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The Subnational Politics of Dispossession: How Nepotism Stymied Development and Sparked Resistance in Polepally, Andhra Pradesh

Raman Kumar Apsingikar[*] & David Hundt[*]

Abstract

Economic dispossession is usually assumed to be a process that originates from global capital and flows down to the national level, but little is known about how subnational actors facilitate and benefit from this process. By developing a bottom-up perspective on dispossession, this article argues that the synergy between subnational political and economic elites resulted in the dispossession of farmers in the south Indian state of Andhra Pradesh. It illustrates that subnational elites had their own motives to establish a Special Economic Zone (SEZ) in Polepally, and that this episode of dispossession sparked a high degree of resistance.

Keywords: Dispossession; Capitalism; Resistance; Subnational Politics; India; Andhra Pradesh

Introduction

According to David Harvey (2003), dispossession is required so that surplus capital can be profitably redeployed. When capital lies dormant or its circulation is constrained, it leads to crisis. Harvey argues that 'accumulation by dispossession' (ABD) is a strategy to overcome the barriers that capital faces to its further expansion. ABD, he argues, is imposed by global institutions like the International Monetary Fund and the World Bank by dint of their ability to lend to developing nations on a conditional basis (Harvey, 2003; 2004).

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There is ample evidence to suggest that dispossession of the people (particularly farmers) from their basic means of subsistence (primarily land) for capitalist production is taking place in developing societies such as India (Levien, 2011; 2012; Vasudevan, 2008). There is growing recognition, however, that dispossession is not solely or wholly a consequence or outcome of global capitalism (see e.g., Sud, 2014; Upadhya, 2020). The spatial and social variation of ABD therefore warrants careful examination (Banerjee–Guha, 2013). Harvey sees ABD as an economic process driven from above, but such an interpretation risks overlooking the more overtly political dimensions of the process, both in the global North (see e.g., Glassman, 2006) and the South too. In India, for instance, it has been found that ABD has exacerbated rural–urban conflicts when the state re/allocates the rights to resources such as water (Birkenholtz, 2016; Upadhya, 2017), and that dispossession has aggravated existing social tensions and inequalities (Agarwal & Levien, 2020; Jenkins et al, 2015; Sud, 2014; Vasudevan, 2008), caused by differences in class, caste, gender, ethnicity, and religion. The state has been complicit in triggering 'land grabs' in rural areas, in the interests of corporate capital, which has sparked resistance in the form of 'land wars' (Levien, 2011; 2018; see also Hall, 2013; Jenkins et al, 2015).

In keeping with such a 'bottom-up' view of ABD, this article contends that subnational politics influences the intensity of dispossession in India. It explores the political-economic dynamics associated with state–business transactions in Andhra Pradesh (AP), through a case study of the establishment of a pharmaceutical Special Economic Zone (SEZ) located in Polepally (hereafter, the Polepally SEZ). Farmers were dispossessed of their land to make way for this large-scale SEZ project, and subnational political and economic factors played a vital role in facilitating this instance of dispossession. The article suggests that the collusive state–business deals struck at the subnational level smoothed the path to dispossession for global capitalism.

This article proceeds as follows. It begins by reviewing the literature on ABD and its application to India. Harvey's insights are valuable in understanding the process of dispossession, but we show that a greater focus on the subnational level of analysis helps to explain how and why ABD takes form. Second, we set out the empirical background to the

case, and the promulgation of the SEZ policy in India in the 1990s. Third, we focus on the land dispossession in the Polepally case during the period in which Yeduguri Sandinti Rajasekhara Reddy (popularly known as YSR) was Chief Minister of Andhra Pradesh. In addition, we detail the resistance to YSR's policy and the development deadlock that it entailed. We conclude with the implications of the study, and detail how democracy was subverted for personal political-economic gains by the YSR government.

A Bottom-Up Perspective on Dispossession in India

Dispossession has long been a prominent feature of capitalist society. The commodification of labour, money and nature in a market society has disastrous implications for human society (Polanyi, 2001). The commodification of land, which is part of a market society, threatens the very existence of human life. Land has several use values, like growing food, building shelter and so on. Those affected with the market fundamentalism (including the commodification of land, as well as labour and money), Polanyi argued, would launch a countermovement to protect society from the pernicious effects of the market. Therefore, he expected that 'our age will be credited with having seen the end of the self-regulating market' (Polanyi, 2001[1944] p. 148). He did not foresee, however, the rise of neoliberalism in the 1970s (Harvey, 2005; Burawoy, 2013). Consequently, David Harvey's 'crises of capitalism' thesis has become a persuasive way of interpreting contemporary events. His concept of 'accumulation by dispossession' has been widely used to interpret the SEZ phenomenon (Ananthanarayanan, 2008; Gopalakrishnan, 2010; Holden, Nadeau, & Jacobson, 2011; Levien, 2011; Oza, 2010; Sampat, 2010; Sarkar & Chowdhury, 2009).

