

Nano wars

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Tata threatens to make the world's cheapest car somewhere else

THE peasantry were a source of disappointment to Karl Marx. Smallholders had about as much collective spirit as “a sack of potatoes”, he once complained. The Communist Party of India (Marxist), which has governed the state of West Bengal since 1977, also believes the state's future lies in industry, not just farming. In 2006, as proof of its ambition, it succeeded in luring Tata Motors to the state to build the Nano, the world's cheapest car. But it is facing some spirited opposition.

On August 22nd Ratan Tata, chairman of the Tata group, threatened to move the Nano plant from the state if the company was not wanted. His warning came in response to a mounting protest against the project, which will occupy 997 acres, much of it former farmland, in Singur, about an hour's drive from Kolkata (formerly Calcutta). The plant's tormentors have mustered rallies, blocked roads and even assaulted an employee of a Tata supplier, all in the name of the smallholders who unwillingly lost their land to the project.

The West Bengal government wanted the Nano plant both for the jobs it would bring and the message it would send. Though the state's capital has streets named after Lenin and Ho Chi Minh, its government has opened its arms to private capital. It beat stiff competition from rival states to win the Nano project, which has become a symbol of India's industrial ambitions. “The world is eagerly waiting for this car to come out on the streets,” says Nirupam Sen, the state's industries minister.

The government expropriated land for the factory using the 1894 Land Acquisition Act, introduced by the British to build railways and canals, which obliges private owners to part with land required for a “public purpose”. Supreme Courts in several American states have ruled that governments cannot expropriate land for private development, but Kolkata's High Court has judged differently. What counts as a public purpose, it has noted, is a “socio-economic question” that should be left to local governments to answer.

Tata could not buy the land itself, Mr Sen argues. West Bengal is a crowded state, which went further than most to return land to the tiller. As a result, landholding is fragmented. Over 13,000 people held claims on the land acquired for the Nano. It would have been impossible for Tata to negotiate with all of them one by one.

Of these 13,000, about 2,250 refused to accept the government's compensation, even though it comfortably exceeded the market rate before the plant arrived. In some cases, the owner's tenure was muddy. But in others, the owners felt genuinely aggrieved, sorry to lose fertile cropland that yielded as many as three harvests a year. These lost acres proved equally fertile grounds for a political fight. The cause was quickly seized by the Trinamul Congress party, the main opposition in West Bengal, led by the tempestuous Mamata Banerjee.

Ms Banerjee wants the government to return 400 acres to those who refused compensation. That would leave room for the plant, but not Tata's suppliers, which should relocate nearby, she says. But her demand cannot be met without losing the project, Mr Sen says. Any extra distance between the mother plant and its offspring will add to the cost of production, he points out, jeopardising the “one-lakh” price tag (100,000 rupees, or \$2,300) that has made the Nano famous. Besides, the disputed holdings are scattered throughout the site, and by law, the government cannot give the

aggrieved farmers land that was expropriated from someone else.

Tata has already invested 15 billion rupees in the project. But other states are queuing up to welcome it if it decides to move. The first Nano was scheduled to go on sale as early as October, around the time of the Durga Puja, a festival devoted to a fierce goddess who carries a trident, a sword and other weapons in her many hands. That deadline now looks in doubt, a casualty of Ms Banerjee's weapons: the bandh (general strike), the gherao (human blockade), and the dharna (fast).

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