Silenced Drums and Unquiet Woods: The Myth of Modernization and Development in Orissa

Bhabani Shankar Nayak

This article seeks to question the process of industrialization and its negative impact on the economic and social development of the people in Orissa, India. While preparing the balance sheet of industrialization, it takes into account the resistance movement as well. A comparative analysis of this transitional process shows how lives and human conditions of the population are affected. It explodes the myth that industrialization would bring development and modernization for the state of Orissa.

Keywords: modernization; development and economic growth; industrialization; mines; Orissa

Introduction

India has followed a dual policy of development after her liberation from the colonial British rule in 1947. This dual policy of development has led to the growth of a mixed economy in India by bringing agriculture and economy together. It has followed the policy of heavy industrialization as part its infrastructural development and to meet the domestic consumer requirements. At the same time, it has pursued a policy of agricultural development by looking at the significant role of agriculture in the Indian economy and the needs of the people. But the policy of industrialization has always overshadowed the agricultural development policy in the country, which put agriculture in India into a secondary position by giving a primary focus to industrialization.

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Mining-based industrialization has grown rapidly since the independence of India. Industrialization is seen as the best way to stimulate accelerated economic growth and social transformation to bring backward regions into the fold of development of the country. However, our experience gives us an idea about industrialization via the generation of negative social and economic consequences resulting in the disintegration of social, cultural and economic life, displacement, marginalization and environmental pollution. The problems have been aggravated with the restructuring of the Indian economy after the implementation of the new economic reforms during 1991. In March 1993, the new National Mineral Policy of India opened up its mining sector to private and foreign investment as a part of its new open door economy under the twin principles of liberalization and globalization. It was further opened up by removing restrictions on foreign equity participation in the mining sector in India during 1994-1999. As per the Foreign Direct Investment Policy—2006 of the Government of India, the mining sector is completely open for private and foreign investment (Government of India, 2006, p. 5). In such a context, an attempt has been made to study the industrialization in Orissa and its impact on the tribal population in the state.

The Orissa economy is predominantly an agricultural economy that contributed about 28.13 percent to net state domestic product during 2001-2002 and provided direct and indirect employment to around 65 percent of the total workforce of the state as per the 2001 provisional census. At the moment, the present ruling class ignores the importance of agriculture and its role in the state’s economy. They are taking the state to reckless industrialization drive by promising to make Orissa a number one industrial state in the country without taking into consideration agriculture and related issues. Any opposition to the current industrialization move is branded as anti-development. As discussed later, even brutal force is used to suppress any resistance to this mindless developmentalism.

Brief History of Mining and Industrialization in Orissa

The industrialization in Orissa dates back to colonial India, when mining-based industrialization started in 1857 in Talcher in the Angul district. In the post-colonial Orissa, the development activities in Orissa gained momentum in the early 1950s (Jena, 2006). Thus, the history of mining and industrialization both in colonial and post-colonial Orissa possesses a long history, as the state is one of the richest states in India in terms of its share of mineral resources. But industrialization as such started from 1968 and in the beginning of the Sixth Plan (i.e. 1980). A number of industrial policies had been announced in the state, offering to promote small-scale and village and khadi industries. However, in terms of policy formulation and implementation, these were essentially ad hoc and piece-meal measures and lacked any intelligible ‘vision’ for the future industrialization. The present policy of mining-based industrialization derives its
strength from the industrial policy resolution of 1980, which was explicit in its objective to bring about rapid industrial development in the state. It was launched on a grand scale as a part of populist politics of the State Government under then Chief Minister J.B. Pattnaik, announced to set up "one thousand industries in one thousand days with an investment of one thousand crore\(^1\) of rupees" (Pattnaik, 1988, pp. 111-122). It provided for a large number of subsidies, procedural relaxations and various concessions to the intending entrepreneurs. In the process, the Orissa 2001 Industrial Policy was a great leap forward, giving a new boost for mining-based industrialization in the state. The new industrial policy promised to transfer the state into a vibrant industrial state, focusing on the abundance of mineral resources as an incentive for industrial investment. Furthermore, it says "the economic reforms and the liberalization process initiated in 1991 provide an important opportunity to the state to leverage the natural resources to attract investment, both domestic and international" (Government of Orissa, 2001). In order to achieve this objective, it has planned to encourage private initiative and investment for mineral-based industries. The policy has reiterated to restrict government intervention through the "...deregulation and simplification of rules and procedures, rationalization of Labour laws, facilitation of industrial restructuring and accelerated development of physical and social infrastructure through public-private partnership will enable a conducive business climate for attracting private investments" (ibid., p. 7). The policy also says that the Government of Orissa will not provide any kind of financial support or subsidy to the Public Sectors Undertakings but it will provide tax concessions and "interest subsidy @ 5% per annum for a period of five years from the date of commercial production on term loans availed from recognized Financial Institutions/Banks" to the private industrial investors to invest in mining sector (ibid., p. 12).