In formulating strategies to deal with neoliberal capitalism, developing states such as India act within a given social, cultural, political, and economic context. National and subnational governments broker forms of relations between capital and labour that it is exploitative, and which results in dispossession. Southeast Asian states, for instance, have adopted differential regulatory and administrative practices for different sections of populations (Ong, 2000). The creation of SEZs as

differential regulatory spaces is a means of segregating the population. These economic enclaves are a 'nation within a nation' (Ong, 2000), and a particularly exploitative mode of capitalism operates in these zones. Cross, meanwhile, argues that 'India's new economic zones are not closed or bounded systems. On the contrary the precariousness of work, the porosity of its boundary and the politics of citizenship inside the zone re-creates the character of working life outside' (Cross, 2010, p. 370). SEZs provide legitimacy to the conditions under which most economic activity takes place in India's informal sector: 'these spaces reproduce what are already *de facto* conditions of work for a majority of people' (Cross, 2010, p. 358).

A bottom-up perspective enables greater scrutiny of the SEZ model and the resistance that it sparks. It allows us to examine the role that subnational political leaders play in facilitating dispossession. Proponents of liberalisation in India advocated SEZs, but 'the displacement and disruption of livelihoods caused by SEZs and their grave implications are emerging even as the country witnesses steadfast resistance by peasants and state violence and repression or coercion' (Sampat, 2010, p. 166). The SEZ policy has 'generated... a sense of disenchantment about the state's approach to liberalization more generally – in particular, its lack of attention to the agricultural sector and its disregard of the rural poor' (Jenkins, 2011, p. 61).

Dispossession remains prevalent in India, which 'is arguably the global epicentre of land grab protests' (Levien, 2018, p. 1). Particularly since the liberalisation of the economy in the 1990s, the issues of resettlement and rehabilitation of the displaced persons, the project affected persons, and the environment and ecology issues, have led to massive resistance movements (Sampat, 2010; Shrivastava & Kothari, 2012). The 'forces of economic globalization are severely curtailing democratic institutions and values in many countries across the world', but 'anti SEZ movements across [India] illustrates that the country's citizens will not give up their democratic values without a fight' (Jones, 2008, p. 68).

This article accepts that the SEZ-type models lead to dispossession, as manifested in the loss of land and livelihood of several people and in the accumulation by elites, as in Polepally. However, it departs from Harvey's structural dimensions of capitalist exploitation as a focal point for dispossession. Subnational-level politics, we contend, play a vital role in facilitating dispossession. This includes the management of the resistance to the land-based dispossession by subnational political elites, who legitimise dispossession by enacting a limited degree of measures to promote development and welfare on the one hand, while enriching their corporate and political supporters on the other.

SEZs and Popular Resistance in Andhra Pradesh

Subnational leaders in India, especially Chief Ministers (CMs), use a range of strategies to balance the competing claims of the market economy and political democracy (Suri, 2005). In Andhra Pradesh, Yeduguri Sandinti Rajasekhara Reddy (YSR), who served as CM between 2004 and 2009, embraced such strategies to balance welfare and development (Upadhya, 2017). Until his death in a helicopter crash in September 2009, Reddy was a popular CM from the Congress Party, known for his government's adoption of pro-poor and pro-farmer measures at a time when market-friendly policies were in vogue. He was the first CM to complete a five-year term in office and to win a second term.

YSR became the leader of Andhra Pradesh when there was a significant degree of popular unrest, especially among the poor. The unrest was in part due to the business-friendly strategies adopted by YSR's predecessor, Chandrababu Naidu, of the Telugu Desam Party (TDP), who ruled from 1995 to 2004. Opposition parties accused Naidu of being an agent of the World Bank. Naidu proposed the development of several SEZ-type industrial projects in rural areas. When addressing business leaders in New York in early 2002, Naidu proposed a 9,000-acre SEZ near the port city of Vizag (*Times of India*, 2002). A few months later, his government formalised its SEZ policy, and the Andhra Pradesh Industrial Infrastructure Corporation (APIIC) was given responsibility for developing SEZ projects. The rural distress and the apathy of the poor contributed to Naidu's defeat in the 2004 elections. YSR's Congress Party won with thumping majority on the back of his promise to alleviate the suffering of the poor and the rural populace. Once in

power, however, YSR continued with the pro-business reforms and the transfer of fertile farmland to SEZs.

