey's theory that explains ABD by over-accumulated capital in the core economies, Mahindra (one of the oldest Indian blue-chip companies) is financing this project through internal accruals and loans from the State Bank of India.

¹⁰ An official in charge of SEZs for one of the main Indian chambers of commerce told me very explicitly that the real estate sector and large corporate houses saw this opportunity in privately developed SEZs from the beginning and actively lobbied for them (interview, 19 January 2011).

minimum alternative tax, and 'single-window clearance' for all state and central approvals. Because the previous policy extending tax and tariff benefits to exporting IT companies is set to expire, almost all new investments within the industry are going into SEZs, which provide even more generous concessions (interviews: Deutsche Bank, 24 October 2009; Infosys, 2 April 2010; NASSCOM, 18 October 2010). As a Mahindra manager told me, about 80 per cent of the companies are interested in the SEZ solely for the income-tax benefit (interview, 14 July 2010).

As for why some of India's biggest IT/ITES firms are investing in an SEZ on the periphery of a second-tier city in a state traditionally known for tourism rather than industry, the main factor is the availability of low-cost educated labour. The largest operating cost for IT service companies is the moderately skilled middle-class youth who do data entry, accounting and various 'back-office' work on night shifts corresponding to the markets of their US, EU and Australian clients. Increasing costs of living in Bangalore, Hyderabad, Mumbai and Delhi are driving up labour costs and eroding profit margins. The result is that second-tier cities that have a sufficient pool of labour skilled in computers and rudimentary accounting – and, if they are working directly with clients, proficient in English – are increasingly attractive. Currently, 58 per cent of the total IT-BPO workforce comes from non-tier 1 cities (NASSCOM 2010), so it is cheaper to capture them at their source, where companies can capitalize on their desire to be near their families and pay them 75 per cent of their wages in the large metros (interview, Mahindra, 14 July 2010). Labour recruited from elsewhere need only be paid according to local costs of living (interview, Infosys, 2 April 2010).

Besides labour costs, the other major factor for these companies in locating to MWC was the availability of land with supporting infrastructure. With Infosys and Deutsche Bank both looking to expand operations, Mahindra was able to offer them sufficient land with good 'plug-n-play' infrastructure – roads, water, power, electricity, data connectivity and so on – that they could move into quickly, with plenty of room to expand. The MWC is close to a major expressway linking Mumbai and Delhi, a new ring road under construction and the newly renovated Jaipur International Airport. Land prices are much lower than in or around the major cities and Infosys, as the anchor of the project, was given land at a concessionary price. The state government further offered stamp duty exemption for land bought in SEZs, which amounts to a 7 per cent discount on the purchase price of the land.

IT companies have thus become lessees of the MWC to avail themselves of the various tax concessions on plots of (relatively) cheap developed land near pools of cheap educated labour. With the state and central incentives available to exporters in SEZs, and the economic rationale of shifting to a city like Jaipur, the MWC has sold out the first phase of its IT zone.

THE LAND BROKER STATE

While SEZs are in some senses free-market utopias, the state is indispensable to their establishment and functioning. When discussing the role of the state in promoting capital accumulation in India today, we must however be clear about which level of state we are talking about. Post-liberalization, the central government has increasingly withdrawn into the role of setting the macro-policy framework within which capital must operate, while state governments negotiate directly with capitalists and compete against one another to attract their investment (Rudolph and Rudolph 2001). State chief ministers and industrial development corporations aggressively market their states as investment destinations at home and abroad, and outdo each other in offering subsidies and concessions to large domestic and foreign investors. So while the central government provides the overall concessionary policy framework for SEZs, states

compete to offer further incentives to attract particular companies to set up SEZs in their state. Like other big projects such as mines, steel plants, smelters and car factories, deals for large SEZs such as the MWC are struck with Memorandums of Understanding (MoUs) detailing a range of concessions that state governments will provide to large investors. So, to examine the relationship between state and capital, we must focus on the state level, though central laws and policies set the context.

On one level, the relationship between the Rajasthan government and Mahindra is a concessionary one. Anticipating the project to attract US\$3 billion in investment, the government has promised additional subsidies and a streamlined bureaucratic environment for the developer and the producing companies inside the SEZ. The joint venture structure makes the government a business partner with the developer and ensures its ongoing commitment to the project (interview, Mahindra, 26 October 2009). Under the MoU between Mahindra and the state government, Mahindra is responsible for developing and running the zone, mobilizing finances, securing tenants and marketing. The state, in turn, promises to provide the necessary clearances, external infrastructure, subsidized water and electricity, and – most crucially – the land.¹¹

In providing this last factor of production, the relationship between state and capital becomes more than the passive provision of exemptions and subsidies. The Rajasthan government committed to acquiring 2,000 acres of private farmland and 1,000 acres of state land, and selling it to Mahindra at a concessionary rate. The Jaipur Development Authority (JDA), the main agent of land acquisition and conversion on the urban periphery, would acquire the land and transfer it to RIICO, who would transfer it to the MWC. Under its enacting legislation, the JDA effectively owns all state land in its jurisdiction – which has been successively extended far out into the countryside – and could therefore transfer the 1,000 acres of grazing land in the area to MWC without the approval of the local government (*panchayat*). For the privately owned farmland, the JDA started formal *eminent domain* proceedings, using the central Land Acquisition Act (LAA), in 2005. There was no consultation with affected farmers, most of whom first learned of the project when notice of the land acquisition was posted in local newspapers.

The willingness of state governments to acquire land for industries has become the key criterion in the inter-state competition for private investment. Purchasing large tracts of land for large development projects is exceedingly difficult in India today: the vast majority of available land is in the hands of a large number of small peasant farmers, who often do not want to relinquish it. Directly negotiating with hundreds of farmers holding small parcels of land is undoubtedly difficult, and there is a high likelihood of holdouts who will prevent contiguity. Many farmers remain unwilling to sell for many reasons, not the least of which is their bleak assessment of their non-farm employment options. Further, as the World Bank is keen to point out, because of unclear property titles it is common to face litigation in rural land purchases (World Bank 2007).¹² When millions of (sometimes borrowed) dollars are being invested, it is very costly to have litigation over land, which can take decades to resolve in India courts. In sum, India's rural land markets are not fully capitalist; while most of the land in rural India is held as private property, it is not treated by farmers as a 'pure financial asset' and does not

¹¹ This is detailed in the Memorandum of Understanding between the Government of Rajasthan and Mahindra and Mahindra Ltd (2005), a document that the author obtained through the Right to Information Act 2005.

¹² In its report, *India: Land Policies for Growth and Poverty Reduction*, the World Bank reports that 28 per cent of land parcels in peri-urban areas are subject to such disputes. It also cites research by Debroy (2000) showing that 40 per cent of the 20 million pending civil cases in India's lower courts and the 3 million in state high courts pertain to land.

provide an 'open field for the circulation of interest-bearing capital' (Harvey 2006b, 371). Consequently, capitalists look to the state to forcibly make land available for commodification through *eminent domain* and, in the context of fierce inter-state competition for investment, insist on it when making large investments.¹³ As a Mahindra executive made clear, 'Government needs to play a major role in land acquisition' (interviews, 26 October 2009 and 14 July 2010). Industrial development officials from seven major states who I interviewed all insisted that without the state's role in land acquisition, large industrial and infrastructural projects would not get off the ground. According to the former chief secretary of Rajasthan, being able to provide land is *the* most important criteria in attracting investors to one's state (interview, 19 August 2010).

Thus, the conjuncture of increased demand for land driven by neoliberal policies, the lack of fully capitalist rural land markets and increasing inter-state competition for investment has given rise to a land broker state. State governments, usually through parastatals such as industrial development corporations and urban development authorities, routinely acquire land from farmers to overcome the barrier to accumulation represented by rural land markets (see also Goldman 2011). This state is distinct from the old developmental state – which expropriated land for state-run dams, mines, steel mills and government-run industrial estates – in that it now increasingly transfers land from one class to another for purely private, commercial and increasingly non-industrial purposes.¹⁴ Under an implicitly Lockean rationale, the state expropriates land from what it considers low-value users (peasants) and redistributes it upwards to classes more able to 'improve it'. Such state assistance in expropriating land for commodification – accumulation by dispossession – is now one of the key features of the Indian states' relationship with domestic and international capital.

