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RESEARCH ARTICLE

GENESIS AND TRENDS OF INDIA'S PATH OF INDUSTRIALISATION WITH SPECIFIC REFERENCE TO ODISHA.

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Abstract

Indian economy underwent transformation with the advent of the East India Company and the British regime. Indian capital led to development of infrastructure paving the way to private entrepreneurs like Tatas and later other multinational corporations.

The present paper is divided into two sections. The first part shall analyse the genesis of industrial capital in India and the second part shall deal with the industrial scenario in Odisha laying emphasis on the effects of industrialisation especially displacement .

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Section:- I

Humankind's interest in industry is as old as human civilization. It all began with the discovery of fire, potter's wheel, manufacturing of small weapons of stone to kill wild animals in the primitive stages and the journey since has forged ahead unabated. The chronicle of human progress from the Stone Age to the Space Age is a remarkable transition in sphere of science and technology. Industry thus far has been the area of human activity where people interact with nature to control and regulate the relations of production. In course of time, Industrial Revolution in the West has completely altered the socio-economic and politico-cultural parameters in human history. Accordingly, the Industrial Revolution has become a benchmark in human civilization.

With the advent of Industrial Revolution , the countries with lower economic growth began experiencing rapid industrialization . It is because the more backward a country's economy, the more likely was its industrialisation to start discontinuously, although the need for industrialisation was felt more. These economies were marked by the co-existence of a large subsistence agricultural sector along with small modern industrial sector.

In precolonial India, capitalism did not have a natural evolution as it came through colonial trade with European nations, starting with Portugal towards the end of the 15th century, then Holland, France and finally with Britain .

There was a sufficient village economy where people eked out a living working on their own land or somebody else's and caste system determined non-market division of labour and specialisation known as *jajmani* system. Ownership of land went to the upper castes who did not carry out directly manual operations on the land. The landless worked as tenants in landlord's plot. Besides regular agriculture, people belonging to various occupations like carpenter, blacksmith, watchman, water operator, etc. who contributed to agricultural operations, received a part of the produce. Besides those who rendered other services in the village like the potter, barber, astrologer etc. were also given a share of the output. Many households in the village also produced cloth, pressed oil and here it is worth

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mentioning that the weavers and oil pressers were the first to cross the village boundaries to trade with neighbouring villages and distant towns. In the meantime colonial trade had no impact on this organization of production and distribution as long as colonial merchants were interested in a few things like spices and specific cloth like Calico and Muslin. But keeping in view the rich variety of products of India each colonial power was eager to have a firm footing in India. Battles between colonial capitalists continued in India until the end of the 18th century when finally British East India company succeeded in driving out its rivals and establishing itself as an economic and political power after the gap left by the Mughal Empire. Since then Indian economy has been undergoing a transformation. It was because by then Britain had emerged as a leading capitalist producer for which colonial trade came to be linked with capitalist production. Thus colonial trend gave birth to capitalist production in India where the supply of raw materials from India for capitalist production in Britain served a market to absorb the goods manufactured in Britain. It is this colonial capitalism that tied together the economies of Britain and India. In due course, the British brought changes in land pattern by introducing new land settlement pattern to win the support of rural elite thus encouraging cotton textile industry that concentrated more on commercial crops than on food crops. India became a supplier of cotton to England after British industry lost its power and hold from its colonies in America after the civil war.

From then on India began supplying the needs for industrialisation in Britain. Accordingly, cotton and cultivation of indigo was encouraged which was the raw material required for cotton textile industry followed by plantation of tea, coffee and spices. Transport and communication especially that of railways was encouraged to facilitate trade. Railways were introduced to link major port cities of Bombay, Calcutta and Madras with their hinterland. Politically railways were also essential for quick movement of troops after the struggle of 1857. Which was the first resistance against the British Empire. Capitalist development in India continued to grow after independence with Gandhian approach of *Swadeshi* or self-reliance and the other based on Nehruvian socialism. The state played a supportive and positive role in the growth of capitalist development.

To comprehend this further, it is imperative to analyse briefly the genesis and the growth of industrial capitalism in British period as well as its development in the post-independent planning periods including the reforms and contextual deficiencies.