The efforts and personal traits of YSR included electoral success at all levels, tackling dissent within the Party, consolidating the Party position through a stronghold over its cadres, and overcoming the opposition from all walks of life such as film stars with popular appeal (Chiranjeevi), shrewd politicians (Naidu and KCR), and social activists (such as Jaya Prakash Narayan of Lok Satta). His innovative welfare measures, his ability to raise funds, his mass appeal, his quickness in grasping and resolving issues of public concern, his ever-smiling face, loyalty towards friends and hostility towards his opponents made him a 'loyal, dependable and perhaps the most trustworthy lieutenant of the Congress president Sonia Gandhi' (Menon, 2009). Gandhi gave YSR 'carte blanche' (Narasimha Rao, 2008) to manage the government and the Party affairs in AP. Using this to his advantage, YSR became a regional satrap and vetoed on every governmental and party issue. His personal appeal and political acumen enabled him to take full control of State affairs.

The SEZ Policy

The AP government proposed a Green Industrial Park (GIP) in Polepally in 2001. The park 'aimed at promoting green business technologies by encouraging non-polluting companies to set up their bases' (*Hindu Business Line*, 2005). The APIIC processed the acquisition of 954.04 acres of land from 352 farming households (families) in 2002–03 for the purposes of setting up the GIP. Most of the farmers in this case were either small or marginal landholders owning less than 5 acres of land.

The farmers opposed the acquisition of their land, through a blockade of the national highway in 2003, and a demonstration in front of the State Legislative Assembly in 2004 (Asher, 2008; Prashanth Reddy, 2009). However, most of these protests were sporadic and not well organised. Popular resistance during the time of land acquisition was minimal because the government had assured the farmers that the GIP would employ people with agricultural and horticultural skills. They were lured by the guarantee of secure employment. Farmers were in a helpless situation as agricultural production was also in distressing

conditions (Rao & Suri, 2006).The YSR government, however, failed to attract green industrial units to the GIP. The pharmaceutical industry in Andhra Pradesh was also in a state of distress and several firms relocated to other parts of India. The government set up an exclusive pharma SEZ, in the belief that the best possible use for the GIP was as a pharmaceutical SEZ, as the land was already in its possession.

The APIIC submitted a proposal in September 2006 to the central government for a SEZ in Polepally. B.P. Acharya, the Managing Director of APIIC, stated that 'Aurobindo and Hetero pharma companies expressed their willingness to be the anchor clients in the proposed pharma formulations SEZ' (cited in *Hindu Business Line*, 2006). In October 2006, the Ministry of Commerce and Industry granted 'formal approval' to the proposed SEZ at Polepally. Aurobindo and Hetero each applied for 75 acres of land to set up operations in the Polepally SEZ. The APIIC gave in-principle approval, allotting 75 acres of land at the rate of 7 *lakh* Rupees per acre (about US$980), or almost three times below the level (20 *lakhs*) that had previously been suggested for land inside the GIP (*Asian Age*, 2012).

The Polepally struggle intensified after the government announced in late 2006 that it would earmark 250 acres of land for a pharma SEZ within the GIP. The movement gained momentum when the construction was initiated to house pharma units in 2007. The announcement about the launch of a pharma SEZ created huge discontent among the displaced farmers and villagers in Polepally. The government never informed them that a SEZ would begin operating, let alone one involving the pharmaceutical industry and its high levels of pollutants. The popular anguish culminated in an organised movement against the government's decision to set up a SEZ.

Resistance to the SEZ

The displaced farmers gained support from concerned citizens, activists, human right groups, political parties, and the media, and tried through various democratic means to force the government to reverse its decision to set up a SEZ. The first prominent people to raise the issue were Upender Reddy, the Deputy *Sarpanch* (village head) of Polepally, Madhu Kagula, a political activist, and Sujatha Surepally, a women's and

Dalit rights activist. They organised a series of meetings, walkathons, rallies, and other events. At times, they were treated with brutality by the police. On several occasions, almost all opposition political parties took part in the protests against the SEZ. Human rights activists, NGOs, legal experts, and institutional committees expressed their solidarity with the anti-SEZ movement. They tried to address it through legal and institutional means.

