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O.P. Jindal Global University

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Beyond Dispossession
The Politics of Commodification of Land under Speculative Conditions

Swagato Sarkar

The land is one of the registers used to understand the transformation taking place in India. The issue at hand is the commodification of land, and the question is how we understand the conditions of possibility and impossibility of this commodification. The dominant public policy discourse considers the determination of the price of land and compensation for land losers and the development of a functional land market as its conditions of commodification. The critical academic and activist discourses see the political struggle between the landowners and the state-capital as the condition of commodification. The land acquisition by the Indian state through the erstwhile Land Acquisition Act of 1894 and the new act of 2013 is seen as a case of “primitive accumulation” or “accumulation by dispossession,” which is part of a global strategy to grab land, creating a surplus population, mostly in a coercive way. The “accumulation by dispossession” is a powerful and popular analytical framework, which I want to critique and frame the problematic in a different way.

David Harvey argues that periodically capital gets over-accumulated and new spaces for investment are required to be opened up and brought “within the capitalist logic of accumulation.” The independent producers are dispossessed of their means of production and are converted into wage laborers. Along with this, various common property resources and public services are privatized. The global finance capital is the midwife of this process of accumulation by dispossession, and “land grabbing [might be seen] as an outcome of the inter-relating processes of privatization and financialization.”

Michael Levien modifies Harvey’s framework by rejecting the claim that dispossession of land can be seen as an attempt to overcome the problem of over-accumulation, for example, India’s countryside is not absorbing global capital. Levien points to the diversity in the land acquisition process and resistances to it, and he emphasizes the extra-economic approach where the state uses the power of eminent domain and acts as a broker for capital. He notes that agricultural land is acquired by the state at a lower price and is transferred to private companies, which can sell this land at a higher price. He calls the ratio
between the two prices the "rate of accumulation by dispossession."  

Harvey’s theorization of accumulation by dispossession can be seen as an attempt at creating a metanarrative of capitalism, operating with a master logic of accumulation, where the global capital rules the roost, displacing and subsuming local capital and labor. This narrative is blind to the agency of the local. Levien’s reconstruction of Harvey’s framework tries to overcome these limitations. According to Levien, the farmers know the price of their land and are not necessarily against dispossession; they use their political power to obtain higher compensation. Thereby, he reduces the question of commodification to a problem of the price of land and compensation.

In this essay, I want to break out of the dispossession-compensation coupling and disaggregate the land question in India. The inspiration for such an exercise comes from Harvey’s early work on land where he points to Karl Marx’s functional distinction of land: the land “as an element, a means, or a condition of production, or simply be a reservoir of other use values (such as mineral resources).” He notes, “Exactly how these different functions acquire political-economic significance depends upon the kind of society we are dealing with and the kind of activities set in motion.”

I will argue that we need to understand each of these functions of land and their transformation from one into another more carefully. It is not enough to claim, as Levien does, that the land acquisition process is diverse. The state cannot be simply reduced to a broker of capital, nor does the forceful acquisition of land by the state automatically open up a (speculative) land market. In our case, while the state opens up a landscape for transformation through its legal and planning instruments, the actual process of commodification depends on the way the social agents—landowners, investors, and real estate developers—organize themselves and participate in this new political economy of land. It is expected that the existing power relationships between these social agents and their political status vis-à-vis the state will play a role in this process. But we also need to take into account the capacity, orientation, and predicament of these social agents, particularly the landowners, and how the land acquires a social status. On the other hand, we need to study the logic of capital in this market and the speculative price formation of land.

To capture the complexity, I will present an ethnography of the transformation of land from being “a means of production” to “a condition of production,” with the attendant emergence of land markets in Sonipat. Sonipat is a district in the north Indian state of Haryana and has a capitalistic agrarian economy. I will demonstrate how the Master Plan for Sonipat-Kundli Multifunctional Urban Complex splits the district into interlinked micro-land markets, each operating with distinct logics and creating closed circuits of circulation and accumulation of capital. The landowning farmers in this district mostly belong to the Jat community, a politically powerful and rich agrarian caste. These landowners are preparing themselves for the looming transformation in their lives and developing a capacity to manage the speculation. As I will argue, we need to take into consideration this capacity of the landowners, which they partially developed through their earlier socialization in the market economy, and their speculation about the future of their family, which compel them to control the supply of land in the market and moderate the process of commodification.

