

A Step towards Searching Alternative Method for Evaluating Welfare Loss Caused By Development-Induced Displacement

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ABSTRACT

Displacement and deprivation are intrinsic to India's development. Though the standard perception is that development raises the standard of living through economic growth and improved services, studies and experience in recent decades show that the benefits do not reach every class. On the contrary, some classes pay the price of the benefits that other classes get. One of its reasons is that development projects require a huge land area, most of it the resource rich backward regions. The number of displace (DP) and project affected persons (PAPs) grew with planned development, but the country lacks a reliable database on their numbers, on their rehabilitation and the extent of land acquired. In various time central government and many state government has been taken different rehabilitation policies for displace and project affected people. But the people are not getting proper rehabilitation. Thus the question arises; why is the proper rehabilitation absent? Is it because of the lack of proper evaluation of welfare loss caused by such displacement? Sometimes the Contingent Valuation Method and Cost-Benefit Principle have been used to evaluate the welfare loss of involuntary displacement. But they have not given any suitable result. One should try how best laws, policies etc can be reconciled with people's expectation. This would require construction of a social welfare function without violating the critical no-worse-off principle of social choice theory, from a set of theoretical individual welfare function. Towards this, identification of determinants of individual welfare function will be done through secondary as well as primary data.

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I. INTRODUCTION

Development literature has traditionally presented development as increasing wealth and income, a higher standard of living, improved technology and industrial progress by creating incentives for investment. Its criterion is the Gross National Product (GNP) and economic growth. It relies heavily on capital investment and advanced technology to harness existing natural and human resources. Land is basic to these projects and usually the state provides it to the executing agencies through compulsory acquisition. Such acquisitions displace people from their traditional habitats and sustenance. Thus displacement and deprivation are intrinsic to India's development. That has been one of the factors leading to rethinking on development. Though the standard perception is that development raises the standard of living through economic growth and improved services, studies and experience in recent decades show that the benefits do not reach every class. On the contrary, some classes pay the price of the benefits that other classes get. One of its reasons is that development projects require a huge land area, most of it the resource rich backward regions. Many of these areas are inhabited by tribal and other rural poor classes whom the project forces to sacrifice their sustenance in the name of national development. But its benefits do not reach them. While displacement thus alienates a large number of persons from their livelihood, rehabilitation has also been weak in most states.

Development-induced displacement and deprivation is not new in India. It goes back to the age of the Guptas in the 3rd to the 6th century A.D. However, deprivation did not hurt much in the past because of a low population density and abundant land. It continued in the Mughal age but got intensified in the colonial age and accelerated further after 1947.

From ancient times to the Mughal age there are several instances of displacement by projects build by emperors or kings. For example, in the 18th century the Jai Samand Tank near Udaipur in Rajasthan displaced many families. The process was intensified in the colonial age since the main objective of colonialism was to turn the colonies into suppliers of capital and raw material for the European Industrial Revolution and captive markets for its finished products. Beginning from the early 19th century the British colonial regime opened coal mines in Raniganj, coffee plantations in Karnataka, tea gardens in Assam, built the Grand Trunk road, started the public works Department and initiated countless other projects. The exact number of persons affected by these changes is not known. Dadhabhai Naoroji (1988) claims that they deprived 35 million persons of their livelihood, disrupted their lives and impoverished them.

Post- independence India sought to achieve rapid economic growth through planned development under the successive five year plans. Large-scale investment was made in projects like dams, roads, mines,

power plants, industrial establishment, defence bases, new cities and others. A pre-requisite of these projects was land acquisition. This brought irreversible changes in land use and in the lives of millions of people who had earlier depended on that land. The number of displaced (DP) and project affected persons (PAPs) grew with planned development, but the country lacks a reliable database on their numbers, on their rehabilitation and the extent of land acquired. Some scholars have tried to make an estimate of these numbers. An initial estimate was 21.3 million DP/PAPs 1951-1990 (Fernandes, 1981) but studies of all displacement 1951-1995 in Kerala (Muricken et al 2003), Andhra Pradesh (Fernandes et al. 2001), Orissa (Fernandes and Asif 1997), Jharkhand (Ekka and Asif 2000), Goa 1965-2001 (Fernandes and Naik 2001) and West Bengal 1947-2000 (Fernandes et al. 2006) make one believe that their number 1947 through 2000 is much closer to 60 million (Fernandes 2008). Most DP/PAPs are from the powerless rural poor classes. Tribals constitute 8.08% of the country's population, but are estimated to be 40% of the DP/PAPs. Some put their proportion at even 50%. For example, tribals are 40-50% of the 40,000 families uprooted by Sarder Sarovar. In Assam, 90% of the DP/PAPs of the Karbi Longpi and Kopili Dams were tribal. 20% of the DP/PAPs all over India are Dalits, another 20% belong to other marginalized classes like the fish and quarry workers (Fernandes & Bharali, 2011).