Amid the ongoing protests in Polepally, the Indian government convened 'the Subcommittee of the Department Related Parliamentary Standing Committee on Commerce' in 2007 to investigate 'the functioning of Special Economic Zones'. Members of the committees visited the displaced farmers in Polepally and observed events on the ground. The committee members spoke to the concerned stakeholders and in particular the displaced farmers over the loss of their primary means of subsistence. It assured them that the matter would be taken to the prime minister with recommendations to enhance compensation for the SEZ's victims in Polepally (Department Related Parliamentary Standing Committee on Commerce, 2007).

Telangana Vidyavantual Vedika (TVV, Telangana Educational Platform), under the leadership of Madhu Kagula, played a vital role in the early phases of the campaign. TVV convened meetings involving people from academia and human rights forums to discuss the displacement of farmers from the Polepally SEZ. A delegation from the TVV told the farmers that the government had become a 'land broker' as it allotted land to the big pharma companies at higher prices while paying less compensation to the farmers (*Andhra Jyothi*, 2007a). Similarly, members of the Andhra Pradesh Civil Liberties Committee referred to the state as a real-estate broker during their visit to the farmers. The committee recommended that 'land for land' should be given in compensation to those displaced in Polepally (*Andhra Jyothi*, 2007a) as it found that the government failed to keep its promises in respect to employment guarantees, rehabilitation and resettlement. In a seminar entitled 'Abrogation of the SEZs' organised by the TVV, the human rights professor G. Haragopal opined that 'land is individuals own right, if one's land is taken through this (SEZ) law how s/he could live'. Further, 'governments should rethink and say goodbye to SEZ laws' (cited in *Andhra Jyothi*, 2007b). The committee made another visit to Polepally in

2008 and confirmed that there were 42 deaths related to the loss of land and livelihood, and recommended the scrapping of the SEZ (*Eenadu*, 2008c; *The Hindu*, 2008a).

K. Balagopal, a lawyer and founding member of the AP Human Rights Forum, noted that the 'transfers of land assigned to the poor are actually illegal'. But the government amended this law in 2006 to reclaim assigned land when such land had been sold or was not being used. The farmers asserted that the acquired land was never 'alienated' as they were totally dependent on it for cultivating 'rice, jowar, horsegram, chillies and vegetables'. A 55-year-old displaced farmer who lost five acres of her land to the SEZ lamented that

> The district revenue officer told us that whether we like it or not, we have to give the land. He said that if we gave it now, we will receive the compensation, or else the money will be deposited in the treasury. (Cited in Asher, 2008)

It was reported that 'subject to constant pressure and coercion, many residents accepted the compensation' (Asher, 2008). A group of locals were arrested and jailed for attempting to stop the construction of the SEZ.

To provide further impetus to the resistance movement, the TVV's Madhu Kagula organised the affected farmers and the concerned villagers under the banner, 'Polepally SEZ Vyathireka Aikya Sanghatana' (Polepally Anti-SEZ United Forum, PASUF). The main demands of PASUF and the farmers were the cessation of the SEZ; the return of land to the farmers; compensation for the loss of crops; a judicial enquiry into the illegal land acquisition; and the repeal of the SEZ Act.

With the rehabilitation and resettlement packages proving to be a mere façade, the farmers and the PASUF intensified their struggle. They adopted democratic means of protest, mainly where the SEZ was being built. Activists, political leaders from a range of parties, NGOs, scholars, film stars with political aspirations and several caste groups attended the protests between 2006 and 2009 and expressed their solidarity with the displaced farmers.

A group of BJP members known as *Kisan Morcha* (BJP Farmers Front) participated in a rally at Polepally and expressed solidarity with the farmers: the front claimed that 'as per the new SEZ policy land for land should be given' to the farmers (*Eenadu*, 2008e). Vidya Bushan Rawat of the Social Development Foundation, meanwhile, said at a demonstration in Polepally that 'across the country SEZ victims would be united for fighting' against the SEZs (cited in *Eenadu*, 2008d).

Varavara Rao, a member of *Viplava Rachayutula Sangham* (Revolutionary Writers Association) said at a press conference that the 'SEZ Act be abolished'. He demanded that the farmers in Polepally be given 'land for land, pucca houses to live in and a job to one SEZ victim family member' (Rao, 2008). A prominent journalist noted that

> The land acquired by the government for the SEZ (Polepally) is adjacent to the national highway. It is also not far from the Shamshabad international airport. Land rates in the region are thus well above Rs 20 *lakhs* [US$28,000] per acre. Often even higher than that. But the displaced farmers got sums ranging from Rs 18,000 to Rs 50,000 [US$252 to US$700] an acre, way below the prevailing market rates (Sainath, 2008).

