



Political Economy of Global Rush for Agricultural Land: a Tract on India's Overseas Acquisitions

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Abstract

This paper is an attempt to map the global land acquisitions with a focus on Indian MNCs in acquiring overseas land for agricultural purposes. It tries to outline the contemporary political economy of capital accumulation at the global level, especially, in the emerging developing economies like India and China, where the emergence of a new capitalist class has engaged itself into acquisition of land and control of other natural resources in Africa, Latin America, Eastern Europe and South East Asia. For example, water and other minerals to secure itself from the eventual losses of ongoing economic crisis and to earn profit from the volatile agricultural commodity markets. This sway of control of resources by the MNCs has got paramount state support under the helm of neoliberal policies. The paper provides a scale of overseas land acquisitions at the current juncture and tries to highlight its causes and the major implications associated with it.

Introduction

Land has become a vital question throughout the globe at the current juncture, although, it never lost its relevance historically. In recent periods, the quest for land has resulted in violent movements and protests around the developing world. As the process of economic development came at the forefront of human civilization, the availability of land became scarce and its use intensive. Further, on a wider note, the pursuit of land continues as the transition from pre-capitalism to capitalism and to the evolution of uneven capitalist trajectories on a global scale. The current sway of land acquisition is in part also to control natural resources like minerals, forest and water. Historically,

it showed a tendency of primitive accumulation as a significant feature not only during its black history of colonialism but all through this journey.

This paper accounts for a mapping of global land acquisition for agricultural purposes, at the current juncture, with a special reference to India and also tries to dig around the macro and political economic reasons of the high tide of land acquisitions. As is well known during the last one and half decades, global land acquisition has been a major issue of debate among several of its agents like governments, academia, and other actors involved in it. It has produced numerous questions

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and has brought people's movements in the developing south. Today's investors in land are economically powerful international and national actors which include; first, the multinational corporations (MNCs) working in agribusiness and as well as in other sectors, second, the national governments, equity fund holders and banks, third, a relatively less powerful entities, for example, the association of farmers, with active support from their domestic governments. They have purchased or leased in land for a variety of purposes including cultivation of food crops and a range of non-food crops.

The Political Economy of Land Acquisition

As mentioned above, land acquisitions are not a new phenomenon. It has been observed that in the 19th and 20th century several American and European companies and enterprises controlled large plantations in Asia, Africa and Latin America, but the decolonization of these countries changed this trend converting it into contractual relationships with local suppliers (UNTACD 2009a). In the last couple of decades, a new drift has taken place with economic liberalization being at the forefront of policy making, a wave of foreign investment in agriculture has emerged. These investments came initially in the areas of contract farming, agricultural processing and marketing. It further augmented into direct ownership of land for the farming activities and creating value chains for production and marketing by the MNCs and other equity holders. For example, there has been massive foreign direct investment (FDI) in mergers and acquisitions in agriculture in the last couple of decades. UNCTAD (2009b) reports that in areas such as agriculture, forestry and fishing, the FDI inflow was \$ 559 million in 1990; it reached to \$ 1194 million in 1994, \$ 1601 million in 2000, \$ 2471 million in 2004 and \$ 5450 million in 2007. The report claims that FDI in agriculture, forestry and fishing has increased almost 875 percent in only 17 years worldwide. This report further claims that the FDI inflow in agriculture, forestry and fishing had witnessed an almost 2000 percent increase in the developing countries in the same period.

The question arises about the significant political economic drivers of these overseas land acqui-

sitions and resulting political, economic and social changes taking place, mostly in developing countries. The World Bank report (2010) claims that large scale farming systems would promote sustainable agriculture and would also benefit for the rural transformation as it would help the small farmers through outgrower programmes. It further suggests that foreign investment in farming can provide opportunities to poor countries with a large agricultural sector and ample endowments of land that lack long standing under investment and access to better technology via creating efficiency and economies of scale in production. It again emphasizes that corporate farming and investments in other natural resources at a large scale would promote better infrastructure, establish an efficient supply chain and also would fetch more taxable income to the governments which under smallholder production are less possible.