According to the estimates by the Government of Orissa (2005a), the state possess 97 percent of India's chromite, 95 percent of its nickel, 50 percent of its bauxite and 24 percent of its coal reserves. The report reveals that Orissa has an estimated reserve of about 5,923 million tonnes of 18 minerals valued at Rs.1,674 million dollars in 1996. Thus, it has attracted both colonial governments and post-colonial governments and different private companies to invest in the mining sector in Orissa to exploit the natural resources. As per different research reports and studies (Khatua & Stanley, 2006), some 370 mining companies are active in the state of Orissa including government undertakings such as the National Aluminum Company, the Steel Authority of India, Mahanadi Coal Fields Limited, the Orissa Mining Corporation and many other private companies with both national and international bases. According to the Government of Orissa (2005c) report, the state government has given 607 mining leases covering an area of 101,947 hectares—out of these, 339 leases covering an area of 73,910 hectares were in operation.

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\(^1\) One crore is 10 million.
The vast varieties of mineral deposits of high-grade iron ore, coal, bauxite and chromites along with other minerals, such as limestone, dolomite, manganese, tin, nickel, vanadium, gemstone, granite, graphite, lead, gold, and so on, are extensively available in the State of Orissa—which has opened up immense possibilities for locating mineral-based industries for the manufacture of steel, cement, alumina/aluminum, and so on, along with setting up other auxiliary and ancillary downstream industries. This has attracted many metal, mining and manufacturing companies to the state. According to the Government of Orissa, it has already entered into Memorandum of Understandings with 36 companies for a capacity of 35.7 million tones of steel. With the Memorandum of Understanding with Pohang Steel Company (Posco), the total capacity would go up to 47.7 million tones per annum. This is more than the total production of steel in the whole of India today. The total investment involved in all these Memorandum of Understandings is Rs.118,000 crores. The world’s largest mining company, BHP Billiton, have publicly expressed their interest in setting up a 10 million tonne integrated steel plant costing US$7-8 billion to be completed by 2010. The two major Indian metal companies (i.e. Hindalco and TISCO) have decided to initiate large investments for alumina and steel, respectively. The aluminum companies such as Dubai Aluminum (Dubal) and Russian Aluminum (Russal) have also shown interest in investing in the state, according to press reports. These three companies combined are planning to invest US$6.3 billion. Vedanta Alumina Limited (VAL) and UAIL (Utkal Alumina International Ltd), with major operations in India, have also started a large alumina venture in Orissa even after the objection of an environment committee set up by the Supreme Court of India. The state government of Orissa expects an investment of Rs.25,000 crores by these two companies. As per press reports, another mining major (Rio Tinto) is proposing to revive its joint venture with the Orissa Mining Corporation for iron ore mining. The whole process reflects the departure of the state from the mining and industrial activities as part of its obligation to globalization and liberalization process (Hirst & Thompson, 1995, p. 409). Moreover, the present process of reckless mining-based industrialization in Orissa is dismantling its old small-scale industries based in rural areas and the government is shifting its attention to the industrial hubs by foreign and private investments. The small-scale industries in Orissa are not only environmentally sustainable, but also generate employment. However, the state has shifted its

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2 The world’s fourth largest steel company, Pohang Iron and Steel Company (Posco) of South Korea, signed a Memorandum of Understanding on 22 June 2005 with the government of Orissa, to set up a steel plant in the proposed Special Economic Zone at Paradip with an annual capacity of 12 million tonnes that will be commissioned at a cost of Rs.51,000 crores, the biggest ever Foreign Direct Investment in the country. The Special Economic Zone means import and export duty as well as an entry tax free zone, in which the government cannot impose import, export and entry tax fees.

3 Vedanta is a UK-based mining company owned by NRI billionaire Anil Agarwal. It is a part of Sterlite Industries, which is a public limited company manufacturing aluminum and aluminum products. It is controlled/owned by Vedanta Resources Plc, a UK registered company. Other major Sterlite Group Companies operating in India include Sterlite Optical Technologies Ltd., Bharat Aluminum Company Ltd., and Hindustan Zinc Ltd.
attention away from small-scale industry and the condition of these industries has become dismal (see Table 1). This has led to the drastic fall of the rural economy and has placed constraints on the lives and livelihood of the people. In this way, the transformation of Orissa to an industrial cluster has putting the state and people in a durable crisis.