But by offering a political solution (involving state force) to an economic problem, the land broker function of states has increasingly come under attack by peasants unwilling to relinquish their land. The transparent role of states in accumulation by dispossession has made them co-targets along with capitalists of anti-dispossession 'counter-movements' (Polanyi 2001), turning land acquisition into a highly politicized process and making the exercise of *eminent domain* increasingly difficult. Large SEZs that have successfully acquired land and become operational are the exception. This being the case, how was the Rajasthan government successful in brokering 3,000 acres of land for the MWC, when the majority of SEZs its size have been stalled or scrapped in the face of fierce peasant resistance?

The Rajasthan government came up with a rather ingenious compensation model that successfully divided the peasantry and muted (though did not eliminate) resistance. Under the central Land Acquisition Act (1894), states need to compensate farmers at fair market value. However, this 'market value' is administratively determined by district-level committees made up of administrators and politicians who, for various reasons (most centrally, the desire to

¹³ This is supported in all my interviews with industrial development corporations, SEZ developers and industry consultants. India's Infrastructure Development Finance Corporation, in its *India Infrastructure Report 2009*, devoted to the problem of acquiring land for infrastructure on the PPP model, explains, 'a significant reason that explains the preference among many proponents of industrial and infrastructure projects to acquire land using eminent domain powers of the state, is incomprehensive, outdated, and inaccurate land records in India, which give rise to disputes (over ownership) and litigation. Since these projects require large amounts of land and land holding in India is typically small, project proponents have to deal with a large number of landowners and consequently face substantial risk of litigation. In case of use of eminent domain, however, land vests completely unencumbered in the government, which then hands it over to the requiring body. This makes acquisition through the State more attractive than the market' (IDFC 2009, 14).

¹⁴ For an analysis of local governments' land brokering role in the different legal and political context of China, see Hsing (2006).

minimize taxes on land transactions), always keep it at less than market value.¹⁵ Moreover, because of India's strict system of land classification, it is always pegged to the land's past agricultural value, rather than its present or prospective commercial value given the proposed project. The discrepancy between the prices paid to farmers and the value of the land once it is handed to large private companies – what I have called the rate of accumulation by dispossession – only increases resistance to land acquisition.

Rajasthan, however, cleverly adopted a policy of giving farmers the option of receiving 15 per cent of their original land area (later raised to 25 per cent after opposition) as developed commercial and residential plots adjacent to the project. The idea behind this truly neoliberal compensation model was, in the words of one RIICO official, to 'buy peace' by giving farmers a stake in the development as small entrepreneurs (if they decide to use the plot) or as petty land speculators (if they decide to sell it). The assumption is that a smaller amount of land will have more value as developed commercial/residential plots than the original amount as agricultural land. The JDA acquired an additional 1,500 acres to build these developed plots for farmers in six locations adjacent to the MWC.¹⁶

My interviews suggest that the promise of getting rich quick through escalating land prices appealed to some fraction of farmers. Many were unhappy but felt that they had no choice. A large number simply did not understand what an SEZ was and whether it would be good or bad for their village. Overall, one can say that the policy divided the villages enough to undermine any potential for collective resistance. As we will see, the individualized nature and unequal results of this compensation-through-speculation model further undermined any basis for collective action once discontents started emerging after land acquisition was completed. The consequence was that Mahindra got most of its land¹⁷ and in 2008 became one of the first large SEZs requiring substantial land acquisition to become operational.

It is to the consequences of this land acquisition and the accumulation unleashed by the SEZ for the surrounding villages that I now turn.

PRE-SEZ AGRARIAN SOCIAL STRUCTURE

The transformation generated by the MWC on the surrounding rural area can only be grasped in light of its pre-existing social structures, which themselves must be situated historically. The MWC is located on land acquired from nine villages 25 km from Jaipur, the capital of Rajasthan. My ethnographic research focuses on the village of 'Rajpura', the largest village in the area (over 400 families) with the most land acquired for the SEZ, though I also draw on ethnographic and survey data from three other surrounding villages ('Shivpura', 'Jatpura' and 'Neempura'). The villages were selected so as to provide a complete picture of the local class and caste structure. Rajpura built around the old Rajput fort, contains most of the lower

¹⁵ For this reason, much real estate profit in India occurs in the black: while sale prices are always much higher than the DLC rate, the buyer and seller only record the DLC price when paying taxes. This makes real estate a good sink for laundering bribes and illicit money.

¹⁶ Documents obtained through the Right to Information Act also show that the JDA is keeping some of these plots to generate revenue. The JDA's basic function is to acquire land and develop residential and commercial plots, or to convert agricultural land to residential or commercial uses and formally 'approve' the resulting private developments, a necessary guarantee of clean titles for outside investors. The JDA is, by all accounts, thoroughly corrupt, and generates large amounts of illicit money for itself and for politicians through these conversions and land deals. It is standard operating procedure to carry in *lakhs* (1 *lakh* = 100,000) of rupees in bribes, to have the JDA bureaucratically convert (re-zone) agricultural land (interview, real estate developer, 22 March 2010). It is also building its largest land bank in Sanganer tehsil, where the MWC is located. The JDA clearly has its own interests in this project. This is not unique, but seems to be the general rule of urban development authorities in India.

¹⁷ About 300 acres remain under litigation, with cases pending (interview, Mahindra, 14 July 2010).

'scheduled castes' (SCs) – who comprise 36 per cent of Rajpura and 23 per cent of the four villages combined (Census of India 2001) – and artisanal 'otherwise backward castes' (OBCs). The majority of the landowning Jat¹⁸ farmers live in the surrounding settlements (*danis*) of Jatpura and Neempura, and Brahmins are concentrated in Shivpura. Neempura did not have private land acquired, but is otherwise in the SEZ's sphere of influence. I conducted a survey based on a random sample of 12 per cent of households in each of the four villages (94 families in total) and will draw on this extensively to illustrate the pre-existing social structure of the area and its transformation by the SEZ.

Until 1952, Rajpura was part of the princely state of Jaipur, one of the 22 kingdoms that persisted under British indirect rule until their reorganization as the state of Rajasthan after independence. Rajpura and twelve surrounding villages constituted a *jagir* (a land revenue grant) given by the Maharaja of Jaipur to a kinsman Rajput, or *thakur*. As feudal lord, the *thakur* effectively owned the entire land mass of greater Rajpura, and had authority to extract grain and corvée labour from the peasant tenants and various service castes. With independence, the Congress government implemented 'land to the tiller' policies, abolished feudal intermediaries and brought peasants into a direct relationship with the state (Rudolph and Rudolph 1984).

However, the redistributive effects of land reform in Rajasthan, as in many Indian states, were limited (Singh 1964). While the larger peasants benefited from secure title, many of the poor received little or no land and many *thakurs* retained substantial land holdings by placing their land in the names of family members or trusted retainers. In this way, the *thakur* of Rajpura held on to at least 1,500 *bighas*¹⁹ (375 hectares) in the villages surrounding Rajpura.²⁰ To put this in perspective, the average size landholding in the area is four hectares. Moreover, because land reform proceeded by bestowing rights on tenant-cultivators, the castes who were cultivating the most land at the time of independence – the traditionally cultivating Jat caste – emerged with the most land among the former tenants. After the Jats, Brahmins retained relatively large landholdings in nearby villages. The lower SC and OBC castes, who performed various services for upper castes under the *jajmani* system, received much less. Given the economic and status importance of land, and the absence of any non-agricultural demand, this unequal post-reform distribution of land changed only moderately through subdivision and periodic distress sales over the 53 years until the MWC came along. The pre-SEZ caste-wise distribution of land (excluding the *thakur*) is illustrated in Table 1. As we will see, the incompletely reformed feudal pattern of land ownership provides the background for the unequal ability of farmers to benefit from the land-based accumulation generated by MWC.

Prior to the SEZ, the majority of people in Rajpura and surrounding villages were engaged in rain-fed agriculture (only 27 per cent of Rajpura's farmland was irrigated, according to the 2001 Census) and livestock rearing, supplemented by casual wage-labour. Without adequate water for irrigation, agriculture has been largely oriented to coarse grains (particularly millet) for home consumption and fodder, supplemented by partially commercialized food crops such as peanuts, pulses and vegetables. Only 30 per cent of households owned a tractor, and these were mostly concentrated among Jats. Animal husbandry (buffalo, cows, goats, sheep and camels) based on the village's ample grazing land and the stubble of the millet crop provided an important

¹⁸ Jats, after political agitation for reservations in government jobs, are now considered OBCs in Rajasthan. However, they are the dominant landholding castes in many villages and thus for analytical purposes I separate them from the other OBC castes who are mostly smallholding and economically poorer artisanal castes.