It suggests that the World Bank has promoted the market based approach to land management in developing countries under the famous conditional lending schemes and policy advocacy which means conversion of customary land rights of the people into marketable titles as well as disengagement of the state, and legal reforms necessary for western style industrialized land markets to function (GRAIN, 2010). This pro-market rush for land acquisition also must be looked into the ongoing crisis of capitalism. The transformation of capitalism, from a pre World War II phase to its golden age and now to its current stage, has given birth to a serious crisis of accumulation and is characterized by highly mobile global finance capital which has a destabilizing impact throughout the globe (Patnaik, 2004). The global finance capital which accentuates into primitive accumulation of capital has caused periodic fluctuations and has created intense phases of creative destruction, leading to the current economic crisis, first, in the developed world and then spread into developing countries. The rise of finance capital has hugely benefited the upper classes and has restored power to the ruling elites in Europe and the USA. It has also crafted situations for capitalist class formation and immense shuffling of class structures in the developing countries like China, India, and Russia. (Harvey, 2006).

So, due to the ongoing economic crisis, its associated risks and losses in the financial sectors (shares, equities, and debentures' markets) at the one hand, and on the other, the rise of a new capitalist class in the developing countries led to turn the interests of stake holders in the land markets of African, Asian, and Latin American, Eastern European and Oceanian countries to produce exportable crops to earn profits. This act of taking the people's land for large scale industrialized production results in the concentration of land into fewer hands. It creates the dangers of primitive accumulation of capital and is characterized as theft and appropriation of the common property of petty producers, peasants and the people, through encroaching upon or buying the state property at throw away prices (Patnaik, 2011). This process of primitive accumulation is called the monopolization of resources (Lenin, 1917; Baran and Sweezy, 1966) where commoditization and privatization of land and other resources take place via the vigorous eviction of peasant society. Common and collective rights become private property. Suppression of indigenous forms of production and consumption take place; and monetization of exchange becomes a common phenomenon.

The commodity speculation and the added profits with it in the global agricultural markets, which was a derived notion to avoid losses in the securities and real estate markets, caused a sharp increase in the food commodity prices globally with no or little increase in agricultural production in the period from 2005-09. It caused global food prices to rise by 71 percent in the period of just 15 months from the end of 2006 to May 2008 (FAO, 2009). The

rising prices of the food commodities resulted in the mounting cost of the annual food basket of the least developed countries to three times higher in 2008 what it was in 2000, basically, not due to an increase in the volume of trade but the rise in prices of these commodities due to speculation (UN, 2009). The rise in prices of these food commodities resulted in the absolute rise in the number of hungry and poor in the world to 1.25 billion in 2009 which declined to 805 million in 2012-14 of which a majority of the people live in developing countries according to the FAO (2014). So, with the rising prices of food commodities, the traders and MNCs invested in land in the developing countries to accumulate profits as investment in land and commodity speculation became the most profitable avenue in the ongoing economic crisis.

A Profile of Global Land Acquisition

The availability of data regarding culminated land deals is one of the difficult tasks and reliability on this data is also ambiguous. Land acquired data in developing countries are highly underestimated as the investor or targeted country governments do not provide an actual scale of land acquisition due to ambiguity in land deals. The World Bank report (2010) on land acquisition claims that the global investors in land have shown their interests in 56 million hectares (almost 1 percent of the total agricultural land of the world) in various parts of the world which include Africa, Asia, Latin America, Eastern Europe and Oceania. Another prominent organisation, Land Matrix, provides data regarding land acquisitions for agricultural purposes globally.