The history of the economic domination of India by the British colonial government can be broadly divided into three periods. In the first period i.e. up to the end of the eighteenth century unequal trade and outright plunder had a devastating effect on the most productive and fertile parts of India especially the lower Gangetic region. As a result the resources thus produced, contributed significantly to the Industrial Revolution in England. In the second phase the emerging English capitalists brought manufactured goods into India rather than carrying out transactions in their home market. Combination of industrial and finance capital along with merchant capital marked the development of industrialisation in India. Karl Marx was one of the first philosophers to see the potentially positive role of British industry in India. He aptly mentions that the English showed keenness in the introduction of railways in order to procure raw materials easily for their manufacturers and thus the railway system 'will therefore become truly the forerunner of modern Indian industry.' (Marx and Engels, 1978: 267)

The British capitalists invested in tea, coffee and rubber plantations. This was possible due to favourable geographical conditions and cheap labour both of which were not available in England. Indian tea won international fame and tea plantation owners reaped huge profits. But in reality investment of British capital did not accelerate the real process of development and industrialization in India. The process of de-industrialisation and gradual growth of population, the new land system, the spread of commercial agriculture, the growing indebtedness, exploitation by landlords, middlemen, traders and moneylenders contributed to the increased pressure on land and thus widened the gap between peasants, tenants and agricultural labourers on one hand and the newly vested interests on the other. During the emerging industrialisation process these agrarian conditions had an impact on the working class. They were steeped in misery leading to pauperisation. In spite of these negative forces, there was a tendency towards industrialisation. This started from early part of eighteenth century with the setting up of Bowreah Mill (1817) which was established on the banks of river Hooghly, followed by the first spinning mill in Western India in (Broach, 1851) and again by the first cotton spinning mill in Bombay in 1854. Soon after British entrepreneurs by the end of first World War had captured the major positions in the infant Indian industry with large units, employing many industrial workers.

An important breakthrough by private Indian capital was the construction of the Tata Iron and Steel Company (TISCO) which although entirely financed by capital raised in India was patronized by the colonial authorities in

terms of guaranteed off take and infrastructural facilities (Buchanan, 1934; Sen, 1975). Along with this, cotton spinning and weaving catered partially for internal marketing and partially for export to the Far East.

On one hand the British colonial regime contributed to the genesis of capitalism and on the other side it controlled by “maintaining and supporting stagnation in key aspects of India’s social life such as agrarian relations, the caste system, religion, communal disintegration, the king’s state etc. It tended to conserve pre-capitalist inertia in the social being of the vast majority of the Indian population” (Pavlov, 1979: 368).

In the Post Independence era, Indian industry remained uneven where the site was determined almost exclusively by business motives and the site offering the greatest advantage to particular enterprises. This is seen in the growth of commerce at ports, entrepreneurial skills, nearness to raw materials (cloth, jute, tea and coffee) and the pattern of railway development. This further led to the concentration of industries at the principal ports resulting in uneven nature of industrialisation which continues even to the present day. In the meantime big corporations have taken advantage by multi-nationalising their diverse operations. Large industrial corporations in the developing countries like India are the beneficiaries of export oriented industrialisation policy and have joined hands with the multinationals. These multinationals have monopolised several products due to their capital abundance and technological advantage. Precisely these corporations are like a banyan tree in the shade of which indigenous corporations cannot grow.

As we know the multinationals do not operate in the interest of developing countries. Small Indian companies with very meagre amount of investment have built assets worth crores of rupees depositing millions of dollars annually. For example, Glaxo in India has not invested a single paise of its own but has been doing a business of several crores of rupees annually. Hindustan Lever, Pfizer India Ltd., Colgate are some such examples who have invested very less compared to their returns. Thus there has been a growing discontent among the people in the developing countries against the growing malpractices of multinational corporations. In India, Foreign Exchange Regulation Act (FERA) now Foreign Exchange Maintenance Act (FEMA) was passed in 1973 with a view to conserve the country’s foreign investment into high priority areas such as core sector, export sector and industries using sophisticated technology. After liberalisation policy in 1991, Foreign Direct Investment (FDI) has made the position of multinationals extremely strong in the Indian soil.