Chiranjeevi, a popular Telugu film star, launched his own political party, Praja Rajyam Party, in August 2008. He visited Polepally in September 2008 to console the farmers. He stated that 'while SEZs are essential as they spawn industrial development, it cannot be done by depriving poor farmers of their land' and argued that 'it is not development when it is achieved at the cost of hungry stomachs' (cited in Krishnamoorthy, 2008). He issued an ultimatum to the government that 'either you solve the problems of Polepally farmers, if not, they will vote for us and we will look after their woes' (cited in *Andhra Jyothi*, 2008).

Addressing a mega all-party rally organized by the Communist Party of India in Polepally in November 2008, the then Telangana Rashtra Samiti (TRS) president lamented that his party 'is not against industrialisation, but we are against any unit that comes up at the expense of farmers' and added that the 'separate Telangana State which has now become a

certainty was the only solution to the problems' of displacement (cited in *The Hindu*, 2008c).

The democratic protests were mostly organized at the Polepally SEZ, but some were held in Hyderabad, the state capital. For instance, a 'solidarity meet' was organized in Sundarayya Vignana Kendram in Hyderabad in April 2008, and a *Dharna* (sit-in) in July 2008 saw about 200 farmers from Polepally hold a demonstration to protest the government's decision to establish a pharma SEZ. In this protest farmers demonstrated their anguish holding placards such as 'SEZ Hatao, Zameen bachao' (remove the SEZ and save the land). There were also round-table conferences and workshops held to usher in justice for the development induced displacement in Polepally. At the SEZ construction site, a public hearing was held in August 2007 and a *bhu-sathyagraha* (passive political resistance against forcible land acquisition) was held for one week beginning in late September 2008.

Electoral Contestation

In addition to the protests described above, the farmers contested elections at the State and Central levels. Thirteen displaced farmers filed their nominations to the Jadcherla Assembly constituency by-election that was scheduled for May 2008. The SEZ victims wanted to raise awareness of the fact that the government had created their plight by forcibly acquiring their lands to set up the SEZ. They competed for and not against each another to make the public aware of the losses they incurred due to displacement. They had a common manifesto of defeating the major political parties. They agreed with each other on the trauma created by the SEZ. They intended to showcase, to the world beyond Polepally, their problems caused by the government's embrace of SEZ-type development policies (Sainath, 2008).

The farmers did not win the by-election, but they achieved their objective of defeating the sitting member from the TRS, Lakshma Reddy. The farmers together secured 13,500 votes (Prashanth Reddy, 2009), with Mala Jangilamma securing the highest number of votes (Sainath, 2008). The farmers collectively spent 1.58 *lakh* Rupees (US$2,163) on their campaign, which included a security deposit of 65,000 Rupees (US$895). According to the PASUF, the farmers had to take out loans of

about 78,500 Rupees to contest the elections. The local member at the time that the SEZ was approved was from the TRS, so the Polepally candidates opposed both major parties. The TDP lost the election in the Polepally region, despite winning elsewhere. Mallu Ravi of the Congress Party won a seat in the Jadcherla Assembly. The farmers were happy with their decision, for they succeeded in drawing attention to their struggle against the SEZ (Sukumar, 2008).

The YSR Government's Response

YSR did not directly react to the resistance against the SEZs, including in Polepally, but his overall response to the opposition to the acquisition of farmlands for SEZs is worth mentioning. He said that

> There is no forcible acquisition and except where it is essential fertile land of the farmers is not taken. Whenever such an acquisition happened, we are giving the farmer full value for her/his land besides a unique R&R [Relief and Rehabilitation] package. The controversies raised and campaigns projected by the opposition parties are politically motivated. (Cited in Narasimha Rao, 2008)

YSR's ministers, however, did react to the struggle against the Polepally SEZ. Geeta Reddy, the industries minister, countered the criticism about the alleged inadequate compensatory measures by saying that

> The Relief and Rehabilitation Package offered to the land losers in Polepally was the best in the country. Not only compensation ranging from Rs 75,000 to Rs 1.25 *lakh* [US$1,033 to US$1,722] per acre was paid, but each of them was also provided 200 sq. yards of land and the government now planned to build houses for them (Cited in *The Hindu*, 2008b).

She added that 99 per cent of the people were happy with the package, as people who lost their land were given job cards assuring them of employment. The Jadcherla SEZ would create 30,000 jobs when completed, she claimed (*The Hindu*, 2008b).

The Mahbubnagar collector, Usha Rani, stated that land was acquired with the 'consent' of the farmers. She countered farmers' allegation that 'because of the loss of land farmers committing suicides in Polepally is terrible' (cited in *Saakshi*, 2008). Compensation was paid as per the 'prevailing market rate' (*Saakshi*, 2008). In an agreement with the farmers, she said, the authorities had accepted to 'build pucca houses, provide drinking water, roads and schools', and 'the eligible candidates would get jobs in the upcoming corporate pharma SEZ Units' (cited in *Eenadu*, 2008b).