The Emergence of Jats as a Dominant Landowning Caste

The ascendancy of the Jats to the position of dominance converges with the history of land as a private property. Scholars argue that the strong communal solidarity among the Jats forged this convergence and has helped them gain control over land and emerge as a formidable agrarian caste in the entirety of northwestern India. The Jats are a clan-based society. Their social life is organized along patrilineal and exogamous gotras.
(clans) with strict matrimonial norms, which had apparently laid the foundation of a sense of biradri (brotherhood) and the social ethic of bhaichara (brotherly) relationship with each other. This social organization had helped them create a cohesive society, which, in turn, was leveraged to gain political power.

Kai Friese has shown how the Jats started consolidating their hold on the village political economy from the Mughal period, particularly after the 1857 Mutiny during the British colonial rule in the Upper Doab in the erstwhile United Provinces. The Jats were peasants and tenants and relatively poor. They participated in the 1857 Mutiny in large numbers. To mollify them, the British reduced the revenue on land, built new canals and renovated the existing canal networks in the region to develop agriculture. Whenever an estate was sold by the state, “the Jats from scattered villages” would pool their resources to buy it and then “send a colony of fellow Jats to inhabit and cultivate it.” Sometimes, they would adopt unsavory practices and would “force, arson, and even murder.”

The British promulgated new laws that secured the rights of the tenants: the power of landlords to increase rents was reduced; tenants could no longer be easily evicted; tenancy almost became heritable; and landlords could not buy out the tenants’ rights of occupancy. After independence, the state offered the peasants the opportunity to purchase the bhumidhari (land possession) rights, which provided them “the right of transferring their land and of putting it to any use they like[d].” Perhaps, this sense of security and pride over their possession led the Jat farmers to call themselves zamindar (usually meaning “big landlord”), not kishan or krishak (peasant or farmer), which is the norm in various parts of India.

From the late 1960s, the central government started implementing the Intensive Agricultural District Programme, popularly known as the “green revolution” programme, in a few districts of Haryana, which completely changed the economy of these districts. The government offered cheaper and more easily available credits and had set up agricultural markets. The landowners gained relative control over the credit flow at the village level and usurped government subsidies. They could use the credit more productively, generating surplus, while the poorer landless peasants still borrowed money for consumption. Such application of technology arrived quite late in Sonipat, around the early 1980s, mostly through private initiatives. Usually, one or two persons in the village would buy a tractor, and others would hire it. The farmers also bought high-yield seeds, fertilizers, and motor pumps for drawing underground water. Though the green revolution did not lead to the proletarianization of landless laborers, the landowning farmers became more prosperous. The cultivation of the long-grain Basmati rice helped them earn a much higher income than what they used to get from other crops, converting them into rich farmers.

Since the 1970s, the Jat landowners leveraged their newly found prosperity to gain political power. “The newly emerged agrarian elite farmer did not speak only for his own caste or class. He spoke on behalf of the entire village. His identification with the village was not just political or that of a representative of a section of the village. He saw himself to be the natural spokesperson of the village.” Soon they were engaged in capturing the local institutions. Here, again, their social solidarity was supposed to be foundational in attaining political empowerment. They gradually occupied various governmental offices, starting from lower-level jobs to the upper echelon of the Indian Administrative Services—though Günther Tiemann claims, and the villagers attested, that the Jats had started seeking employment in the army and the police by the late nineteenth century to cope with devastating droughts and crop failures.

When such a powerful agrarian community
faces the prospect of commodification of their land and the consequent loss of ownership, it is expected that they will not allow accumulation by dispossession to take place so easily, converting themselves into landless wage laborers. The commodification in such a political terrain cannot be a one-sided affair, controlled by the state and capital. On the other hand, when this agrarian community gets drawn into the urbanization process, it can be expected that their mode of engagement with the state and capital will be different from what they are used to. They will be drawn out of their comfort zone and thrown into the vortex of a massive capitalist change. The master plan for urbanization is the new terrain over which such contestations take place, producing a new politics of land.