¹⁹ 1 *bigha* is equal to 0.25 hectares or 0.61 acres. Agricultural land holdings and prices are most often calculated in *bighas*.

²⁰ This was frankly admitted to me by a member of the *thakur*'s family. Interviews with other former Rajput *thakurs* and district land records officials confirmed that this was a common process.

Table 1. The political economy of the villages of Rajpura, Jatpura, Shivpura and Neempura before the SEZ

Caste category	Average landholding (ha)	Landless (%)	Owned tractor (%)	Owned shop/business (%)	With formal employment (%)	Did informal wage labour (%)	With education > 10th class (%)
General	4.6	0	38	54	50	8	83
Jat	7.3	0	69	44	31	13	69
OBCs	3	10	24	43	14	48	43
SCs/STs	2.2	15	9	15	9	85	24
Total	4	7	30	37	24	45	50

Note: These figures are based on a household-level survey ($N = 94$) and thus show the percentage of households, not individuals, with these characteristics (i.e. column six shows the percentage of families that have at least one member with formal employment). Landholdings are the undivided family holdings, not the stake of individual siblings. The education levels reflect the attainment of the most educated adult person (over 18 in 2005) in the family. General castes include principally Brahmins and Baniyas (merchants). 'Otherwise Backward Castes' (OBCs) include Kumar, Gujjar, Mali, Lakhera, Soni, Nai, Raona Rajput, Kumavat and (technically) Muslims. Jats, while officially OBC, have been listed separately for analytical purposes. Scheduled castes (SCs) include Raegar, Balai, Khatik, Sangat and Bairwa. Scheduled tribes (STs) include Meenas and Dhankas.

element of subsistence and more income than food crops, as many sold milk through middlemen to the Jaipur market.

Given the local insecurity of the monsoons and the lack of irrigation, capitalist relations of production were quite marginal. Overall, 91 per cent of families self-cultivated, while only 18 per cent hired labour (to supplement family labour at harvest time). The dominant form of surplus expropriation for those with significant land was rent-in-kind sharecropping with rents fixed at one third of the crop if the tenant advances the costs of production, and two thirds otherwise. The *thakur's* family, with 375 hectares of land, was by far the largest landlord. Otherwise, only 8 per cent of farmers leased out land, mostly Brahmins and Baniyas (merchants) preoccupied with businesses and urban employment. Jats and the scheduled castes were almost equal in their rates of leasing in land (at over 30 per cent), but to different effect. The Jats leased land to supplement their large holdings for more economic and surplus-generating production (and with capital to invest, were more likely to retain two thirds of the harvest for themselves). The lower-caste semi-proletariat leased land (with less capital, more often paying two thirds of the crop as rent and having to rent-in tractors) to augment their meagre holdings in their struggle to reproduce their families without full proletarianization.

While only 7 per cent of households were landless before the SEZ (and these were exclusively SC and OBC households), 44 per cent of households and 85 per cent of SC/ST families depended on casual wage-labour for some part of the year. This semi-proletarianization has been advanced by subdivision and decreasing water levels over the past 30 years. Given the relatively small requirements for wage-labour in agriculture, most did hard manual labour (*beldari*, or 'oxen work') in construction and handicrafts industries in Jaipur or nearby industrial areas, at roughly US\$3 per day. While 24 per cent of households had a member with formal salaried employment – private or government – this was concentrated in the general (upper) caste families, half of whom had such employment compared to 9 per cent of SC/ST families. This reflects the large asymmetries in education between the castes, as shown in Table 1.

A significant fraction of households were also diversified into petty mercantile activities such as small shops. For the majority of Rajpura's history, there were only a handful of shops in the village, the majority controlled by the Jain merchant (*bania*) caste, who also acted as money-lenders. However, over the years many Jats and Brahmins diversified into non-farm businesses (and moneylending) in Rajpura, on the highway or in Jaipur. Among the OBCs, high rates of business involvement reflect caste-based traditional occupations that still persist in the form of potters, musicians, sweepers, jewellery-makers, carpenters, ironsmiths, barbers, butchers, shoe-sellers and tailors.²¹ Small business activities by Dalit and ST castes were, at 15 per cent of households, much less common, but were no longer unheard of.

While the villages were still largely agrarian before the arrival of MWC, they had come under the jurisdiction of the Jaipur Development Authority in 1997 and had begun to experience urbanizing pressures. A big step in this direction came with the 2005 expansion of the nearby (5 km) Jaipur-Ajmer Highway into a six-lane expressway under the national 'Golden Quadrilateral' project. At about the same time, a real estate developer started to buy land for an elite residential colony close to the highway near Shivpura. However, it has been the MWC that has most dramatically accelerated urbanization of the villages, by unleashing a process of land dispossession, real estate speculation and attendant changes in land use.

DISPOSSESSION AND DISACCUMULATION

While the dispossession of private farmland and common grazing land has created the basis for accumulation within the SEZ, it has unleashed a cascading process of *disaccumulation* of productive assets within the villages. The land, while monsoon-dependent and largely single-cropped, nonetheless provided the basic means of subsistence and a not insignificant source of income when the rains were good. Perhaps more importantly, proximity to the Jaipur market allowed for more significant accumulation through milk production. Between the loss of stubble and fodder crops from people's own land and the expropriation of the village grazing land, incomes from livestock rearing have been decimated. The commercialization of fodder has drastically increased expenses and many simply do not have the space to keep animals. This has precipitated a massive selling off of livestock – over 66 per cent of the animal population according to the survey. To put the significance of these assets in perspective, one buffalo costs over US\$1,000 to purchase and can generate US\$40–60 in net income per month. Thus, as we will see, rearing two buffalo generates more income than any job available to village residents in the SEZ (typically US\$78 per month). Some families had over twenty buffalo; for others, the loss of their one or two buffalo has meant a drastic reduction in their diets, visible in the malnourishment of young children.

Yet aggregate figures do not capture the disproportionate costs of enclosure for the poor. While the number of buffalo, the profitable asset of the middle and rich farmer, has been reduced by 56 per cent, the number of goats, the low-investment, moderate-yield source of nutrition and income for the poor, has gone down by 76 per cent. Enclosure has been particularly devastating for Gujjar herders, who specialize in goat- and sheep-rearing as their main occupation. A landless Gujjar family with eighteen goats has seen its income reduced from Rs.120 (US\$2.66) to a precarious Rs.70 (US\$1.60) per day.²² The dispossession and enclosure

²¹ While under the *jajmani* system these services were rewarded with grain, they are now only performed for cash, except for the sweepers, who receive *rotis* (unleavened bread) in exchange for their labour. Villagers say that the lack of rain precipitated the transition from grain to cash about 30 years ago.

²² Previously, they grazed their animals for free on the 1,000 acres of common grazing land, which has now been enclosed and transferred to Mahindra. Now, they must pay farmers for the rights to graze on particular trees, which

of land has thus decimated the major sources of accumulation and subsistence, with particularly devastating consequences for the poor. While incomes have been reduced, consumption needs have been commodified at a time of rampant inflation; the consequence is that 50 per cent of those who had land acquired – and 75 per cent of Scheduled Caste and Tribe families – report having ‘less food’.

To add to this process of asset stripping, many villagers are selling already scarce ground water, pumped out of private tubewells (many drilled for the purpose), to Mahindra at US\$3 per 500 litre tanker. Faced with MWC’s huge demand for water (which will eventually be 0.5 million gallons per day), and a seemingly questionable future for agriculture, those who still have land and the means of investing US\$2,000 (usually the fruits of land sales) in a tubewell are seeking moderate profits by commodifying the village’s underground aquifers. Meanwhile, many farmers lost their wells along with their land and consequently have to purchase water for household use from these tankers, commercializing yet another necessity. To compound problems, the village water-catchment tank (*talab*), built generations ago by farmers and used to recharge ground water, was acquired along with the grazing land and is being paved over.

Overall, people have been dispossessed of means of production, subsistence and common social wealth. The dispossession of land has forced a disaccumulation of other productive assets such as livestock, and has led to a redenomination of assets such as water, which are being diverted to commercial use and diminished.