From March 2009 onwards, the Polepally farmers were busy planning to contest the Mahabubnagar parliamentary seat as part of the Lok Sabha elections that would be held in April. While they had contested the 2008 by-election to spread the message of development-led disaster at the State level, their decision to contest the Lok Sabha polls was to draw national attention to their plight. One of the candidates noted that the farmers' electoral fray marked a protest against parties which did nothing to prevent farmers from being dispossessed of their livelihoods and homes. We are 'using democratic means accessible to us to make our resentment known to them' (Akhileshwari, 2009). Fifteen farmers contested the 2009 elections. Altogether they received more than 70,000 votes, which prevented the Congress candidate, Vittal Rao, from winning. Instead, the TRS won by just 20,000 votes. The farmers achieved their goal of defeating the ruling party MP and they also made it difficult for the TRS to claim victory (Venkateshwarlu, 2009).

Political Management, Developmental Deadlock, and the limits of Formal Politics

As outlined above, the farmers adopted various measures to regain their land from the government but in vain. These contentious events were 'a mark of protest against the existing political parties and their policies in relation to corporate interests and SEZs' (Rawat, Bharath Bhushan, & Surepally, 2011, p. 38). Specifically, the farmers criticised the flawed process of land acquisition, the flouting of policies pertaining to displacement, the inadequate compensation and rehabilitation and resettlement packages, the unkept promises, deviations from the original plans for the industrial project, and most importantly for the lack of transparency in transforming the project from a GIP to a pharma SEZ.

What is puzzling, perhaps, is that so many of these measures were enacted by the YSR government, which had campaigned on a pro-farmer policy. In seeking to comprehend the land-related dispossession in Polepally, this article turns to David Harvey's theory about the structural compulsions of capital flows. It accepts the conceptual importance of accumulation by dispossession but differs with Harvey on the point of the agency in the process of dispossession, through its focus on subnational politics, including a collusive state–capital alliance under YSR's leadership, the selective use of pro-poor policies to shore up his electoral majority, and nepotistic relations that benefited his son.

YSR's emergence as a strong leader in AP 'has been accompanied by more bloodshed than that of any other politician in this state. Not bloodshed for some avowed "higher cause", but bloodshed for the narrowest possible cause: the rise of one individual to political power and prominence' (Balagopal, p. 2425). YSR was known for dethroning the Chief Ministers and encourage dissidence against them. However, starting from early 1990s he started to create an image of himself as a more mature and responsible leader and started to settle differences with different factions. The idea to transform the negative image of creating dissent and troublemaker to that of a popular leader came in the wake of growing influence of TDP in the State politics. YSR was quick to realise that rather than wasting energies in the intra-party struggle against each other, better direct the same to defeat Naidu of TDP, the main rival of the Congress party (Price, 2011, p. 141). His image of a changed leader came to be felt by all during the 2004 elections. But after coming to power, YSR's rule marked authoritarian and ruthless rule, intolerance to any forms of criticism, violent practices in eliminating the opposition leaders and the centralisation of his power (Srinivasulu, 2009).

The Pro-poor Agenda

YSR's pro-poor campaigning was welcomed by farmers, who had suffered due to the indifference of the TDP government. Rural voters voted for YSR en masse and allowed him to assemble an electoral majority. Once in power YSR implemented some of the promises he made during the elections, particularly the pro-rural ones like free electricity for farmers and waivers for agricultural loans. His tenure was

also marked by impressive economic growth and a surge in revenue which allowed him to implement a slew of welfare schemes. These schemes were not the 'election handouts' that are usually floated on the eve of voting, which target specific groups like minorities, artisans and women. Rather, they were 'long term' schemes that aimed to provide welfare to all eligible beneficiaries (Elliott, 2011, p. 70).

The elaborate welfare regime included subsidised housing for homeless people, free electricity for farmers, subsidised farm inputs, subsidised rice for families below the poverty line, health insurance, and pensions for the aged. Andhra Pradesh, under YSR, became a torchbearer for other States across India in the implementation of the centrally sponsored 'Mahatma Gandhi National Rural Employment Guarantee' scheme, which assured employment, legally, to people living in the countryside.