II. DIFFERENT REHABILITATION POLICIES IN INDIA

One knows that land loss without livelihood alternatives results in impoverishment and marginalization. The former is expressed in landlessness, joblessness, homelessness, poor food security, malnutrition, higher exposure to diseases, morbidity and mortality. The latter entails disruption of their social, cultural and economic networks. Studies show that fewer than 20% of the DPs have been resettled. Orissa has resettled 35.27% of its DPs 1951-95, AP 28.82% and Goa 40.78%. Gujarat has resettled around 20%, Kerala 13% and West Bengal 9%. Even when they are resettled, the DPs are provided very few facilities. As a result, rehabilitation is low. For example, the irrigation dams like Mayurakshi in West Bengal, Ukai in Gujarat and Nagarjunasagar in AP did not provide irrigation facilities to their DPs. Many officials say that compensation itself is rehabilitation. But for exceptions it is paid only for patta land and the amount paid is inadequate (Fernandes & Bharali, 2011).

All of this shows the need to rehabilitate the DP/PAPs, but the country did not have a rehabilitation policy or law for more than five decades of planned development. The policies that have now been promulgated are weak. India adopted its first rehabilitation policy in February 2004 and a second one with a few changes on October 31, 2007. But those sets of policies were only drafts and were never placed in parliament for discussion (Guha, 2005). Most persons involved in action or studies among the DP/PAPs have expressed dissatisfaction over these documents. The Land Acquisition Act, 1894 does not have any provisions for rehabilitation (Vaswani, Dhagamwar and Thukral, 1990). At the central level, the process of policy formulation began with the T.N. Singh Formula 1967 which stipulated that public sector mines and industries give a job per displaced family. SCOPE, the apex body of public enterprises, abandoned it in 1986 because unskilled jobs are become scarce after the move towards mechanization. The next step was taken 18 years later in 1985 when the Department of Tribal Welfare of the Ministry of Welfare appointed a Committee agreed with the need for a policy but said that it should apply to all the DPs, not tribal people alone. Eight more years later, in 1993, the Ministry of Rural Development prepared a new draft policy and revised it in 1994. Silence followed until 1998 when the Ministry of Rural Development prepared a new draft. The alliance found much of this new draft acceptable, but the same Ministry also prepared amendments to the Land Acquisition Act that went against most of the principles enunciated in the draft. The ministry of rural development has made public a draft National Rehabilitation Policy in 2006. But unfortunately, the draft of 2006 pointedly excludes unmarried adult daughters from being treated as a family (Singh, 2006). Way back in 1980, the World Bank adopted a policy concerning involuntary resettlement. But this policy makes no provision for information to and consultation with the public, before a decision is taken about the project that displaces them (Sahaee, 2003).

In 1985, Madhya Pradesh enacted a law for resettlement and rehabilitation that did not apply to central government projects (Guha, 2005). West Bengal and Assam still continue have a substantive number of displaced families through land acquisition and till today have shown no interest in enacting any rehabilitation law in the states (Guha, 2001). Though Orissa's draft resettlement and rehabilitation policy 2006 is an improvement upon the National Policy, it does not address the issue of gender properly (Jena, 2006). None of the policies has specific provisions for landless laborers who has been given agricultural land by the reform programs, but again loses land through acquisition for a development projects (Guha, 2005). Thus the question arises; why is the proper rehabilitation absent? Is it because of the lack of proper evaluation of welfare loss caused by such displacement?