Thus the rising powers of neo-colonialism, globalization, capitalist intensive development in India have created favourable condition for invasion and extraction of natural resources from the economically fragile regions of the country. One of the most important resource is the huge mineral deposits found in major parts of Central India making it the most desired destinations for mining industrialists from all over the world, government subsidies, cheap labour and lack of stringent laws to protect stakeholders have led to the entry of multinational companies to extract the mineral wealth from these states. Common man has thus stood in opposition to the foreign investments in India, in the name of liberalisation and industrialisation.

Section:- II

Before understanding the pattern of industrialisation in Odisha here is a brief discussion on the socioeconomic and demographic parameters of the state. Orissa lying on the eastern coast along the Bay of Bengal has a long past. The state once formed part of the Kalinga Kingdom which is best known in ancient history for its strong resistance against the invasion of Maurya King Ashoka, in the third century BC. The ancient name of Orissa was ‘Utkal’, is derived from *Utkrist Kala* meaning the best in art. Orissa as a state owes its origin to Gajapati Kapilendra Dev and this land of the Oriya people was called Udisa or Odisha from the 15th Century AD onwards. After 1568 AD, Odisha got a recognition as Oriya speaking region. The state was attacked by Marathas, Moghuls, Afghans and finally in the year 1803 was conquered by the East India Company. Oriyas were administered by five separate administrative units i.e. the Bengal and its Orissa Division, the Chotanagpur division, the central Provinces, and the Madras and Garjat divisions. After a long struggle, from the last quarter of the 19th Century and early years of the 20th Century, the Government of India Bill of 1935 was passed by Parliament and Odisha became a separate state on 1st April, 1936. The areas included under the newly formed Odisha state were (1) Odisha division of Bihar and Odisha; (2) Areas from Madras; and Ganjam agency tracts; the non-agency portion of Ganjam district; the Paralakhemundi estate lying to the North and East; and areas from Vizagapatnam district. The areas from central provinces (i) the Khadial Zamindari in Raipur District (ii) the Padmapur tract consisting of 54 villages of the Chandrapur–Padampur estate and (iii) seven other villages were included in the state. The rest of the province comprised 26 princely states. In the post-independence era, the demand for states on a linguistic basis gained momentum and in 1949 the state was

organised into 12 districts with the merged princely states. A new district was added later and 13 districts were formed. As on today there are thirty three districts in Orissa.

The total population of the state as per 2011 census is 41,974,000 out of which nearly 83 per cent live in rural areas. The Government of India has identified certain castes as socially and economically backward and recognising the need to protect them from social injustice and all forms of exploitation, the Constitution of India has conferred on them special protection. They are the Scheduled castes who comprise 16 per cent of the population of Orissa, while, Scheduled Tribes constitute 22 per cent of the population of the state compared with 8 % per cent for the whole country. Mention may be made that the state has one of the highest concentration of tribal people in the country.

In the state, 62 tribal communities have been designed as Scheduled Tribes out of which 13 have been recognized as Primitive Tribal Groups. Nearly half the state's area (44.70 %) is inhabited by the tribes. The main tribes are Kondhs, Gonds, Santals, Mundas, Oraons, Bhattadas, Bhumij, Saoras, Parajas etc., with many of them traditionally depending on shifting cultivation.

Odisha is one of the poorest states in India, with an estimated 47% of its population living on less than a dollar a day (Haans&Dubey, 2003). A regional and social group-wise analysis of poverty in Odisha highlights the fact that the population in Scheduled Areas is comparatively poorer than the population in non-Scheduled Areas, and that Scheduled Tribes are the poorest groups. In 1999-2000, 73% of the Scheduled Tribes in Odisha were below poverty line as compared to 55% and 33% respectively for Scheduled Castes and General Castes (Haans and Dubey, 2003)..