YSR's welfare schemes were a novel example of how to combine welfare, development, and corruption to serve electoral interests, reduce popular unrest, and satisfy corporate interests too. For instance, the *Arogyasri* (health insurance scheme) provided free tertiary medical treatment for the poor in private hospitals, while failing to invest in primary and public sector healthcare. Private hospitals benefitted from public funds as they inflated their medical bills (Rao, 2014), just as a fee-reimbursement scheme for professional education enriched private colleges (Vasu, 2011).

Catering to the Regional Business Elite

The Polepally dispute unfolded amid the emergence of an aspiring business class in South India, which was influential in subnational politics. In Andhra Pradesh, an agrarian-turned-capitalist class was becoming prominent (Baru 2000; Upadhya 1988a, 1988b;, & Damodaran 2008). Rich farmers from coastal Andhra accrued profits from agriculture following the Green Revolution, and some diverted the agrarian surpluses of the early 1980s and 1990s into the industrial and service sectors. They invested in sectors such as health, education, and food processing, as well as fertiliser, the film industry, pharmaceuticals and information technology. This regional capitalist class, however, faced hurdles to obtaining licenses prior to the reform era of the 1990s.

Regional firms needed central government permission to enter various sectors, but the Congress government in Delhi favoured big national groups such as Tata and Birla. In this context, the business class in AP sought the help of regional political leaders, such as Naidu, whose TDP ended three decades of Congress Party at the state level in 1983. The regional capitalists 'invested in regional political parties to gain political support at the state level' as they clearly saw that 'any system which increased the leverage of the state government over the central government would increase their relative strength vis-à-vis national big business' (Baru, 2000) that received undue favours from the central leadership. The state–business nexus continued and expanded in the 2000s, irrespective of which party was in power.

YSR campaigned on the promise to address the region's lack of irrigation facilities and the negligence of the TDP government on this issue. After being elected in 2004, YSR started the *Jalayagnam* programme, under which new irrigation projects would bring water to the fields for cultivation and to households for drinking purposes. The programme, however, was poorly implemented. The projects lacked transparency in their tendering and contracting, which caused delays in completing projects and incurred huge losses to the State (Comptroller and Auditor General of India, 2013).

The YSR government violated the procedures relating to the awarding of contracts for the irrigational projects for political and personal gains. Most contracts were awarded to entrepreneurs who were also politicians, mostly from YSR's camp. For instance, the government awarded eight contracts, worth 3,739.22 *crores* (US$524 million), to Progressive Constructions, which was founded by the five-time Congress MP, Kavuru Sambasiva Rao. The Gayathri Group, founded by noted filmmaker, Congress MP and billionaire T. Subbiram Reddy, secured 14 projects worth 4,798 *crores* (US$672 million). And Lagadapati Rajgopal, another Congress MP and founder of the Lanco group, was awarded three *Jalayagnam* projects worth 128.41 *crores* (US$18 million). YSR, however, also facilitated the business interests of the opposition parties. Nama Nageshwar Rao, a TDP parliamentarian from Khammam and director of Madhucon Infra, won the right to four projects in this scheme (Kirpal, 2013), worth 1,644.15 *crores* (US$230 million). Due to

these gross violations of the rules in the allocation of irrigation projects, the opposition dubbed the *Jalayagnam* programme as 'Dhanayagnam', or the ritual of siphoning off money (Suri, 2009).

Nepotism under YSR

Harvey's theory of ABD goes some way towards explaining the dispossession of small landholders and accumulation by the private sector. It does not, however, adequately account for agency in the process of dispossession. This article focuses on subnational politics, including the state-capital alliance in the YSR period. A significant beneficiary of this alliance was YSR's only son, Y.S. Jagan Mohan Reddy ('Jagan').

Jagan set up businesses in the power, cement and media sectors after his father became the CM. Through his father's influence, several firms were induced to invest in Jagan's businesses. The land was allotted in nefarious ways because Jagan wanted firms to be granted favours in lieu of their investments in his newly floated business ventures. YSR thereby misused his official position and provided incentives to some firms, which resulted in dispossession of the marginalised sections of society. The state–business nexus, which was established to promote Jagan's business empire, was the main cause for the loss of assets of the marginalised people.

The nepotistic arrangements also affected the Polepally pharma SEZ land allotment. As noted earlier in the article, in 2006 the APIIC had granted Aurobindo and Hetero 75 acres of land each in the Polepally SEZ at a cost of just 0.7 *lakhs* ($US964) per acre (Janyala, 2012). The opposition parties accused YSR of extending undue favours to these and other private businesses in return for investing in Jagan's businesses (*Eenadu*, 2008a; 2008f). Despite these allegations, no probe was ordered by the Congress-led government. India was about to go to polls in 2009 and AP was an important State for the UPA government, which was hoping to win a second term. In this context, the charges of corruption against YSR were not taken seriously by the central government.