The Master Plan of Land Markets

Sonipat is a neighboring district of India’s national capital, Delhi. The rapid urbanization of Delhi has spilled over to Sonipat. The central government had realized that the metropolitan cities such as Delhi needed not only a city plan but also a regional plan, which “[extended] far beyond their metropolitan areas and [included] large rural areas, besides numerous smaller cities or towns.”

The objective of the regional plan for Delhi was “to reduce the rapid growth of economic activities and of population in the [then] union territory [of Delhi] by encouraging [the] dispersal of growth to other parts of the NCR [National Capital Region] or to the counter-magnet cities located outside it.”

The revised Master Plan for the National Capital Region of Delhi was drafted in 2001. It had proposed to develop the Kundli area of Sonipat, bordering Delhi, as a Delhi Metropolitan Area (DMA). The government of Haryana wanted to expand the scope of urbanization and decided to develop a larger stretch as the Sonipat-Kundli Multifunctional Urban Complex. The Master Plan of 2021 for this new urban complex was published in January 2003. It was estimated that 12,468 hectares (about 30,809 acres) of land would be required to accommodate a projected population of one million with a population density of eighty persons per hectare. These areas were immediately declared “controlled areas” by the Haryana Urban Development Authority under the Punjab Act 4 of 1963.

The master plan divided the controlled area into eight zones: residential, commercial, industrial, transport and communication, public utilities, public/semi-public uses, open spaces, and agricultural. The government reserved the right to revise the plan so that it could change the land use and reclassify the zones. The Haryana Urban Development Authority (HUDA) and the Haryana State Industrial Development Corporation (HSIIDC) acquired a large part of the land demarcated as public utilities and public/semi-public use zones by applying the Land Acquisition Act of 1894, citing the public purpose clause.

The process began with the district town planner of the Department of Town and Country Planning, which prepared a proposal to acquire land in the controlled areas. This plan was sent to the land acquisition department (under the revenue department). The land acquisition department issued a notification under section 4 of the Land Acquisition Act of 1894 to the landowners, expressing the intention of the government to acquire land. This notice suspended all sales and purchase of land in the control areas; the land market (if any) was forcefully shut down. After vetting the objections (filed under section 5), the final declaration for land acquisition was made under section 6. The award of compensation was announced under section 11, and after that, the possession of the land was taken and the acquired land was vested with the government.

The master plan therefore divided the land into two distinct “markets”: a market of leasehold land created by the state acquisition and controlled by it, and a private micro–land market, which operated outside the domain of state control.

20. Ibid., 204.
22. Ibid.
23. HUDA and HSIIDC are two state agencies that develop the master plans (for Haryana), execute the urban development plans, and acquire lands.
**Force and Corruption:**

**Conditions of Land Commodification**

The government of Haryana acquired the land in Sonipat for the first time in 2003, the year when the master plan was released. The land in the Rai village was acquired for constructing an agricultural wholesale market. Gradually, the land of the villages along the National Highway No. 1 was acquired. Villagers alleged that the politicians of the ruling party acted in collusion with private real estate builders to intimidate and force the landowners to sell their land. Once the notification for land acquisition was issued under section 4 of the Land Acquisition Act of 1894 (as already mentioned, it suspended market transactions), the landowners feared that the government would acquire their land or that rumors would spread about government acquisition. Private real estate builders and agents offered a higher price than the usual government compensation. When the villagers were still reluctant to sell land to these private parties, the government issued a notification, under section 6, stating that the property is required for a public purpose. At this stage, many landowners and farmers gave up their resistance and sold their land to the builders.  

In other cases, when the government acquired land on its own, the public purpose clause was misused, as the land was usually diverted and used for other purposes. In the process, the farmers were paid a lower compensation and the vested land was released or sold to other (often private) parties at a higher price. The government in this case acted as a land agent. The government has given license to 21,000 acres of land for colonization and development between 2005 and 2014 all over Haryana.  

As a general practice, the master plan is often revised in Haryana, and public and semipublic and industrial sectors are converted into residential and commercial sectors. This process of revision is conducted surreptitiously by state agencies and the information is leaked to a select group or an individual, who then buy land in these sectors. If the master plan extends the controlled areas, then this individual or group would buy agricultural land in those areas before the publication of the master plan. Once the revised plan is released, the price of land in these areas increases dramatically. This is a classic case of inside information, and it is alleged that the windfall profit from the deal is shared between the builders, land hoarders, and politicians. The stipulated amount of land required for developing an integrated township is 100 acres, and many a time this norm is relaxed by the government for a favored real estate company, and again the allegation of collusion arises. The government can also control private individuals or companies by not allowing them to obtain the Change in Land Use license (whereby the state permits the conversion of agricultural land into nonagricultural land) or the No Objection Certificate (obtained from the Haryana State Pollution Control Board if the site of a project is within the agricultural zone).  

