



Protesters marching by the Tata small-car plant in Singur

# IN INDIA. FARMERS VS. FACTORIES

Tata's Nano auto plant and other projects are stymied by land disputes with local villagers

By Mehul Srivastava



India's Ratan Tata had always expected his \$2,500 car, the Nano, to draw crowds. But he never bargained that some 40,000 protesters would descend on the Nano factory in the state of West Bengal, effectively shutting it down.

It seems like only yesterday that Tata was being hailed as a hero in his quest to build an affordable car for the masses. But in Singur, about 25 miles north of Kolkata, he's now being pilloried as a greedy industrialist who conspired with state authorities to rob farmers of 1,000 acres. Leading the charge is Mamata Banerjee, a local firebrand politician. "Tata Babu, you may be rich, but no matter how many times you say Nano, we say No-No,"

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said Banerjee, addressing demonstrators on Aug. 26.

The scene at Singur has been playing out with increasing frequency across much of India. To create jobs and power up India's flagging economy, the government of Prime Minister Manmohan Singh wants to kick-start an industrial revolution. But its vision of Chinese-style special economic zones filled with factories seems to be running headlong into India's agrarian reality. With nearly 700 million people living off the land, there is little acreage left over for auto plants, steel foundries, and export assembly lines.

If this were authoritarian China, a bunch of angry villagers wouldn't stand much of a chance. But in India's rough-and-tumble democracy, where politicians proudly wear the label of populist, protests like the one at Singur can stall a project for years.

Just ask Posco. The South Korean steel

giant has spent three years negotiating with residents of the eastern Indian state of Orissa to buy 400 acres as part of a proposed \$12 billion investment in a steel plant. During that time, the company has endured the kidnapping of four executives and countless demonstrations. In what would seem to be a victory for Posco, India's Supreme Court recently ruled in support of the state government's decision to rezone forest land as industrial. But the Koreans are not celebrating just yet. "It was an important step forward, but we still have several barriers that have to be removed," says Posco spokesperson Ko Min Jin.

The steelmaker isn't the only company that has been stymied in Orissa. Investors have pledged \$20 billion to develop the area's rich mineral deposits. But because of land disputes, only a trickle of money has flowed into this desperately poor state.

## WILL TATA RELOCATE?

Tata Motors, which faces an October deadline for the launch of the Nano, cannot afford to get tied up in a long-running dispute over land rights. The company, which declined to comment, has threatened to pull out of West Bengal if the government does not work out a compromise with the villagers by early September. That may be an empty threat, though. With the plant nearly complete, Tata would sacrifice its \$350 million investment and would have to spend as much as \$100 million more to relocate, says independent auto consultant Ashvin Chotai.

The dust may not settle soon in Singur. At least not if those like Mahadev Das have a say. The 34-year-old farmer says he awoke one day in 2006 to find that the state government had decided to appropriate his 31/2-acre plot of land for the Tata plant. State authorities claim they compensated farmers fairly. But many in the village say they never got any money. "For a farmer, land is life," says Das. "If you take away my land, you might as well take away my life."

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