Following YSR's untimely demise, the Congress leadership at the central and State levels responded differently to Jagan, as the latter aspired to the CM's position. Congress leaders did not accept Jagan's demand that he be nominated to succeed his father as CM, straining ties between the leaders and Jagan. The differences grew so much that Jagan launched his own Party in May 2011. Congress leaders at the centre finally agreed to act on the frequent allegations that Jagan had amassed huge wealth while his father was CM. The centre directed the CBI to launch an enquiry into Jagan's disproportionate assets. The CBI began investigating Jagan's illegal assets case in July 2011, and Jagan was arrested less than a year later. According to the CBI, Jagan had 'prevailed upon his late father... to ensure "nefarious deals" of allotting large amounts of land to at least three major companies as a quid-pro-quo for investments made into entities owned by him' (cited in Rahul, 2012b).

The CBI filed 11 charge sheets between March 2012 and September 2014 against Jagan and some of these deal with the Polepally case. In the case of Polepally, the CBI alleged that the land allotted to Aurobindo and Hetero in return investing in Jagan's Jagati Publications and Janani Infrastructure. YSR, persuaded by his son, misused his position, and pressured the APIIC, to allot land to these companies at well below market rates (7 *lakhs*), while the APIIC had fixed the price at between 15 and 20 *lakhs* per acre. Acharya cleared the file in haste on the grounds that the CM had decided the amount of land and price at which it should be sanctioned to these companies. The transaction, according to the charge sheet, resulted in a loss of 12.26 *crore* (US$1.7 million) to the government (Rahul, 2012a). Jagan, meanwhile, alleged that these charges were part of a designed political vendetta (*Mahapatra*, 2011).

Thanks to the nepotistic ties he had cultivated, Jagan quickly became one of India's richest entrepreneur-politicians. He declared his assets as worth 77.7 *crore* (US$10.8 million) while filing nomination to Kadapa Lok Sabha seat in the 2009 general elections. By way of comparison, his declared income on the eve of the 2011 May by-election to the Kadapa constituency as 430 *crores* ($US60.2 million) (Sainath, 2012; Srinivasa Rao, 2012). Jagan's case reveals how corruption occurs when 'excessive discretionary authority' is placed in the hands of politicians and officials

rather than relying on the 'impersonal forces of market to decide economic outcomes' (Das, 2012). The Polepally case, among others in the YSR period, supports this claim.

Conclusion: Dispossession and the Subversion of Democracy

This article has traced the emergence of a powerful subnational political leader and detailed how his substantial political autonomy enabled him to design policies in his own style. The former AP Chief Minister, YSR, promoted industrial, infrastructural and welfare policies that catered to the needs of business and political elites, and secured electoral majorities. Despite purporting to be oriented towards development, however, YSR's policies mainly catered to the interests of the private sector and his close associates, including his son.

The government of AP used extra-economic means to establish the SEZ in Polepally, which began operating in late 2009 after the former Chief Minister's untimely demise in a helicopter crash. The government did not consider farmers' demands pertaining to issues such as the dispossession of land, and the lack of transparency surrounding the acquisition of land. The farmers themselves had a certain degree of agency in this process, as Upadhya (2020) has noted in a different context within Andhra Pradesh. YSR's policy on the Polepally SEZ sparked substantial resistance, but the farmers' coalition ultimately was not powerful enough to destabilise the government or the regional political-economic order. YSR proved to be adept at managing political dissent in AP, and thus provides a crucial explanatory link between global capitalism and the dispossession on the ground. Conventional readings of ABD tend to overlook the agency of subnational leaders, which we have shown was central to the story in Polepally.

Some scholars (such as Jones, 2008) claim that the Polepally case indicates a flourishing of formal democracy, since a diverse coalition was mobilised and demonstrated a commitment to the 'formal, effective and substantive' dimensions of democracy, such as standing in elections and ejecting corrupt politicians. Whether the case constitutes a 'democratic deepening' (Heller, 2000), however, is debatable. The

Polepally case passes the test of procedural democracy, when viewed in terms of a set of institutions such as universal adult franchise, the rule of law, constitutionally guaranteed freedoms and the right to association, and the formation of governments through regular elections. The case represents a setback for democracy, however, when assessed by criteria such as the potential for the farmers to influence or reverse policy decisions (particularly those concerning economic development) that considerably affected their lives. A bottom-up perspective on dispossession confirms Harvey's supposition about the anti-democratic tendencies of global capitalism.

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