The allegation of malpractice and corruption in land acquisition process was rampant in Sonipat. The landowning farmers claimed that they were “unaware of the market price” and were “cheated” by the incumbent government. The compensation initially offered to the farmers was quite low, about 1.2 million rupees per acre. Soon, the farmers came together to resist further acquisition of their agricultural land. They demanded a higher compensation amount with retroactive compensation as well. There was a resistance movement in almost every site of acquisition, which compelled the government to revise the compensation amount (but not with retrospective effect) gradually from 1.2 million rupees to 1.4, then 1.8, and finally to 2.3 million rupees per acre (over a period of nine years).  

The corrupt practices and the ensuing rent-seeking activities led Levien to foreground the “use of extra-economic force” by the state. However, such criticism overestimates the capacity of the state to control the land market. Instead of this, we need to note that the state acquisition of large tracts of agricultural land initiated the commodification of land, but the state could not

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28. Ibid.  
Compensation Money Breeds a New Micromarket of Land

A large portion of the compensation money received by the landowners, whose land was acquired by the state, was initially invested in buying residential plots of land and new apartments in Sonipat town. This led to the property boom in 2004-5. Flush with the compensation money, the farmers paid up front for the land and the transactions were swift. This drew in local businesspersons who started to buy up land wherever they could. For example, Arvind Aggrawal runs a pharmacy in the town. He “sniffed an opportunity” and realized that “this nascent (land) market will explode very soon.” He became a property dealer and an investor—the name of his store was changed to “pharmacy and property dealer.” He illustrated how the speculators operated.

Aggrawal would purchase a plot in Sonipat and enter into an agreement with the landowner to pay him or her 1.2 million rupees for a 200-square yard plot. He would pay Rs. 300,000 up front to the landowner and take out a bank loan (through hypothecation) of Rs. 900,000, or 75 percent of the agreed sale price. After eighteen months, he would sell this plot for 2 million rupees. He would pay back the bank the entire loaned amount along with an interest of Rs. 150,000. In this way, he would earn a profit of Rs. 650,000, that is, a return of 216 percent on his own capital forwarded, and if taken as a whole, 48 percent in eighteen months, or 32 percent per annum (compared to an interest of 9 percent per annum offered by the banks on fixed deposits). This high return on investment led many businesspersons to divert a portion of their capital to land, piggybacking on the credit extended by the local banks. The small investors of Sonipat informed me that the volume of transactions increased exponentially.

As the state acquisition of land has ceased for the time being in this area, partly as a result of the resistance movements, the flow of new funds in the local land market has also dried up. The small investors who piggybacked on credit to participate in the market also started pulling out as the opportunity cost of investment became higher. A property investor explained, “It was difficult to find impulsive buyers who would be willing to take up land at any price and we could get a handsome return for holding the land for a period of eighteen to twenty-four months.” Gradually, by the end of 2005, the Sonipat land market had stabilized and speculation on land price petered out. The high tide of speculation lasted for about two years. According to the property dealers in Sonipat, in this wave of speculation about 1000 crore rupees (approximately 160 million US dollars) entered into the relatively small town of Sonipat in a very short span of time.

However, the transaction in land did not cease. The real estate builders arrived on the scene and used the same credit system. The bank officials were deeply involved in these debt-leveraged transactions, as the amount of credit forwarded to these builders was of a much higher magnitude than that given to the smaller investors. The builders would directly acquire large tracts of land from farmers by raising loans from the banks. After purchasing the land and getting the license to colonize it (the technical phrase for land development), the builder would start developing a part of the land and divide the developed land into plots. If the parcel of land was larger than 100 acres, it would be called an integrated city. The builder would then approach another bank or a finance company and raise new capital by mortgaging the new plots. But this capital would not be used in executing the project; rather, it would be invested in acquiring new properties elsewhere, and in this process, builders would increase their land portfolio. The enlarged portfolio of properties would in

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30. The farmers had also spent a part of the compensation money on luxury consumption items such as SUVs and clothing or on building new houses.