It is an irony that, Odisha is extremely rich in minerals, most of which lies in the tribal districts. The rich natural resources make it an ideal destination for the spurt of industrialisation making possible the entry of industrial giants and multinational corporations. The hilly terrain and availability of water in tribal areas is utilised for reservoirs and dams like Machkund, Salandi, Balimela, Upper Kolab, Indrawati and Mandira dam in Scheduled Areas. The major industrial projects taken up in Scheduled Areas have been the Rourkela Steel Plant, NALCO's Alumina refinery at Damanjodi and Hindustan Aeronautics Ltd., Sunabeda. In the last decade MOUs with the government of Odisha have been signed for new industrial projects and many have been implemented in Scheduled Areas including the alumina refineries of UAIL in Kashipur and Vedanta at Lanjigarh.

The thrust of the present section is to analyse this pattern of industrialisation emerging especially in the tribal pockets of Odisha which are rich in mineral deposits and are attracting global investors worldwide. It also makes an attempt to understand the major impact of industrialisation which is displacement of the people in the name of development. The displaced are mostly the tribals who gradually get marginalised forfeiting their 'jal'(water), 'jungle' (forest) 'zameen' (land) that are an integral part of their livelihood.

In a bid to take the process of industrialisation forward, the state government signed 50 Memorandum of Understanding (MOUs) with international steel giants like POSCO, Vedanta and private players like Tata and Jindal. The Agreements ignored the effect such type of industrialisation would have on the people of the state. An inevitable process is the displacement of persons from their settlements when their lands are acquired for infrastructure projects. No infrastructure project has been completed without displacing people where development is one side of a coin and displacement is the other side (Ramesh, 1998). Most of the displacement has been due to irrigation, power and mining projects. These projects are taken up in areas rich in natural resources like water, minerals and forests which are mostly inhabited by tribal people. The Working Group on Development and Welfare of Scheduled Tribes during Eighth Five Year Plan (1990-95) reports that out of the 16.94 lakh persons displaced by 110 projects studied, 8.14 lakhs were tribals (Thukral, 1992).

An important cause of displacement in most of the tribal inhabited areas is large-scale mining and industrial projects. As much as 1019.47 sq. km. of land has been leased out for mining in Orissa, with most of these being in the Scheduled Areas. The most important mining zones within Scheduled Areas are iron ore and manganese mining in Sundargarh and Keonjhar districts and bauxite in Kalahandi, Koraput and Rayagada districts. Apart from displacement, mining and industries also lead to large-scale influx of non-tribals, which often leads to social and political marginalization of the tribals. The environmental impacts are drastic and affect larger number of people than directly displaced.

Therefore given the liberalization of mining and industrial policies which allows for direct foreign investments, large number of mining and industrial projects are in the pipeline, mostly to be located in tribal areas. Some of these propose to carry out mining in areas inhabited by Primitive Tribal groups, such as Dongaria Kondhs in Lanjigarh, Kalahandi and Juangs and Paudi Bhuiyans in Keonjhar and Sundergarh districts.

Almost all the iron ore mines and deposits in Odisha are located in the Scheduled Areas of Keonjhar and Sundargarh districts. The situation in these areas is extremely disturbing, with large scale mining leading to displacement of tribals, destruction of their livelihood support system including forests and water sources, large scale air and water pollution, and influx of outsiders.

The major bauxite deposits are also located in scheduled areas in Kalahandi, Rayagada and Koraput districts with the mining being done by NALCO on Panchapatamali of Koraput district. These have been a major source of controversy, with the local tribals opposing proposed mining projects tooth and nail, and the state government using all possible strategies, including coercion and repression to make these deposits available to mining multinationals.

There has been resistance by the tribals to this path of development in the name of industrialisation starting from the days of tribal leader Laxman Naik. The resistance of Kashipur tribals against UAIL's mining project and alumina refinery has been going on for more than a decade. Similarly, triggering points of conflict is seen near proposed bauxite mining on Niyamgiri by Vedanta, Sunger by L&T, Kodingamali by Aditya Aluminium and Maliparbat by Hindalco. The bauxite deposits are all located on top of the highest mountains in South Odisha which are called 'Malis', and are sacred to tribals as they are source of large number of perennial streams. These streams are vital to local tribals as they are often the only source of water for drinking and irrigation of fields in summer season and sustain the local agricultural economy. This realization has created massive resistance against bauxite mining amongst tribals.