Table 1. Scale of Global Land Acquisition (2003-13, in million hectares)

Crops/Continent	Africa	America	Asia	Europe	Oceania	Total
Food Crops	2.12	0.72	0.24	0.15	0.06	3.28
Non-Food Crops	7.17	0.84	2.06	1	0.16	11.24
Flex Crops	1.83	1.05	3.26	0	0.21	6.35
Multiple Crops in Different Categories	4.88	0.85	0.94	1.7	1.83	10.21
Total	16	3.47	6.5	2.85	2.26	31.07

Source: Land Matrix, Available on <http://www.landmatrix.org/en/get-the-idea/agricultural-drivers/>.



Notes: Red Dots showing Targeted Low and Middle income Developing Countries for Land Deals

Figure 1. Global Map of Targeted Low and Middle Income Countries for Land Acquisition

Source: Land Matrix. Available on <http://www.landmatrix.org/en/get-the-idea/global-map-investments/>.

Table 2. Biggest 10 Investor and Targeted Countries for Land Acquisition

Biggest 10 Investor Countries	Land Grabbed (in 000 hectares)	Biggest 10 Targeted Countries	Land Grabbed (in 000 hectares)
USA	7093.6	Papua New Guinea	3799.2
Malaysia	3589.9	Indonesia	3636.4
Singapore	2938.4	South Sudan	3491.5
United Arab Emirates	2837.4	DRC	2765.2
UK	2332.4	Mozambique	2205.8
India	2080.6	Congo	2132
Canada	2072.5	Brazil	1811.2
Netherlands	1695.3	Russian Federation	1731.9
Russian Federation	1583.9	Ukraine	1600.2
Saudi Arabia	1587.2	Liberia	1340.8

Source: Land Matrix. Available on <http://www.landmatrix.org/en/get-the-idea/agricultural-drivers/>

Figure 1 shows a world map having concluded land deals in the low and middle income developing countries. The red dots in the picture show the

particular countries where land is acquired by the MNCs and other actors for the production of food and non-food commodities. According to Land

Matrix, these confirmed land deals account for around 31.07 million hectares of land in the period ranging from 2003-13 (**Table 1**). Initially, it was said by the MNCs that the land being purchased would be used for the food production to solve the problems of food insecurity in the targeted and the domestic countries. But, of all the 31.07 million hectares which is purchased only 3.28 million hectares are devoted for the food crops while for the non-food crops, this amounts 11.24 million hectares. For flex and multiple crops in different categories, the lands devoted are 6.35 and 10.21 million hectares respectively.

Under the region-wise land acquisition, Africa has been the biggest target for land acquisition where 16 million hectares have been purchased by the MNCs and other investors. In Latin America, the total land acquired is 3.47 million hectares, for Asian countries, it was estimated around 6.5 million hectares while for Europe (mostly Eastern Europe), the land acquired is 2.85 million hectares and in Oceania countries, this estimate amounts 2.26 million hectares. A handful of countries have become the biggest international farmland grabbers and are re-sketching the global land ownership map (**Table 2**). The data available with the Land Matrix suggests that countries like USA, Malaysia, Singapore, UAE, UK, India, Canada, Netherlands, China, Russian Federation and Saudi Arabia are the biggest investors in land while Papua New Guinea, Indonesia, South Sudan, DRC, Mozambique, Congo, Brazil, Russian Federation, Ukraine, Ethiopia and Liberia are the few biggest targeted countries where land has been acquired, although, there are a large number of state and non-state actors involved in land purchase throughout the global map.