However, as per the Centre for Monitoring Indian Economy (2005), while Orissa accounts for only 6.3 percent of projects “under implementation” as of January 2005, its share of India’s aggregate outstanding projects “announced” has risen to 17 percent. Its share in manufacturing sector projects “announced” in India is even higher at 38 percent—as a result of which, about 47 percent of the incremental investments are in the mining and metals manufacturing sectors. And the state has the potential to attract investments up to US$30–40 billion over the next five years according to different calculations of the different economists and institutions. As per the different reports of the Government of Orissa, projects worth Rs.2,500,000 million are envisioned to be implemented in the state in next decade and there are 42 steel plants that will require around 1,600 million tonnes of iron ore (i.e. one-half of the state’s known mineral resources). The state has already given allowed mines to generate 1,000 million tonnes of bauxite, or nearly 60 percent of the present bauxite reserves. According to the Department of Steel and Mines, Government of Orissa, in “the year 2003-2004, 10 mining leases and 22 prospecting licenses for major minerals covering 742.900 hectares and 811.500 hectares respectively have been granted. Besides there are seven quarry leases for decorative stones over a total area of 23.693 hectares have also been granted by the State Government. The mineral production in the State is accounted at 87.35 million tones during 2002–2003. Here it is pertinent to mention that during the year 2001–02, 2002–03 & 2003–04 the total mineral production was 74982397 MT, 87350586 MT and 108030044 MT respectively” (Government of Orissa, 2005b, p. 1). If this process of mining-based industrialization continues, then Orissa’s mineral reserve are conservatively expected to last as follows: chromite, 38 years; iron ore, 120 years; graphite, 153 years; manganese, 166 years; bauxite, 310 years; and coal, 857 years—as per the research by Khatua and Stanley (2006).

### Table 1. Status and growth of small enterprises in Orissa, 1979-1997 (cumulative figures).

<table>
<thead>
<tr>
<th>Year</th>
<th>Units</th>
<th>Investment</th>
<th>Employment</th>
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<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Amount</td>
<td>Average annual growth rate (percent)</td>
</tr>
<tr>
<td>1979–1980</td>
<td>9,119</td>
<td>6,894</td>
<td>-</td>
</tr>
<tr>
<td>1996–1997</td>
<td>52,709</td>
<td>90,890</td>
<td>6.71</td>
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The Myth of Modernization and Development: Impact of Industrialization on Population in Orissa

The basic logic of the ruling class in Orissa is that mining and industrialization will bring modernization and development, and economic growth will bring economic and social empowerment. The promise of the ruling class is a myth that can be understood while looking at the impacts of mining-based industrialization in Orissa. The industrialization process of Orissa has influenced the social, economic and cultural milieu in a massive scale, uprooting thousands of rural population, many of them tribal people and other marginalized communities. Officially, 81,176 families from 1,446 villages were displaced due to development projects from 1950 to 1993 that required the acquisition of 14,82,626 acres of land. The major development projects that induced large-scale displacement in the state during this period were industrial projects—such as Rourkela Steel Plant, Hindustan Aeronautics and the National Aluminum Company (Jena, 2006). Again there has been no study yet conducted about the land alienation, different forms of displacement and marginalization that has taken place after 2001, which may cross the limits of history. Most of the time, tribal people are the real victims of this process of industrialization as the tribal areas of Orissa are nothing but the mining map of Orissa. There is a great deal of debate among the anthropologists, economists, and public policy-makers on the impact of mining and industrialization. Some anthropologists have termed mining-based industrialization as "resource wars" (Gedicks, 1993), while some economists and policy-makers have called it the vehicle of "development and economic growth" (Ahluwalia, 1985). However, the impact of industrialization in Orissa can be studied under the following points: economic impacts, and social and cultural impacts.

Impact of Industrialization in Orissa on its Economy

The present process of mining-based industrialization in Orissa will provide royalties from these mining companies, which is about Rs.42 (less than US$1) per tonne of bauxite or Rs.12.6 million per annum. In return, the state government has taken a loan of Rs.300 million from the World Bank for the construction of infrastructural development, such as constructions of railway lines and roads linking the mining, industry and the ports. The state has taken another Rs.900 million loan from the World Bank to provide power to these mining companies (Das, 2001). Thus in total the state has taken Rs.1,200 million on loan from the World Bank but in return will get Rs.12.6 million per annum, which is not enough for World Bank debt servicing. This adds to the existing debt stock of the state, which is Rs.21,072 crores or 51 percent of the Gross State Domestic Product of the state; 73 percent of Orissa’s revenue went to debt servicing. In this way, the present industrialization process is putting the state of Orissa into a perpetual debt trap through the World Bank and open market loans—this is clear from the debt situation in Orissa, which is currently the worst among the states in India.
In 2004, Orissa’s fiscal deficit and revenue deficit were 11.5 percent and 6.2 percent of its Gross Domestic Product, respectively. Its average Gross Domestic Product growth over the past five years was 4.5 percent, compared with the all-India average of 5.7 percent. The ruling class in Orissa has justified the process of industrialization in the name of employment generation but the government statistics show that there is a decline in the overall employment in the state. The other side of this process of industrialization in the state is displacement and environmental degradation, which is beyond the cost–benefit analysis of economists and policy-makers. Apart from the economic impact of this vulnerability, its social impact has changed the social and economic status of tribal and rural populations in their society due to processes of economic disempowerment and cultural disengagement.