31. The district is named after the town.

32. Name changed.

33. Hypothecation is a mode of pledging assets as collateral to secure a loan, while the borrower continues to maintain ownership over those assets and receives benefits derived from those.
Greta Krippner defines financialization as the “growing importance of financial activities as a source of profits in the economy” (Krippner, Capitalizing on Crisis, 27). My understanding of financialization differs from Krippner’s and is closer to Dick Bryan et al.’s definition: reconstitution of labour (and land) into a form of capital (Bryan et al., “Financialization and Marx”).

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The transactions resembled a Ponzi scheme: as long as a speculator got a buyer, the transaction of higher value could continue. This was a sellers’ market: whoever purchased land wanted to sell it to someone else, instead of using it for themselves. Some of them had hoarded land, which further limited the supply in the market. At the heart of this market operation remained a structural problem: the size of local capital was small, which was piggybacking finance capital, and the capacity of local capital to keep the circulation of money and formation of value was always limited. The run of the local capital in the local land market has now ceased and it can hardly guide the trajectory of development.

Nonetheless, the local speculators and investors in collusion with the bank and government officials had bid up the price of private land in Sonipat town, which then became the benchmark price in the area—a price that even large real estate developers had to pay to the farmers. This high land price also created resentment among the farmers and landowners whose land was directly acquired by the state. They rose up in resistance and demanded compensation at the present market price. The state was under pressure to revise its compensation, and in the process, the state lost its control over the land price.

This process of the emergence of the land market would be characterized as an imperfect market by economists. But it is doubtful whether without the state intervention and the unsavory processes of acquisition of agricultural land and the attendant change in land use pattern, the land would have at all commodified in Sonipat, and by extension, in India. Therefore, it may be argued that these corrupt processes were constitutive of the formation of the land market; the regulatory failure—wherein the proper institutions and legal and administrative instruments were absent—was part of the process of the development of the market. The development of the land market also depended on how the dominant agrarian castes and classes reorganized themselves in, and responded to, this changing political economy.

Before Speculation, Becoming a Capitalist Farmer

In India, the land is a source of secure livelihood, and more important, it provides identity and a sense of belonging, prestige, and power to its owners. The Jat society assigns immense social value to landownership. Therefore, the commodification of land depends both on the disposition of the landowners and the attendant change in the social status of land, that is, the way it configures in the moral economy of the landowners.

As Shamser Singh, who belongs to a solvent family, informed me, “In the older times, it was considered shameful to sell one’s land, but now everyone publicizes his [or her] intention, ‘if you are interested, you can buy my land.’ ” Earlier, the sale of land would signal a person’s declining fortune or inability to meet the cost of family events like marriage or to pay off a mortgage. The removal of this shame points to the changing sociality. The green revolution not only introduced new farming technology and inputs, but also socialized the
landowning farmers in the market economy and forced them to learn a new calculative logic to manage production.

Agriculture, explains Om Singh, a rich farmer, is no longer about mehnat (labor), but has become more dimagi (about applying thought). When he was a child, his parents would not only work hard in the field, but also get all the children to lend a hand. This was the way in which farmers like him developed their farming skills and gathered knowledge, and he jokes, "humara toh saal mein do bar padhai hoti hain" (we [farmers] study twice every year [referring to the two agricultural seasons in a year])—it was learning by doing. Agriculture demanded labor, and the family provided it.

The new technology required more labor than conventional farming, but gradually the technology matured and various jobs became redundant; the demand for labor declined. The Jat landlords used to employ the Dalits (people from the lower caste) in their native village, but political mobilization and the state’s affirmative action have opened up alternative livelihood opportunities for the Dalits. The agrarian and rural sociality took a decisive turn.