India's Role in Global Land Acquisition

India is among the top overseas land grabbers on the world stage. But, the relevant fact, here, is that it is facing various violent conflicts and movements against land acquisition in its own territory for private purposes, residential apartments, and for the land being acquired to establish SEZs by the MNCs. It is also relevant to mention that Indian laws do not permit the MNCs to acquire land in India for agricultural purposes except the vertical in-

tegration with the farmers for the purchase of the produce to establish agribusiness. So, under such a characteristic of land relations in India, MNCs and other investors from India are making investments in overseas land markets. The scale of India's land acquisition has been almost 2080.6 thousand hectares around the globe, mainly, in South America, Africa, and in South East Asian countries (**Table 3**). The countries where Indian MNCs and association of farmers have invested in land are Brazil, Guyana, Sudan, Zambia, Uganda, Tanzania, Rwanda, Mozambique, Madagascar, Kenya, Ethiopia, Sierra Leone, Ghana, Malaysia, Laos, Indonesia and Cambodia. More than 80 Indian Companies are involved in purchasing land and establishing agribusiness in these countries (Rowden, 2011) to cultivate food as well as non-food and flex crops.

Several governments of the African countries are directly inviting the MNCs from India and other developing countries to purchase and cultivate land. For example, the Ethiopian Government had invited Indian companies to invest in agricultural land as the Ethiopian Minister of Agriculture, Mr. Tefera Derbew, said "How much land will actually go to Indian investors depends entirely on the interests of the investors. If they come and take all the land, they are welcome"(The Economic Times, 2011).

Estimates claim that average land holding size in Ethiopia, where India based MNCs are major players in land, is about 2 hectares and more than 600 thousand hectares of land have been purchased by the investors. It means that over 300 thousand families have been potentially displaced, but only 20,000 people are expected to get jobs on highly mechanized farms. This is just an example to show how foreign MNCs in collaboration with the African countries' governments are directly playing with the livelihoods of African natives, particularly, with the livelihoods of the small farmers. These land acquisitions would displace thousands of such farmers without proper compensation. These farmers and the population in general would be left with lesser availability and accessibility of locally produced food for them as the MNCs involved in agri-production would be guided by the motive of profitability. It will result in forceful migration in search of alternate means of livelihoods which would

Table 3. Scale of India's Global Land Acquisition

Regions	Land Acquired (in 000 hectares)	Countries
South America	815.8	Brazil, Guyana
Western Africa	485.3	Sudan, Zambia, Uganda, Tanzania, Rwanda, Mozambique, Madagascar, Kenya, Ethiopia, Sierra Leone, Ghana
Eastern Africa	370.9	
Northern Africa	0	
South East Asia	407.6	Malaysia, Laos, Indonesia, Cambodia
Total	2080.6	

Source: Land Matrix, Available on <http://www.landmatrix.org/en/get-the-idea/web-transnational-deals/>

Conclusion

Land acquisition is an old phenomenon resulting in a new framework throughout human history, since its inception, to feudalism, pre-capitalism to its current capitalist oligarchy where neo-liberal market based systems and financialization of the economies have been at the helm of state affairs. The land acquisition, at the current juncture, is a brain child of the ongoing economic recession, devastated securities markets and muddled investors' faith in hedge funds. To avoid these involved risks via speculation in the agricultural commodity markets through controlling agricultural activities directly and creating its own value chains for trade in agribusiness and to accumulate capital, the MNCs from the developed and developing countries have invested in land. The current sway of land acquisition in developing countries can also be attributed to the crisis of capitalism in itself and its inherent tendency to monopolize all the natural and other resources. By doing this, it destroys the existing agricultural structure: the small and medium scale farming, its biodiversity, land relations and its ownership structures. It converts the self-sustenance based agriculture to the depend-

ence on the market for food and export based large scale production chain for profit resulting in the loss of employment, livelihood and sovereignty of the natives. These unabated threats to livelihoods and sovereignty to the indigenous communities in Africa, Asia and Latin America has produced several violent movements to save farming as a right of the locals and have forced their governments to cancel a few land agreements with the MNCs. Still, the rush to the land under current circumstances gives several reasons to conclude it as a process of neo-colonialism where several ex-colonies like India and China are at the forefront of land acquisition to make new colonies for their own benefit at the cost of the lives of the native people.

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Conflict of Interests

The author hereby declares that there is no conflict of interests.

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