Social and Cultural Impacts of Industrialization in Orissa

News of the eviction of rural and tribal people from their traditional habitats in favor of ongoing mining and industrialization projects is the topic of regular debates in the media. Its outcome is nothing but the painful experience of being a refugee in one’s own home land, which has been customarily owned by generations together. The rural and tribal communities are not only being alienated from their homeland but also from their natural habitat, which was a source of livelihood for them. The development paths followed by the post-colonial government of Indian states are based increasingly on mono-centric industrialization in urban centers where resources and services are increasingly concentrated. Rural communities—tribals in general, and tribal women in particular—are especially vulnerable to the processes of impoverishment. The impact is enormous when it comes to the tribal and rural people whose livelihood depends on access to natural resources, the factors of production. Any deprivation of natural resources (i.e. forest) is a basis of poverty generation.

Apart from the economic loss, the social and cultural loss that the rural communities and tribal people have to bear cannot be measured. The mining and industrial hubs are symbols and promise of modernity for local communities and workers alike, although residents all too frequently find themselves betrayed, cast aside, and disconnected from the processes of development and modernity (Ferguson, 1999, p. 236) as promised by the ruling class of Orissa. It brings cultural disengagement by displacement. It also brings a massive change in terms of gender relations. The mining-based industrialization is of a strongly patriarchal nature, and its workforce fuels a transnational mining labor culture that places a premium on expressions of masculinity, alcohol, and violence, prostitution and different diseases such as AIDS (Campbell, 1997; Elias, Taylor, Ramasar, Buijs, & Holdway, 2001; Emberson-Bain, 1994). These are the frontiers of problem related to mining-based industrialization. Orissa is already an existing patriarchal society where the gender gap is huge and this process of industrialization reinforcing and strengthening the existing gender inequality.
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The negative impacts of mining and industrialization on the social, economic and cultural life of Orissa have given rise to the growth of many resistance movements in different mining and industrial sites. The ruling class has made up its mind to go ahead with the mining-based industrialization due to its alliance with the national and international corporate houses and industrialists. This results in the suppression of these resistance movements by the use of policy and force. In many events, such as those of Kalinganagar, Kashipur, Korapur and Kalahandi, people are mercilessly killed by Orissa Police to protect the interests of the mining and industrial corporations in Orissa. The protection of the citizens and their interest, the constitutional responsibility of the state and government, is not adhered to practice. In reaction to the government’s apathetic attitude, people’s resistance movements are taking a violent turn. In response to this, the state justifies counter-violence in the name of maintaining law and order. Human rights violations and abuses are a part of mining-based industrialization. The state of Orissa has become a rent-seeking authoritarian and corporate state (Mining, Minerals and Sustainable Development Project, 2002, 188-189). People are thus forced to participate in a situation where they are the victims and losers of their culture, life and economy. Anyone who opposes this process is branded as anti-national and anti-development.

The rural and forest areas, previously a place of festivity and celebration, with the sound of drums and other musical instruments, has now become silent with the disintegration of the communitarian life. Yet rural and forest dominated tribal areas are still unquiet with the sounds of industries, bullets and bombs of violence and counter violence.

Conclusion

The industrialization process in Orissa is a threat not only to the society, culture, economy and environment, but also a threat to lives and the livelihoods of the tribal and rural population. It makes tribal and rural people more vulnerable than the people of the urban centers due to the fact that tribal and rural people live in a pre-market and pre-industrial society, based on communitarian norms and values. These norms and values are disintegrating in the face of mining and industrialization in Orissa, aggravating the existing conditions of poverty and marginalization. There is no place for people to work in such industrial and mining projects as they are illiterate and unskilled. These projects have taken away forests and land that were the source of livelihood for people and their families. In return, they are put into a situation of vulnerability. In this way the industrialization and mining projects has not only changed the ecology and livelihood of the rural and tribal people, but also contributed to the development
of a gendered unequal society by putting women in a lower social and economic status in Orissa. Industrialization and mining in Orissa is another mode of marginalization for the rural and tribal people in the state.

References