In spite of continuous repression by the administration, the tribals are continuing to resist these projects. Similar situation is now emerging in all tribal areas where industrial projects are being planned. The police firing and killing of twelve tribals in Kalinganagar epitomizes the grave dissatisfaction over displaced many in all tribal areas. Part of the reason for the strong resistance is the bitter experience of the tribals of Koraput and Rayagada with the earlier projects such as Upper Kolab, Indrawati, HAL, NALCO etc. which has led to destitution of a large number of tribals and destruction of their livelihood base and their culture. Another important reason is that in spite of most of the land in the area proposed to be acquired being categorized as government land is under cultivation by the tribals. Thus in Lanjigarh, while acquiring land from Vedanta, the local tribals cultivating government land were simply evicted without any compensation, destroying their livelihoods.

Thus the most common expression of displacement as Ajmal says is displacement of people from their native land owing both to natural as well as human induced causes. This has serious livelihood implications especially, where the land is the home of the displaced, which provides the spiritual as well as the socio-economic resource base for the natives. These displaced people are also vulnerable to various forms of social deprivations as they are ill equipped to cope with the new environment. Most important is that these people especially women and children have few transferable or utilizable skills or support networks. Thus impoverishment is the immediate consequence of displacement.

Ajmal cites Cernea's formulation of 'Impoverishment Risk and Reconstruction model (IRR) which proposes that the onset of impoverishment can be through an eight interlinked potential risks intrinsic to development. They are – 1. Landlessness 2. Joblessness 3. Homelessness 4. Marginalisation 5. Food insecurity 6. Increased morbidity and mortality 7. Loss of access to common property and 8. social disintegration. Other allied risks are loss of public service access, schooling access and loss of basic human rights.

Forced exclusion thus epitomizes *social exclusion* of certain groups of people that includes physical exclusion from a fixed geographic territory and also economic and social exclusion from a set of functioning networks. Amartya Sen (1997) critically views that development which is defined as increasing freedom goes contrary to various forms of social exclusion. At the same time development projects are indispensable and there is a need to take care of the displaced rather *dispossessed* who are marginalised under privileged and oppressed. Hence priority goes to adequate compensation and an inclusive growth. One of the plausible solutions is the protection of Common Property Resources (CPR) which includes any area, land or water collectively owned by a group or a community like community forests, river beds, common wells, ponds and barren uncultivable land to name a few. These areas are

owned and maintained by the community who derive the benefit from these resources. Unfortunately at present there is lack of free access to CPR due to population pressure, economic development and state interventions ,commercialisation and privatisation of the commons has deprived the benefits of CP R which would otherwise work as a solution to help the marginalised to raise their income like collecting forest products and firewood for their livelihood .Rather scarcity of CPR would lead to exploitation , disagreements , unrest and cheating where finally the weaker sections would become victims of poverty.

Marginalisation has thus become a necessary precondition for liberalisation , globalisation and industrialisation which in turn provide the existential framework where millions of marginalised are considered indispensable. This leads to a comprehensive polarisation between two fundamental class alliances i.e a small group of beneficiaries on one hand and vast sections of casual workers on the other . It is a new order of society where the elite and the upwardly mobile migrate to affluent India , leaving the vast majority at the mercy of other India marked by stagnation and insecurity .

Conclusion:-

Almost sixty five years after India's Independence, people still continue to struggle in the vicious circle of deprivation and powerlessness, burdened by the dilemmas of everyday sustenance..Incremental changes wrought by development processes have fomented deep discord related to environmental management and provisions for the empowerment of marginalized people.“These conflicts range from the incessant battle between the forest department and local communities...”(Baviskar, 1995:p.32), “to continue collisions between mechanised trawlers and traditional fishing boats in India's coastal waters, to the controversy over the Dunkel Draft and rights to genetic resources”.(Ibid,p.33.) and intellectual property rights. These conflicts within the post- independent state are not simply premised on demands for improved access to resources, but involve conflicting rationalities and mechanisms for using human and environmental resources and ways of allocating worth to human and social labour. What is required is a comprehensive compensation package under a rational rehabilitation policy to balance the scale of development.

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