This dispossession is refracted in various ways through the caste-based division of labour. Of course, the upper castes with the most land have had the most land acquired. However, they were already more diversified and, as we will see, are also better positioned to profit from the developed land given as compensation. The lower-caste semi-proletariat has little else to fall back upon. Those castes specializing in livestock-raising are particularly hurt by the enclosure of the grazing land. The village potters (Kumars) have been hit by the loss of the wood, cow dung and soil that they used to collect from the grazing land. Having to purchase these inputs on the market has now halved their returns from one working day to about US\$1. Even the area’s Hijra (transgender) community (which, I should point out, is casteless), which receives donations for their blessings at special occasions, told me that without land many farmers can no longer give them donations. All those directly or indirectly dependent on land have suffered losses to varying degrees.

However, those (mostly SC and ST) families who were landless and had no animals to graze from the beginning are largely indifferent to the land dispossession. Since most wage-labour is non-agricultural, they are not dependent on relationships with particular farmers for their livelihoods. While 75 per cent of households that had land acquired say that they received more ‘loss’ (*nuksan*) than ‘benefit’ (*fayda*) from the SEZ, over 70 per cent of the landless in the survey reported that they had neither lost nor benefited (the 30 per cent who reported a loss did so on account of the loss of livestock). In interviews, several of the village sweepers from the Sangat caste, who are considered the ‘lowest’ of the five local Dalit castes in terms of ritual purity, expressed the hope that their social position would be improved by the SEZ. The women of this caste sweep the open gutters every morning for *rotis* that are dropped into their hands from above to prevent ‘pollution’. Most have no land or animals and are therefore not affected by land dispossession. Each of the four Sangat households in Rajpura has at least one

they estimate costs about Rs.50 per day. They extract about 8 kilograms of milk from their goats daily, which they sell for Rs.15 per kilogram to the government dairy, making their previous gross and net income Rs.120 per day. With the commercialization of fodder, their net income has been reduced to Rs.70.

son working as a housekeeper for subcontractors in the SEZ. While they do not consider cleaning the floors and bathrooms at Infosys or Deutsche Bank for US\$66 per month a very good job, some of them think that urbanization of the village by means of the SEZ will help to destroy untouchability. However, the Sangat families with even 1 *bigha* of land still saw more loss than benefit in the SEZ, suggesting that the tangible loss of land outweighs potential effects on social domination in their minds. We may tentatively conclude that while the village landless may or may not gain much from the SEZ, they do not have much to lose, since they have few land-based assets of which they can be dispossessed. The validity of the Ambedkarite thesis, that the reconfiguration of the village social structure via urbanization will have a socially liberating effect for those at the very bottom of the caste structure, will require more time to be assessed.

COMMODIFICATION

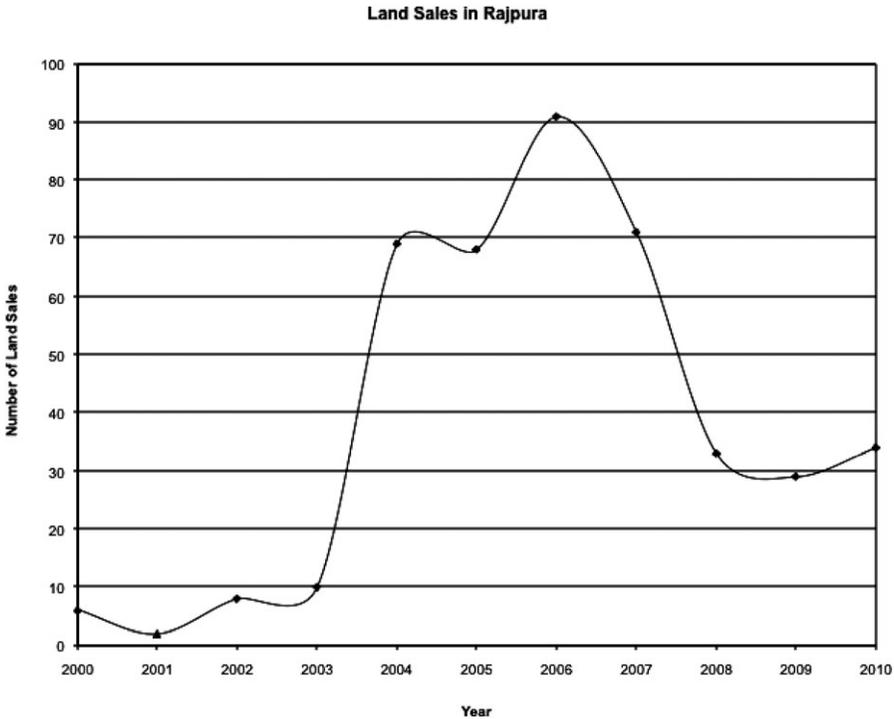
The premise of the Rajasthan government's compensation model was, of course, that farmers would be compensated for the loss of their private assets (though not common ones) by the stake that they were given in the commercialization of the land surrounding the SEZ. The farmers would use their plots in the JDA land adjacent to the MWC to start a new business, possibly construct a house, or, more likely, capitalize on the land's appreciation by selling it and doing what they will with the proceeds. Essentially, the policy was based on the ability of farmers to act as small entrepreneurs or land speculators, who would cash in on the inevitable property boom that would be unleashed by dozens of multinational companies locating in a previously rural area.

Indeed, announcement of the SEZ unleashed a tremendous real estate boom in the surrounding villages, as rampant land speculation multiplied the prices of farmland around the SEZ manifold and brought up the value of the commercial plots allotted to farmers as compensation. Large real estate developers from Jaipur, Delhi, Mumbai and even Dubai (the UAE's Emaar, who built the Burj Khalifa, the world's tallest building, has a tie-up with Delhi-based MGF) bought up farmland for at least a dozen upscale housing townships close to MWC. Real estate investment firms, and individual middle-class investors from Jaipur, Delhi, Ahmedabad and Mumbai began buying land and JDA plots from farmers through chains of commission agents (*dalals*) in Jaipur and in the villages. A new class of village land brokers emerged to facilitate the alienation of their fellow villagers' farmland and the rights to their yet-to-be-constructed compensation plots. People in Rajpura often estimate that 25 per cent of young men in the village become land brokers; while the stigma associated with it might generate under-reporting, 14 per cent of respondents in my survey reported having a *dalal* in the family.²³ As several *dalals* explained their foray into land markets, 'The wind was blowing.'

Before MWC, selling land was relatively uncommon, was done mostly under duress (to pay off debts or marry daughters) and was associated with a decline in one's honour (*izzat*) in the village. With little extra-local demand, land prices were also low, between US\$1,000 and US\$4,000 per *bigha*. With the announcement of the SEZ, land values and land transactions increased dramatically. Prices shot up to US\$50,000–80,000 per *bigha* near the SEZ and US\$200,000 near the highway. From an average of 6.5 land sales per year between 2000 and

²³ Because there is some social disapproval attached to the activity (especially by those in the village who feel cheated), I believe this is a slight underestimate, as not everyone will admit to being a land broker. It should also be pointed out, however, that there is large variation within land brokers. There are some who are brokers in the sense that they may have brokered one or two deals when the opportunity arose, and there are full-time brokers (such as the former village *sarpanch*) who have their own storefronts and have done dozens, or even hundreds, of transactions.

Figure 1 Land sales in Rajpura. These numbers are taken from the official village land records kept with the village *patwari* (2005–10) in Sanganer and at the district collectorate in Jaipur (before 2005)



2003 in Rajpura, the average between 2004 and 2007 jumped to nearly 75 (a more than ten-fold increase) and peaked at 91 in 2006 (see Figure 1).²⁴ This massive and relatively sudden influx of capital looking to turn farms into real estate seems to have at least partially undermined the old stigma against selling land (and reoriented status to other markers of wealth, such as big houses, cars and businesses) and unleashed a learning process in these villages of how to treat one’s land as a commodity.²⁵

But the ability of people to engage in and profit from the social game of land speculation is highly dependent on their economic, cultural and social capital, and is thus unequal. Class is crucial first of all because incomplete land reform has left a very unequal distribution of land to be speculated upon, and second because the key to profiting from land is the ability to wait, and waiting requires savings or other sources of income. Many poor farmers who had nothing besides their acquired farmland had to sell the rights to their compensation plots early and at low prices. For many, especially if they were smallholders and had to divide the land among many brothers, the resulting money was quickly spent on expenses and paying off debts, without providing a replacement productive asset. Rich farmers, on the other hand, are more

²⁴ This only captures land outside of the SEZ and does not reflect sales of the developed plots given as compensation to farmers.