Around the mid-1990s, the Dalits were no longer available to work on the farm, and the landowners started recruiting migrant laborers from the eastern Indian state of Bihar. Over the years, this recruitment and deployment process has become systematic. The landowner or the farmer would get in touch with the labor thikedar (contractor) over the phone and give contracts to sow or harvest the field on a per acre basis. Around Rs. 1,000 per laborer would be paid in advance and deposited in the contractor’s bank account. The Jat landowners find the Biharis to be hardworking and willing to do any work without sharam (shame); but they are also kathour (brutal)—if they get angry, they can kill anyone and run away. One landlord said, “What do they have? Just a thin mattress and a small bag with two pieces of clothes in it. They can easily run away.” Compared to the Bihari workers, the Dalits of their native village are laid back, “woh log mehanat nahin karte hain” (“Those people [Dalits] do not work harder”—note the use of present tense, conveying the perceived timelessness of these “features” of lower-caste people).

The Bihari migrant laborers are a pure commodity, whose bodily capacity to labor is the use value that the landlords extract, as one of them declared: “Humko toh baas kaam se matlab” (“I am interested only in the work”). The laborers usually stay in a hut or a small house built by the landlords near the water pump in the field; they are not allowed to enter the village. As a consequence of the reduction of the total production time—and the time required for performing each job—by technology, the contact period between the landlord and the farm laborers has minimized. Earlier sowing and harvesting would each take two months; now these two-month periods have been reduced to approximately ten days. The landowner or his or her deputy goes to the field once or twice a day and instructs the contractor; they generally do not need (or are not willing) to interact with the laborers, as the contractor takes care of supervising the work.

As they embarked on new agricultural production, the landowners and farmers of Sonipat were never handheld by the state, with the exception of offering credit; now, too, their relationship with the state agencies is ambivalent. They collect their quota of fertilizer from the cooperative society, which is cheaper but inadequate; they also compare the quality of seeds provided by the society with that available in the market, and whichever seems to have mota dana (bigger, heavier, and healthier seed), they buy. They buy pesticides from the market. The production process is mediated by the state and the market, with the landlords switching between the agencies strategically.

Debt played a pivotal role in structuring the social relationships of production. Scholars saw mercantile and usury capital as a device of control and discipline, one that creates bondage. The earlier generations of Jats were dependent on non-Jat sahukars (moneylenders) for both productive and consumption loans. Many a time, they lost their mortgage to the moneylenders, being unable to pay the exorbitant interest rates. In cases of indebtedness, they also had to sell their crops to

moneylenders, as they did not have direct access to the market. The landlords would pay a part of the wages in advance to the laborers, which would create a debt trap: the laborers would find it difficult to meet their ends and would soon resort to borrowing money (through consumption loans) from the landlord. The debt would be carried forward in the next agricultural season and the same cycle would be repeated.

The state intervention and the accumulation of surplus in agriculture have broken the hold of moneylenders. The landlords have an advantageous position; they can either meet their production cost on their own or pool in money from fellow “brothers.” Most of the landowners have Haryana government’s kishan card (farmer’s card), which allows them to borrow Rs. 100,000 per acre at a subsidized interest rate from the state’s Grameen Bank, or rural bank. The landlords, in turn, do not need to use credit as an instrument of control and discipline. The economy has been monetized and all the wages are settled in cash, not in kind. The political function of debt has diminished.

Though farming remains risky, landowners do not subscribe to any state-subsidized crop insurance policy like Rashtriya Krishi Bima Yojna (lit. National Agricultural Insurance Scheme), as it is always difficult to convince the insurance supervisor that crop failures are due to natural causes; the latter would always find a problem with the landowner or farmer, and the landowner would find it difficult to receive any compensation from the insurance company. The landowners would not therefore increase the cost of production by paying the premium. They know that their crops might fail and they would incur loss, but they also know that they would be able to recover it in the very next season—“itna bharosa37 toh hain. . . . kabhi toh dawai maarke nikal lete hain” (we have that much faith/dependency; sometimes we get away with spraying “medicine” [pesticides]). In the cycle of profit and loss, various risks involved in the production have been domesticated. Landowners earn about Rs. 50,000 per acre every year.

The development of capitalist farming is perhaps at a cusp, where a farm can be treated like a firm, and where the owner of the firm (land) calculates the risk and gain of participating in a competitive market and prepares his or her strategy. A new technological imagination and a strategic calculus are at work here, where the precapitalist moral economy is being replaced by the contractual ethic of the market. Each of the inputs of production are treated as discrete things, to be judged, measured, and compared before their selection and deployment; their use value to be extracted and discarded when those inputs can no longer be used. This sense of disposability, as mentioned earlier, extends to the migrant workers. It is this new clearing within which the shame associated with the sale of land has dissipated, and land has emerged as an asset, increasingly acquiring a financial value above its value as a political lever or a means of production. This creates the background for the commodification of land, which, however, does not guarantee the actual sale of land in the market; the latter depends on the opportunity cost of investment of the farmers and their existential predicament.