III. METHODOLOGICAL ISSUES

Majority of policies in our country has not evaluated welfare loss properly. The Land Acquisition Act, 1894 (Amended in 1984) provides for payment of only cash compensation and only to those who have a direct

interest in the title to such land (Vaswani, 1988). The law does not compensate loss of livelihood, loss of shelter, loss of habitat, loss of cultural resources, loss of access to basic amenities (Mander, 2005). None of the policies of India like National Rehabilitation Policy- 2004, Gol Draft- 2006, Orissa's Draft Resettlement and Rehabilitation Policy- 2006 have not been included the traumatic psychological and socio- cultural consequences of involuntary displacement properly (Jena, 2006). Policies of India do not aware of the element of human rights in case of involuntary displacement (Cullet, 2001).

Because of the disturbance of these factors, the project affected person has not remained in the same position as before. But according to the principle of "no-worse-off" put forth by Pareto, the post-project well being of the household should remain at least same as before. According to the no-worse-off principle, a Pareto improvement is a situation where it is possible to make at least one-person better- off without making anyone worse- off. When cases are distinctly marked by Pareto improvements choice becomes evident. The problem starts when somebody is made better off at the expense of some others well-being. Under such a situation, compensation criterion posits that if gainers can compensate losers so that losers are made at least no worse off than before; and gainers still remain with some gain then obviously this simply indicates a Pareto improved situation and, hence, indicative of increase in welfare. The validity of such a compensation criteria in the form of actual transfer of resources from gainers to losers, although, is justified by of Pareto criteria, however, is conditioned by some strong a priori assumptions like equal marginal utility of money across all echelons of income distribution.

Sometimes the Contingent Valuation Method and Cost-Benefit Principle have been used to evaluate the welfare loss of involuntary displacement. But they have not given any suitable result. In cost-benefit principle, "costs of resettlement are calculated as part of the total project cost." Since efficient project design framework insists upon minimization of costs of all sorts, there is an inherent risk and tendency of under-compensation when resettlement cost is conceived as a constituent of total project cost. Cost-benefit analysis justifies a project economically when the sum of a projects benefit outweighs the sum of project costs. But cost-benefit analysis overlooks distribution patterns- distribution of both costs and benefits. It does not ask who is paying the costs, who specifically is getting the benefits, or who is losing. It only assesses the total effect of the project design to determine how it stacks up relative to other involuntary alternatives (Cernea, 1999). Cost-benefit analysis also does not answer the risk accruing to various subsets of individual. Real impoverishment risks are distributed differently than project benefits. Aggregate benefits may be real, but they do not automatically offset each individual costs. Cost-benefit analysis is methodologically questionable not only from a social perspective, but also from a market perspective. Market valuation is based on voluntary exchange between a willing seller and a willing buyer. Resettlement is involuntary; it imposes administrative acquisition of assets (Cernea, 1999). Although, contingent valuation method used most widely to evaluate welfare loss, but it is based on an unrealistic assumption that marginal utility of money is constant for all people (Hanley, Shogren & White, 2005). Apart from this, it suffers a systematic over or under-statement of true willingness to Pay or willingness to accept compensation (Hanley, Shogren & White, 2005). Thus it is clear that welfare loss caused by involuntary displacement has not been evaluated properly till now. Lack of a rigorous and generally accepted methodology leaves room for large degrees of imprecision and arbitrariness in allocations. The result is the under-financing of resettlement operations in project after project. Such under-financing directly deprives projects and resettlers of the material means needed for post-displacement recovery and development (Cernea, 1999).

IV. CONCLUSION

The study pointed out that displacement has been high and resettlement has been poor. The policies only speak of the need to minimize displacement without specifying the modes of doing it. The rehabilitation policies have some good points but in their present form they cannot result in rehabilitation. In different times various methods have been used to evaluate the welfare loss caused by development induced displacement. It is clear that welfare loss caused by involuntary displacement has not been evaluated properly till now. One should try how best laws, policies etc can be reconciled with people's expectation. This would require construction of a social welfare function without violating the critical no-worse-off principle of social choice theory, from a set of theoretical individual welfare function. Towards this, identification of determinants of individual welfare function will be done through secondary as well as primary data.

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