²⁵ It must be pointed out that many farmers still remain reluctant to treat their land as a commodity. Some say they will not sell at any price; most say they won’t sell unless and until land prices hit an irresistible level, though even then many plan to sell only part of it. Nevertheless, many have sold, and undoubtedly the MWC has pushed farmers to treat their land as a commodity as never before.

likely to have savings, additional land and off-farm businesses, and can wait until the value of their plots fully appreciates. If they still have extensive landholdings outside of the SEZ, they will do particularly well. Thanks to the failures of land reform, the former *thakur* family will make millions of dollars off the hundreds of JDA plots they have received in return for the acquisition of part of their huge holdings. They also have abundant remaining land outside of the SEZ and have bought more, which they are using to develop their own housing colony. The legacy of incomplete land reforms has thus left a very unequal basis for upward mobility via land values. The semi-proletariat and marginal farmers have been the worst affected, both because they have had to sell the quickest and because selling the rights to their smaller amounts of compensation land is less likely to be sufficient for obtaining other income-generating assets.

But navigating land markets is also a social aptitude that must be acquired, and is linked with forms of cultural capital, such as literacy, business savvy and access to information. Many farmers in the area are illiterate and could not read the various agreements that they signed to transfer their power of attorney over JDA plots to a land broker. More than a few report being cheated, often believing that they were selling less land than was written in the contract. Others sold early because they lacked the market savvy to anticipate the effects of an SEZ on future land prices. Others sold their land cheaply even before land acquisition was officially announced to those who had illicit insider knowledge about the coming SEZ. Knowledge and information about what an SEZ is and how it will affect land values is unequally distributed in favour of multinational corporations, real estate developers with their economists, middle-class investors and, to a lesser extent, the village brokers who act as their agents. Illicit knowledge provided by corrupt bureaucrats also provided the opportunity for wealthy outside investors and politicians to rip off farmers who had no idea what their land would be worth in a few months' time (as can be seen from the 2004 spike in land sales – before the 2005 announcement of the SEZ – in Figure 1). Eventually, people began to learn the approximate exchange value of their land (though, of course, in land speculation, no one really knows the exact value) and now conversations at *chai* stalls are peppered with '*bighas*' and '*lakhs*'.²⁶ The irony is that many seemed to have acquired this aptitude for land markets (or at least awareness of the market value of land) just as the recession hit and the bubble burst. The land market has now cooled down and land prices have dropped slightly.

Finally, the ability to profit from land commodification is influenced by the unequal distribution of social capital, by which I mean (in the Bourdieusian sense) access to social networks that convey real or potential advantages.²⁷ Social capital is the key asset enabling a villager to become a land broker and thus accumulate commission on the sale of other villagers' land or plots. Within a village such as Rajpura, there are some who strictly farm and do not have many social or economic ties to Jaipur. They are very unlikely to become brokers. On the other hand, there are those who had previously started small shops in Jaipur or held jobs there, which have provided useful contacts for business. My survey shows that 66 per cent of village land brokers had previously owned a business and 38 per cent had formal employment (compared to 30 per cent and 22 per cent, respectively, for non-brokers). Over 61 per cent had one or the other in Jaipur. Many *dalals* (30 per cent of my sample)

²⁶ One *lakh* = 100,000. Locally, land value are discusses in *lakhs* of Rupees per *bigha*.

²⁷ Unlike the Putnamite vision of social capital as a group asset that enables cooperative action for collective benefit, I use the term in a Bourdieusian sense as an unequally distributed form of power based on the scope and quality of one's social networks, which confers advantages that are just as likely to be used for individual as collective benefit (Bourdieu 1986). See also Fine (2001) and Harriss (2001) for critiques of Putnamite theories of social capital.

Table 2. The caste-wise outcome of property transactions

Caste category	Sold plots (%)	Median plot sale price (US\$1,000 per ha)	Median land sale price (US\$1,000 per ha)	Land broker (%)	Rendered landless by acquisition (no plot or land left) (%)	Relatively proletarianized by acquisition (doing more wage-labour) (%)
General	19	71	178	21	0	6
Jats	25	67	89	25	0	25
OBCs	58	62	71	10	25	25
SCs/STs	82	58	22	6	35	53
Total	51	62	89	14	18	29

Note: The columns pertaining to plot sales, those rendered landless and those doing more wage-labour are percentages of those who had land acquired for the SEZ and thus received rights to a compensation plot ($N = 49$). Land sale prices refers to all those who sold land outside of the SEZ ($N = 26$ individuals, and 28 transactions). Land broker figures are as a percentage of the entire sample ($N = 94$). Here, 'landless' means those with no agricultural land or developed compensation plot, and is meant to capture those who were unable to leverage their plot sale into replacement land.

were former middlemen who used to transport milk from the village to Jaipur by motorcycle. Others seem to have picked up such contacts through extended family, caste members or political involvement. An additional 15 per cent owned *chai* stalls in the village – nodal points of information and access into a village for any outsider – where they were approached by Jaipur-based brokers looking for land to buy. The vast majority of the brokers I interviewed told me that contacts (*sampark*) and associated information (*jankari*) were the most important assets for becoming a land broker. Money is not even necessary for working on commission (though one can make more money by giving an upfront advance for a purchase agreement that is subsequently sold to an outsider buyer). What a *dalal* does is to provide outsider buyers with the local information – who owns what land and who might be willing to sell – and use their village relationships to establish trust with a local farmer to persuade them to sell their land to an unknown outside party. It is these 'bridgers', who have social networks spanning the village and city, who are most able to profit from the land appreciation set off by an MNC setting up shop in a village. Contrary to those who see such well-connected mediators as social or political 'entrepreneurs' who help to 'activate' social capital for the collective good of their village (Krishna 2002), my analysis suggests that these individuals use their endowment of social capital for private gain, exploit the trust of their fellow villagers, and in the process – as I will show later – undermine the 'norms' and 'trust' that would enable collective action.

Of course, all of these forms of capital are concentrated at the higher end of the caste hierarchy (as shown in Table 1) and the unequal results of this process are summarized caste-wise in Table 2. While land prices for Scheduled Castes and Tribes are somewhat suppressed by legislation curbing SC/ST land alienation to non-SC/ST members (there are sophisticated ways to get around this),²⁸ a lot of this huge discrepancy (US\$178,000 per hectare

²⁸ The Rajasthan Tenancy Act 1955 prevents SC/ST land alienation to non-SC/ST people. However, this restriction applies only to land classified as agricultural. In interviews, land brokers and real estate investors told me that the way to get around this is to sign a private right-to-purchase contract, help the SC/ST landholder convert the land to 'urban' (which requires substantial bribes) and then formally conclude the purchase.

for general castes and US\$22,000 for SC/STs) has to do with premature land sales by SC/ST farmers just before the SEZ was announced. The persistence of these inequalities in compensation plot sales (US\$71,000 per hectare for general castes and US\$58,000 for SC/STs), which do not carry this restriction, and in land sale prices between OBCs and Jats and general castes, clearly demonstrates the unequal abilities of different fractions of rural society to profitably navigate real estate markets. But the ultimate beneficiaries will be those who still have not sold (81 per cent of general caste families, compared to only 18 per cent of SC/ST families) and who will therefore reap the ultimate appreciation of the plots. The land brokers earning commission from these transactions, the survey data makes clear, come disproportionately from the upper castes. The end result is that 35 per cent of SC/ST households who had land acquired are now completely proletarianized (with no land or compensation plot), and 53 per cent are relatively more proletarianized in the sense of having to perform more wage-labour (as we will see, many have only bought more marginal and distant land and/or are engaged in petty mercantile activities that furnish the equivalent of wage-labour). This exaggeration of pre-existing inequalities via the real estate market is physically visible in the garish village mansions that rise above the mud houses of neighbours. *Chai* stalls are filled with both those who are unemployed and waiting for wage-labour and those who no longer have to work and wile away their days conversing and playing cards.