Landowners’ Response to the Speculative Commodification of Land

As Sonipat is steadily becoming urbanized, the landowning farmers have realized that in the near future they will have to progressively sell their land. The average landholding in Sonipat district is one hectare (approximately 4 acres),38 so these landowners do not have the capacity to start agribusiness or move into high-value agricultural production like floriculture or organic vegetable cultivation by using poly houses.

Some of the landowning farmers have already sold a part of their land. Some of them had participated in the land rush in Sonipat town. But most of them learned the lesson that land price cannot increase exponentially in a short period. After selling one acre of land in Sonipat, they would prefer to buy three or four acres of land in

37. Bharosa is an interesting word; it can mean faith or dependency, or both. In our case, the farmers stand on a clearing that pulls them back to nature (as they learned to understand the “mood” of nature) and look forward to their own technological disposition and their skills in mitigating any impending disaster or calamity.

the distant parts of Haryana or neighboring Rajasthan, where good quality agricultural land is cheaper. This newly purchased land would then be leased out to another farmer for about Rs. 30,000 per year per acre. This renting out of land is more profitable than working it themselves, because it not only relieves them from the “headache of farming” and bearing the production cost, but also, since sale of one acre of land in Sonipat buys three or four acres elsewhere, allows them to earn rent of Rs. 90,000 to 120,000 annually (instead of an annual income of Rs. 50,000 per acre). Many farmers have also invested in a “side-business” (the English word is used, which means small-scale secondary occupation), sometimes buying shops and renting those to others, sometimes setting up a shop on their own. “Paisa hath mein aya, kuch toh karega na?” (“People have got some money at hand; they will do something with that, isn’t it?”)

These farmers are more concerned about the future of their children than the farm; the children all go to the school and do not work in the field. The present generation landowners’ parents were illiterate, and they studied in the village public primary school; now their children go to the private English medium schools in the nearby towns. The younger generation is almost alienated from agriculture; they are not learning farming in the field, only what they can learn by observing their elders. The landowners know that their children would prefer not to get into agriculture. However, it would not be painful for them if their children do not become farmers. They would like their children to take up salaried jobs in the government or private sector or, in some cases, pursue business.

It has become a timing ki baat (a question of timing) for farmers—of when to sell their land and how much of it. The land price in the interior villages was 6.2 million Indian rupees per acre in 2008; now it is 10 million. Depending on the requirement, the land will be sold in Sonipat and more land will be bought elsewhere. So does this mean that they or their children are going to leave agriculture? No, they would always have land—if not here, then somewhere else. They might not cultivate it, but they will earn rent by leasing it out to other farmers. As the Sonipat farmers say, “Zamin ki badle zamin lenge; zamindaar-o ko zamin ke siwan kuch samajhne nahin aati” (Will buy land for land [elsewhere]; landowners/farmers do not understand anything else other than land). They also know that many of their children will neither find a salaried job nor be able to run a business, so there will always be someone who will depend on farming. They and their children (sons in particular) will learn to draw income from multiple sources. Nevertheless, though they might sell agricultural land in the future, the farmers are anxious to hold on to the area of the village reserved for habitation, the abadi land.

The official Lal Dora (Red Line), drawn during the land and revenue settlement surveys by the British, demarcates the boundary that separates the homestead land from the agricultural land. This homestead land is excluded from the list of control areas of the master plan, and therefore this land cannot be acquired by the state, and private real estate developers cannot buy and colonize it. The strips of homestead land within the line are smaller in size than those outside it; with growing prosperity and the division of families, new (bigger) plots of land were required. This led the villages to grow beyond the red line. By staying outside the line, they remain vulnerable to land acquisition by the state or being purchased by private parties. So, they want the Lal Dora to be extended.

However, this does not mean that they fetishize their home. As the children need to be educated to get any well-paid employment or to become professionals, for example, as doctors or engineers, they should be provided with the proper mahol (social conditions/environment), which the villages do not have. The children in the villages do not concentrate on studies. Many of them have rented or bought accommodation in the nearby cities and towns, so that their children can get a good education. “Jo hi apne bachhon ki padhain mein dhyaan nahin denge, uski family aage nahin bad payega” (Whosoever does not pay attention to their children’s education, his [or her] family would not be able to progress), opines a proud father whose son is studying medicine.

The spatial integrity of the village in their imagination has been dislocated. If the land is commodity that can change hands and uses at any point, then the notion of home is also in flux. The notion of home is no longer anchored in the vil-
lage; people already shuttle between their village, town, and cities, and perhaps the velocity and dispersion of that mobility will intensify.

The agricultural land may eventually be sold off as a commodity in the market, but that will not happen overnight. There is no sense of urgency among these landowning farmers to sell their land or to move out of agriculture; they are firmly anchored in their land. Their political power protects that anchor.

Conclusion

The starting point of discussion on the commodification of land can neither be the assumption that land is a commodity and has an exchange value expressed in prices, nor the generalization that commodification is accumulation by dispossession. Even when the conditions of the possibility of commodification are present, the actual sale of land, that is, the discrete and terminal transaction in land, can never be guaranteed. The transaction as a field of action is marked, on the one hand, by plans, law, and the application of force by the state, and on the other hand, by anxieties and capacities of the social agents and the existential choices of landowning farmers, which shape the demand and supply sides of the land market. The actual operation of the land market is framed by predicament, both at the demand and supply sides of that market: the very high price of land, the continuation of farmers on the land, and the very slow pace of sale by the landowners.

The land market was prised open by the state by extending the Delhi Metropolitan Area and the National Capital Region through the master plan, and the land was acquired through the Land Acquisition Act of 1894. This process was intended to be a controlled one, and the state would vet the entry of private parties (often through corrupt practices) into this new landscape. However, the inflow of compensation amounts, loans raised from the local banks and personal investment of smaller amounts by local businesspersons, soon opened up a parallel land market in Sonipat town. This market was fueled by speculations, which exponentially increased the price of land. As the inflow of cash dried up in this local market, the speculation subsided, but not before setting the benchmark prices, which remained intact.

In this political economy, the master plan becomes a reference point for the future development of the city, but it is always sliding away from its present form. The plan unveils a cartographic imagination, which becomes the foundation for the dreamscape that the real estate developers erect in their marketing brochures. The high price of land is not a good enough incentive to induce landowners to sell their land and move out of agriculture. Their predicament is that they do not know how to convert the money received through the sale of land into capital, which can be set in motion on a path of accumulation. They can only invest in land elsewhere, or invest in small businesses, mostly in the informal sector and real estate, which are both risky and provide low return.

By bidding up the price of land, speculation has consolidated the position of landowning farmers. In the absence of any coercion, the historical aversion of capital to pay absolute ground rent to the landowners has become untenable. Under speculative conditions, the land becomes a financial instrument. People invest in land for the appreciation of its value, which is expected to be higher than the prevailing average rate of interest or profit. While the landowners still calculate the rent on their land (purchased elsewhere by selling land in Sonipat) based on the productivity of the land, when it comes to selling their own land in Sonipat, they follow the price set by speculation. As a result, land—when available in the Sonipat market—behaves purely as a financial asset, but the land purchased elsewhere becomes more of a means of production (on which rent is charged) than a financial asset (therefore rent is not calculated as an interest on investment). In other words, the exchange price of land is determined by speculation (and, to some extent, by the differential rent owing to the locational advantage), while the rent is a share of the surplus profit that it can produce (that is, linked to the productivity of soil). Speculation thereby lowers the profitability of capital (par-

39. Patnaik, introduction to The Agrarian Question.
particularly in the real estate sector) and makes the market unattractive to further investment.

It is important to note that the master plan made no special provision for landless and poor people. It is evident that the high price of land and housing would make it difficult for them to purchase either of these; they would be dependent on the availability of cheap rental markets. This in turn means that congested (and perhaps illegal) urban sprawls will develop along the gentrified gated communities—the beautiful landscape and vista, which all the marketing brochures of the real estate builders promise, will always have clusters of quasi-slums in the view. On the other hand, this land market would thwart any attempt to undertake the progressive agenda of land redistribution.

References