Of course, it is those outside Rajpura who have the most economic, cultural and social capital; and it is they who have profited most handsomely from the commodification of Rajpura's land. At least one half of the JDA plots allotted as compensation are now in the hands of outside parties, mostly middle-class investors from Jaipur, Delhi and elsewhere who are just looking to flip the land once it appreciates. A significant, though smaller, percentage of land outside of the SEZ and JDA area has been bought up by large real estate concerns and, most probably, Jaipur politicians and bureaucrats laundering black money.²⁹

In sum, the major effect of the SEZ on the local economy is land speculation; land speculation is a social game in which one's ability to play is determined by economic means, cultural aptitude and social networks; and all of these are distributed unequally both within the villages and, more dramatically, between the villages and outside investors. A neoliberal compensation model premised on farmers becoming small land speculators or entrepreneurs will thus create very diverse individualized outcomes that, on the whole, will greatly magnify existing inequalities. The accumulation created by dispossession in this context does not simply operate through the transfer of assets from farmers to capitalists, but through the establishment of a whole chain of speculative rentiership that unevenly absorbs large and small capitalists, corrupt bureaucrats and politicians, urban middle classes and savvy well-positioned farmers.³⁰

²⁹ While this is difficult to prove in any particular instance, it is contested by no one that this regularly occurs, and that it occurred with the SEZ was admitted to me (or alluded to) by both bureaucrats and real estate developers. The only plausible explanation of the large bump in land sales in Rajpura in 2004 (before the SEZ was announced in 2005) shown in Figure 1 is that investors were tipped off by bureaucrats and politicians ahead of the SEZ's public announcement. It is reasonable to assume that these bureaucrats and politicians would have invested their own money in land around the project (or received kickbacks for the information). That some of that money would have been illicitly gained is quite likely, as multiple interviews (including those with government officials) made clear that land development agencies such as the JDA are illicit money-making machines for bureaucrats and the political parties (see notes 27 and 28). On the general role of real estate in laundering black money in India, see Kumar (2002).

³⁰ This chain of rentiership is somewhat different from the 'neo-rentier class', which Adduci identifies in Orissa as a particular social group of traditional landlords who now appropriate rent by virtue of their control over the state apparatus (2009, 492). In this context, I see rentiership as multi-scaled and involving different social groups, which includes those who control the state apparatus, but also the SEZ developer, real estate companies, and

CIRCULATION

What is interesting about the circulation of land money through the agrarian economy is not only its quantitative distribution, but its qualitative use. Table 3 summarizes the use to which proceeds from all land sales, plot sales and land broker commissions were put. After paying off debts (which are much higher for the lower castes) and putting money towards dowry and marriages, the first thing almost any farmer does when he gets a lot of money is to trade in his earthen (*kaccha*) house for a concrete (*pakka*) bungalow. While 10 years ago the vast majority of Rajpura's houses were *kaccha*, today only a minority remain so. House construction has become a criterion of distinction, with neighbours and family members competing to erect the most impressive concrete and marble structure.

After building a house, over 58 per cent of farmers who sold land or compensation plots bought other land. While the ability of different castes to buy more land with plot or land sales was unequal (80 per cent of Jats compared to 48 per cent of SC/ST castes), the strategies with which they bought land were also different. The small farmers who got adequate money for selling their JDA plots but were not business-savvy (the majority) tended to simply purchase as much farmland as possible in more rural villages (they are priced out of the local market). Since this land is typically far away (on average 53 km) and few want or have the means to leave their village (most people's houses were not acquired), most lease it out to sharecropping tenants of those villages. Even though they are now landlords, many small farmers consider this a loss, since they will only get one third of the grain they would have as self-cultivators, it is difficult to supervise tenants (who they often accuse of withholding grain) and transportation costs are significant. Moreover, a lot of the cheap farmland available for sale in surrounding areas is saline, with alkaline soils (interview, agricultural extension official, 13 October 2010) and so farmers are finding the land less productive. This exchange of land has only pushed them further towards proletarianization. On the other hand, those larger farmers who have made substantial sums selling their land often set themselves up as large absentee landlords in more interior villages. However, the moderate

Table 3. Caste-wise reinvestment of real estate gains

Caste category	Paid off debt (%)	Built house (%)	Bought land (%)	Became absentee landlord (%)	Bought urban plot (%)	Started shop/small business (%)	Drilled tubewell (%)	Bought tractor (%)	Bought tanker (%)	Gave loans (%)
General	56	78	67	33	22	44	44	33	22	22
Jats	80	60	80	40	30	50	70	40	30	10
OBCs	85	61	54	46	30	23	0	15	8	0
SCs/STs	92	68	48	44	32	12	12	2	12	12
Total	82	67	58	42	30	26	25	25	16	11

Note: The percentage of households who received any type of income from land transactions – land sales, compensation plot sales or brokering commission ($N = 57$) – who invested in any of the above.

multiple layers of real estate investors and brokers (of course, each appropriating unequal amounts of rent). One might actually consider the shrimp wholesalers and village-level agents in Adduci's account (2009, 493) as part of an analogous chain of rentiership.

surpluses that they will extract from tenants cultivating single-cropped land are only part of their calculation. The more commercially savvy often try to buy land in places where they anticipate land prices eventually rising via urbanization, so the land is more of a real estate investment than an agricultural asset. At whatever scale and for whatever purpose, over 46 per cent of families receiving any amount of land money have become absentee landlords. An additional 30 per cent have invested in plots in the many housing colonies coming up around Jaipur or smaller urban agglomerations near the highway. In sum, much of the local proceeds from land commodification circulates back through the rural economy as further land purchases, fuelling agricultural rentiership and land speculation. Ironically, the entry of the most advanced sectors of Indian capitalism into the rural economy appears to have had the effect of expanding rent-in-kind sharecropping.

After land, farmers with surplus money start small shops (*dukans*) and businesses. These include general provision stores, photo shops, car and construction parts shops, juice and *chai* stalls, and small vegetable stands. Some of these are relatively profitable (over US\$220 per month) and their owners are happy with their new occupation (especially if they still have farmland left), while many others see their business as less profitable and more onerous than farming. Several shopkeepers and petty traders have reported to me having profits that are equivalent to or less than the going rate of casual wage-labour (but without the hard work), and some of these new enterprises quickly go out of business, attested to by several shuttered shops in Rajpura's market. Of course, cultural capital is instrumental in determining not only how much money people make from land but also their ability to convert that money into capital. While these petty mercantile activities represent an avenue to upward mobility for a few, for most they represent a survival strategy to avert complete proletarianization.

In addition to shops, another popular investment for those with significant capital leftover (mostly in the upper castes) is tractors, water tankers and tubewells. While tractors and tubewells give the impression of investments in productivity (and are the closest any of these investments come), most are not used for agriculture. Many tubewells are for home consumption (to buy one's way out of the local drinking water problem) and/or for selling water for construction purposes to Mahindra and other real estate developers, and for consumption purposes to fellow villagers. Where enough exists, some surplus is used for irrigation on any remaining land. The tractors are used more for pulling the water tankers, or for transporting construction material (some are owner-operated, some rented out and some owners employ a driver). These businesses might gross over US\$200 per month, but after diesel costs and the interest on the loans that are often used to cover at least part of the upfront investment, they turn out to be not so lucrative and are subject to the fickle demands of the SEZ. One rich Jat farmer has bought an expensive earth-moving machine that he leases out to companies in the SEZ at US\$11 per hour. Rajpura's former *panchayat* head (*sarpanch*), also the village's biggest land broker, has built a large building in the village market in which he rents out shop space and rooms to outside labourers. Quite a few with land money in the bank have also become informal moneylenders, lending it out here and there at a steep 2–3 per cent monthly interest (24–36 per cent annually). While the survey shows that 11 per cent of those who received land money (and 22 per cent of the general castes) used some of it for usury, the figure is probably higher, as I found several people (who *were* moneylenders) hesitant to admit it. Shopkeepers also act as moneylenders by selling consumer merchandise on credit. Some of the capital thus obtained through land commodification recirculates through the local economy as interest-bearing usurer's capital.

Thus, money flowing into the village via land commodification largely goes into sharecropping, land speculation, usury and various forms of petty mercantile activity – much of

which Marx would call *antediluvian* or pre-capitalist forms of capital (1981, 728) – not the modernizing effects one might expect from an SEZ filled with the largest companies of India's much-heralded 'knowledge economy'. While no one would deny that these forms exist within a capitalist setting in which people must sell commodities – including labour-power – to survive (Gibbon and Neocosmos 1985), the point is that these investments are mostly in the sphere of circulation, not production, are not in any way functional to capitalist development and are mostly not 'articulated' (Wolpe 1980) with the particular form of capitalism developing inside the SEZ. Rather, they represent socially differentiated strategies for using the gains of land sales in an appreciating real estate market – the main *externality*, in this case, of accumulation by dispossession. The substantial real estate gains of the dominant agrarian classes have expanded their ability to profit from non-productive forms of exploitation and rentiership. The more modest forays of the semi-proletariat into petty rentiership and trade are essentially survival strategies to avert proletarianization in the wake of dispossession for a form of capitalist accumulation that, as we will see, does not need them.

LABOUR IN THE 'WORLD CITY'

When large companies enter a rural village, a considerable hope of residents is that they or their kids will receive employment. Indeed, this is often the promise given by companies and governments to convince farmers that they will benefit from having their land acquired. However, the IT/BPO industries hold little promise for absorbing the surplus labour of rural India.³¹ Most of the youth working for IT majors Infosys or Deutsche Bank inside the MWC have BAs or MAs in business or accounting. For Infosys, they must speak English to engage with their overseas clients. In Rajpura, only 56 per cent of the population over six years of age is literate (Census of India, 2001) and only 50 per cent of households contain someone who has passed the 10th class (survey by author). Those who do have higher degrees typically have inflated ones from the new, second-rate for-profit colleges that have sprouted up around Jaipur. Hardly anyone in the village speaks more than a few phrases of English, including the teachers in the English-medium schools. Even the canteens operating in the SEZ prefer to hire people from outside the village, because they say that local people do not have the 'proper manners' and 'discipline' to properly serve the urban middle-class employees (and especially women) working in the SEZ. Consequently, the only jobs that most local people can hope to get in the SEZ are as gardeners, drivers, guards or cleaners. These jobs are subcontracted out to various contractors (*tekedars*) and are therefore temporary, insecure and low paying, at around US\$75 per month (again, less than the income from keeping two buffalo).³² Moreover, they are few in number. Only 14 per cent of households in my sample received some employment in the SEZ, all of them through contractors (and those who lost land complain that this is only one job when the whole family has become 'unemployed'). The only other opportunity is to do construction labour for US\$3 per day through even more informal labour contractors. However, under the prevalent 'footloose' migratory labour regime (Breman 1996), in which the preference is always for more easily

³¹ The effects of the to-be-established handicrafts and gems and jewellery zones may be different. Handicrafts work is often piece-rate work that is subcontracted out to the informal sector and done in people's homes. This could introduce more classic labour exploitation rather than the labour marginalization that we see in the IT zone. This remains to be seen.

³² By comparison, the jobs that educated youth do within Infosys or Deutsche Bank have a starting salary of Rs.10,000, or US\$220, per month.

disciplined non-locals, at least three-quarters of these workers are brought in from other states such as Bihar or Tamil Nadu, or other districts of Rajasthan, and live in makeshift tent encampments around the SEZ. My interviews with these migrants suggest that they are typically land-poor or landless, from villages more remote than Rajpura (where people can commute to Jaipur for work), and for them the SEZ is just one more temporary construction site, no better or worse than any across the subcontinent.

I did not encounter one person from any of the villages who is directly employed by Mahindra, Infosys or Deutsche Bank. As petty land brokers mediate any benefit that farmers might get from the commodification of their land via the SEZ, so labour contractors mediate any benefit they might get from the commodification of their labour (Breman 2007). In this role of articulating the formal and informal economy, both, of course, take their slice of commission. The contractors doing the security or landscaping work may be somewhat more established companies, based in Jaipur or Delhi. The construction contractors, however, are small, informal, fly-by-night operators, recruiting gangs of workers from villages all over India. There is often a 'small' contractor, himself often a former worker, who directly recruits workers and supervises the work for a somewhat higher wage of US\$4.50 per day. Employing numerous small contractors is the 'big' contractor, who appropriates the difference between what the companies pay per day, or per metre of road built, and the wage that he gives to the workers. Contractor work is, by definition, temporary and insecure. Any fluctuation in demand for work can be met with immediate layoffs. There are no benefits and no unions. One local construction worker I spoke with, who convinced fifteen of his co-workers to stop work over underpayment of wages, was immediately fired along with the others. It is almost inconceivable to organize across the fifty or so contractors that might be doing construction work at any one time, each group coming from different states, speaking different languages and working under contracts of differing durations. Because these gangs can be dissolved and reconfigured at will, labour contractors cannot be held accountable. After having his arm and leg injured when they were trapped under a stone slab, one young worker from Rajpura was abandoned by his contractor, who ran away to avoid paying the medical expenses. Thus, any employment benefits that rural people might get from the formal economy of MNCs are mediated by this relatively informal class of labour brokers, who guarantee that those benefits are precarious and meagre.

In the gap created between the loss of land and the lack of employment opportunities in the SEZ, the National Rural Employment Guarantee programme (NREGA) provides a basic minimum support to many families. Passed in the same year as the SEZ Act, NREGA guarantees one member of every rural family 100 days of work – typically on public works construction – at Rs.100 (a little over US\$2) per day. According to the survey, 51 per cent of households and 76 per cent of SC/ST households were doing work under NREGA. The vast majority of NREGA workers in these villages are women. While NREGA provides essentially extra income (especially for the men, who send their wives to do the work), this widespread participation in a scheme that pays less than the market wage suggests the limited capacity of the SEZ to absorb the labour of the peasants that it dispossessed.

THE POLITICS OF DISPOSSESSION

The compensation through speculation model of land acquisition adopted by the Rajasthan government, combined with the background condition of water scarcity, averted a militant countermovement to the SEZ, as witnessed elsewhere. It is not that farmers consented; the acquisition was compulsory. But enough farmers initially saw a potential benefit in the prospects of getting rich quick through land values to avert collective resistance. Farmers also

claim that they were promised jobs and 'first class' infrastructural improvements to the village, such as 24-hour electricity, roads, schools and medical clinics. Agitation by a few Members of the Legislative Assembly (MLAs) led to an increase in the compensation from 15 per cent to 25 per cent of the original land area. A few farmers and outside real estate parties who had previously bought land in the area filed cases demanding 35 per cent. But no organization (*sangatan*) or movement (*andolan*) emerged to challenge the land acquisition.

However, as the years went by and the promised JDA plots still had not materialized, discontent grew. People had surrendered their farmland and grazing commons to Mahindra and were sitting in the village unemployed, with no source of income. Many were forced to sell the rights to their JDA plots early and at a relatively cheap price. The SEZ was developing slowly and, moreover, few people were getting jobs. The JDA was even demanding expensive lease fees to take possession of the compensation plots. The former *thakur's* grandson and the heads of the few surrounding *panchayats* organized a short-lived *sangarsh samiti* (struggle committee) to protest against Mahindra and the JDA, demanding their JDA plots and cancellation of the lease fees. At one or two protests, farmers blockaded the MWC gates and overturned government vehicles. After this small uprising, things calmed down and there have been no subsequent protests. The *thakur's* grandson, a former Citibank investment banker and now *sarpanch* of Rajpura, says that he is letting things take their course through the system; many farmers believe that the leaders were bought off by being allocated nice JDA plots.

Discontent continues to brew in the villages, but when I ask farmers why they do not start a *sangatan* (organization), at least to demand the timely completion of their JDA plots, they say that it is impossible because all unity (*ekta*) in the village is gone. Some have become brokers and many others have already sold the rights to their land, so they have nothing to fight for. While we should not overstate the prior unity of a caste and class divided rural society, there is a general feeling that money has corroded any sense of solidarity in the village and even within families. As some of the farmers put it, 'Everyone just builds their own house' (*Sab apne apne ghar banate hai*). With more than a few people being cheated by local brokers, trust is low. In situations in which the government simply expropriates land from farmers with uniformly bad compensation, it has in many instances across India generated at least an instrumental solidarity across class and caste lines to fight a project. But the market-oriented compensation policy has created very individualized and therefore unequal relations to the SEZ, enlisted some fraction of the village as self-seeking middlemen and effectively undermined any basis for collective action.

There are, however, 'everyday forms of resistance' (Scott 1985) to enclosure. Some farmers have physically tried to prevent JDA officials and police from taking possession of their land. In several places, the perimeter fencing around Mahindra's 3,000 acres has been torn open and people freely graze their livestock inside. Some people continue to cultivate their acquired lands inside the fencing where Mahindra has yet to start any construction. Yet, in a sobering twist to this politics of occupation, I found that some of those cultivating inside the MWC boundary were actually sharecropping the land of landlords (like the *thakur*) who no longer possess title but are still able to expropriate surplus grain from the landless tenants willing to cultivate it. The tenants explained that they did not know anything about all these legal technicalities, and that if they did not give the landlord his share he would create problems for them. Thus, the local relations of domination find their way even into what appears to be an 'everyday form' of anti-enclosure resistance.

Whether the simmering anger among a significant section of Rajpura farmers will be channelled into further acts of organized opposition remains to be seen. If it does, it will

probably involve only those who are still awaiting their much delayed compensation plots and will demand only their immediate delivery. The market-based compensation model has fractured people's interests *vis-à-vis* the project and effectively kept opposition within the terms of the state's policy; that is, receiving a stake in the commodification of land. The SEZ continues to expand slowly, and Rajpura residents adjust, according to their ability, to the peculiar transformation sweeping through their village.

CONCLUSION

Rajpura is a crucible in which a 'great transformation' of Indian society through land dispossession and commodification can be seen in the micro-processes of village life (Burawoy 2009). Yet rather than reify the state and capital as the background to these local changes, I have tried to give more specificity to the actions and strategies of state governments and the different fractions of the capitalist class. Thus, rather than seeing accumulation by dispossession as a generic outcome of over-accumulated capital needing an outlet (essentially an increase in demand), I see it as a political process through which the state assists capitalists in overcoming the barrier to accumulation presented by not fully capitalist rural land markets (which create a 'sticky' supply). The problem for capital arises because the majority of available land in India lies with smallholding peasants who often do not treat their land as a pure financial asset to be bought and sold on the market and, in enough cases, lack clear and updated titles. In the neoliberal context of increasing demand and intense inter-state competition for investment, this supply problem has given rise to what I call a land broker state that uses extra-economic coercion to expropriate increasing amounts of private and common land for private capital accumulation. Making such land available for industrial, commercial and residential growth is the principal function of industrial development corporations and urban development authorities in India today (also see Goldman 2011). As this land is usually acquired from farmers and given to large (national and multinational) corporations, this amounts to a systemic policy of reverse land reform. SEZs have now become the largest and most prominent type of project for which these agencies acquire and distribute land.

The private developer of an SEZ is thus a state-appointed landlord, making the analogy – offered by some Rajpura residents – with the feudal *jagirdars* of pre-independence Rajasthan not entirely inappropriate. But perhaps the post-enclosure English gentry is the most apt comparison, as the dispossession of peasant property for SEZs is justified not by hereditary descent or military service, but by the implicitly Lockean notion that land should go to those most capable of 'improving' it, or in modern parlance the 'highest and best use'. As in England, enclosure has helped to form a 'three class model' of capitalist accumulation, though in this case one that has nothing to do with agriculture; instead of gentry leasing enclosed land to capitalist yeoman farmers who exploit dispossessed peasants, capitalist developers rent expropriated farmland to IT companies employing middle-class professionals. The 'improvement' offered by the capitalist landlord is the transformation of farmland into a developed enclave, in which entirely capitalist land markets prevail and producing companies can acquire unencumbered land with the necessary infrastructure. While Marx conceptualized the rate of exploitation as the relationship between the worker's wage and the surplus value expropriated by the capitalist we can say that the rate of accumulation by dispossession is the ratio between the artificially low price at which the state transfers land to capitalists and its ultimate appreciation – in the case of SEZ developers, the market value at which they are able to resell the land after the costs of improvement. With capitalists trying to maximize this rate and farmers trying to minimize or

eliminate it, accumulation by dispossession is thus creating a new terrain of class struggle across India based on rents from land rather than the surpluses from labour.

Reflecting the service-biased growth of both SEZs³³ and the Indian economy as a whole (Goldar and Mitra 2010), the main customers for MWC's developed land are IT companies providing back-office services to multinational clients. The accumulation occurring within the producing units of the SEZ are thus highly knowledge-intensive and require education and language fluency beyond what is possessed by most agrarian populations. What little rural labour is absorbed by the SEZ is low-paying temporary service or construction work, mediated by contractors. For the dispossessed, such jobs do not compensate for the lost long-term asset of the land and the livestock economy based on it – contrary to modernist assumptions, being a guard for Infosys is not necessarily progress from single-crop farming and cattle rearing. Overall, accumulation by dispossession is creating a pool of surplus rural labour that is more marginalized than exploited by the new economy that is being created on their former means of production (see also Sanyal 2007).

Without significant employment, the main way in which the accumulation in the SEZ spills into rural society is through speculative land commodification. Contrary to older forms of dispossession – for mines or dams – in which land was expropriated for the natural resources it could deliver, in SEZs land is dispossessed so that it can be commodified as urban space. Its main effect on surrounding rural areas is appreciating land values, and Rajasthan's compensation policy was premised on including dispossessed farmers in this process. However, real estate is a social game that people have unequal abilities to play, both within a rural context and between the village and city. The consequence is a drastic amplification of inequalities based on prior land distribution and forms of cultural and social capital that are highly associated with caste hierarchies. While those with the means of developing or selling their land at the right time or who have the savvy and connections to become brokers accumulate vast amounts and build rural mansions, many small farmers and (disproportionately Dalit) semi-proletarians have seen their assets disappear and have fallen down definitively into the underemployed rural proletariat. However, what the village elite has been able to accumulate does not compare to the profits available to the better-capitalized and more market savvy-outsiders, from Mahindra to big housing developers, middle-class investors, Jaipur-based land brokers and connected politicians. While, for Harvey, accumulation by dispossession always implicitly pits capital on one side versus peasants and workers on the other, we can say that in some cases it also creates a whole chain of brokerage and rentiership, which extends from multinational investment capital down to market-savvy rural elite. This, of course, has the political implication that, in some cases, dispossession can fragment and individualize a peasantry rather than unite them in opposition to capital.

The stark contrast between classical theories of primitive accumulation in agriculture and the processes of state-mediated land dispossession and commodification observed here is further shown by the non-productive ways in which land money recirculates through the rural economy in 'antediluvian' forms such as interest-based capital, petty mercantile capital or back into land, where it is realized through sharecropping rents or further land speculation. This articulation of IT development and speculative real estate capital with very old forms of economic activity suggests the possibility that the entry of the most advanced sectors of the Indian economy into the countryside may reinvigorate pre-capitalist forms of rentiership and exploitation rather than unleash productive transformations.

³³ IT and ITES account for two thirds of the approved SEZs in India (Ministry of Commerce and Industries Website on Special Economic Zones in India).

Almost 600 SEZs have been given formal approval by the Government of India, 62 per cent of which are in the IT sector, with another 10 per cent in other knowledge-intensive industries such as pharmaceuticals and biotechnology (Government of India n.d.). Most of them are being developed by real estate companies. Many are having land acquired for them by land broker states on the rural periphery of cities or near ports. The nature of accumulation by dispossession and the resulting agrarian transformation described here thus, has more than marginal significance. When we consider that similar processes are under way in the everyday activities of industrial development corporations and urban development authorities in acquiring rural land for industry, housing developments and office buildings, this suggests that India is undergoing a process of accumulation by dispossession that is both qualitatively unique (in its focus on non-labour-intensive industries and speculative real estate) and unprecedentedly vast. While many would surely argue that sacrificing some amount of farmland is necessary for a country's industrial progress, this analysis points to the questionable path of development that is being fuelled by dispossession under neoliberalism in India today. While one could imagine a society in which the disjuncture between the slots created by accumulation and the position of those being dispossessed for it was not so great, perhaps making accumulation by dispossession less traumatic, this paper suggests that under the current political-economic conditions and trajectory of India, this process is likely to deprive the poor of productive assets and food security, amplify existing class and caste inequalities, and reproduce exploitative social forms while generating rentier and non-labour-intensive production that will marginalize or only precariously employ the dispossessed.

More consequential than the normative conclusions that we might draw from this are the conclusions that farmers themselves are drawing. The other historically unique feature of India's vast process of accumulation by dispossession is that it is taking place in a democracy where farmers are rigorously subjecting it to political challenge. Anticipating the likely consequences of dispossession, agrarian counter-movements across India are successfully hampering the abilities of states to broker their land for capitalists, putting governments on the defensive and making land acquisition one of the most contentious political issues in India today. While many observers attribute this widespread resistance to farmers' 'emotional attachments' to land, this analysis suggests that it may also reflect a sober assessment of the consequences of forfeiting land in the current political economy of India.

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