Himalayan ‘hydro-criminality’? Dams, development and politics in Arunachal Pradesh, India

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Grounded in political economy, this chapter explores the il/legal economies of dams by exploring the crime-governance nexus produced by dam construction. It considers the politics of hydro-development, of political parties, of corporate houses and of local ethnic competition. Processes are traced to show the criminalisation of politics as well as rampant accumulation from crime and corruption in and around dams and infrastructure for hydro-electricity. This evidence not only shows extensive inefficiencies in the management of water but also how ‘hydro-criminality’ requires the violation of customary ‘norms of violation’ in access to watercourses, forests and land, the breaking of state law and the manipulation of loopholes and environmental laws.

Introduction

In the Himalayan region of North East India, dams have been projected not only as a solution to India’s growing hunger for energy but also as the cornerstone of the neoliberal development strategy for the region. In Arunachal Pradesh alone, a state of 1.3 million people spread out over 83,743 km² of mountainous land cut by mighty rivers, nearly 160 memoranda of understanding (MoU) for hydro-electricity projects, hardly noticed at the national level, have been signed. A group of activists, with support from students and directly affected locals, oppose the construction of these dams for two broad reasons: first, the ecological, economic and social desirability of such dams; second, the question of criminal corruption regarding these dams, involving politicians, bureaucrats and
corporate houses. This chapter focusses on the second course of resistance: the linkages between dams, development and political corruption in the Himalayan state of Arunachal Pradesh.2

Dams in the context of neoliberal development

In Sunil Khilnani’s evocative expression, ‘India in the 1950s fell in love with the idea of concrete’ (Khilnani 1999). Nehru himself called large dams the ‘temples of modern India’, part of the strategy of rapid industrialisation through hydro-electricity, flood control, navigation and fisheries, lean-season river flows, improved roads and irrigation for agricultural transformation. Yet dams also led to the enclosure and flooding of land, deskilling and displacing large numbers of people, disproportionately from Scheduled Castes and Tribes which were already poor and marginalised. They generated environmental problems, ranging from loss of biodiversity to soil salinity (D’Souza 2008). In the post-reform phase (since the early 1990s), as the Indian economy started to grow at historically unprecedented rates, ‘energy security’ has been among the key concerns of the state.3 And the ‘securitisation of water’ has delegitimised alternative perspectives on water and livelihoods. As Hill observes:

Accelarating the construction of hydro-power in the Himalayas becomes portrayed as something akin to a geostrategic imperative, with the effect that some commentators demand the silencing of dissent and the scrapping of due process around the social, environmental and economic impacts of planned projects within their borders. Discussion over the appropriate courses of action to counter the perceived “illegal” or “unjust” construction taking place on the other side of the international border (China) tends to have a singular focus on technocratic supply-side solutions of building more large-scale dams and empowers those with expertise in that domain at the expense of other visions of what development could or should entail. (Hill 2015, 733)

Hydro-power is being propagated as a ‘clean’ source of energy and mega dams are being projected as an indispensable component of India’s development strategy. Unlike the multi-purpose dams of the past, they are increasingly being justified on the grounds of power generation alone; and the state’s role as the primary agency for energy infrastructure has been replaced by the idea of the state as coordinating the participation of
the private power sector (Schneider 2015). Both the Shukla Commission Report and the Vision 2020 document prepared by the DONER (Ministry of Development of the North Eastern Region, Government of India) emphasised the national demand for energy and the infrastructure deficit of the region as a key hindrance to its response. And these ideas were given great significance in India’s Look East policy, which aspires to integrate North East India with East and South East Asia (Haokip 2015; Das and Thomas 2016). Other factors reinforced the case for developing hydro-power in North East India. The persistent and heavy fiscal dependence of the North Eastern states on central government grants contradicted the assumptions of the neoliberal federal order, operationalised through provisions like the Fiscal Responsibility Act. Meanwhile the ‘success’ of two hilly states, Himachal Pradesh and Sikkim, in generating their own fiscal resources through hydro-power strengthened the argument that hydro-power potential could be leveraged to end the fiscal dependence on the central government of the mountainous, ‘special category’ frontier states (Mishra and Upadhyay 2017). So, policy has been changed to incentivise hydro-power and encourage private sector investment. These include tax exemptions, a provision for up to 40 per cent of saleable energy to be privately traded, and special access to benefits of the Mega Power Projects policy (for circumstances when electricity is generated for more than one state). Inter-ministerial groups, special task forces, single-window clearance procedures and monitoring by the central government add to the institutional complexity of hydro-power development. These initiatives ride roughshod over local customary law. Land in Arunachal is owned by tribal communities governed by customary law, and private ownership of land has been forbidden (Harriss-White, Mishra and Upadhyay 2009; Mishra 2015). People other than Arunachal Pradesh Scheduled Tribes (APST) cannot legally hold land occupancy certificates. And in the absence of a legal land market, the valuation of commonly held land for collective compensation purposes is an arbitrary exercise where under-valuation is hard to prove in a court. In the rest of this chapter we explore the relation between legal crimes in hydro-development, the flouting of customary norms and party politics.

**Dams in Arunachal Pradesh: contestations over development**

Although discussions about the hydro-power potential of Arunachal Pradesh are long-standing, it is only since 2000 that a serious effort to
exploit this potential has started (Ete 2014). Central and state government politicians have mastered and propagated a new discourse expressing the centrality of dam-construction for Arunachal’s future development. The state’s hydro-power policy proclaims that the state could be ‘floating’ on ‘hydro-dollars’, as Middle Eastern oil states do on ‘petro-dollars’ (cited in Baruah 2012). In March 2015, the then Chief Minister Nabam Tuki, who also held the finance portfolio, claimed after the commissioning of just three ongoing hydro-power projects in the state that it would earn INR 445 crore (INR 4.4 billion ($66 million)) annually as revenue from 12 per cent power supplied by the projects free for the state to sell. At the completion of all ongoing projects, Arunachal Pradesh would meet 40 per cent of India's power demand and graduate from severe dependence to financial self-sufficiency. The political elite has recognised two roadblocks to completion: first, environmental clearances – the state’s own procedures protecting the Himalayan ecosystem and societies immediately engaged with it – and second, civil society demands for compensation and political mobilisation against dam construction in Assam and in Arunachal Pradesh.

The interests in ‘hydro-criminality’

The politics around the signing of MoUs to build dams is shrouded in a great deal of stealth and secrecy. MoUs are decided not through open competition but at the apex level, formally that of the Chief Secretary but in practice at the level of the Chief Minister. It is the Chief Minister and a few of that minister’s coterie who make the decisions to award contracts. Other politicians down to local MLAs representing regions to be affected by dams profess ignorance of details (Ete 2014). While Arunachal has a special nodal Department of Hydro-power Development to monitor and implement MoUs, in practice, after signing, another kind of bureaucratic politics comes into play. While the initial signing of MoUs is implemented through the state-level bureaucracy, ground-level processes of surveys, impact assessments and clearances involve a large number of central government agencies, particularly the Indian government’s central cabinet (if special concessions to regulations are required) and the Ministry of Environment and Forests, which operates with compartmentalised responsibilities and tasks. Then, when construction begins, a further range of local players enter hydro-development.
Many companies work in the increasingly complex economic structure of the hydro-power sector in Arunachal, prominent among which are public sector companies, such as the North Eastern Electric Power Corporation Limited (NEEPCO), constructing large dams in three districts and also taking over projects allotted to other developers or through joint ventures.

From DONER data, the private-sector share of power generated is likely to be around 57 per cent while, of the total MoUs signed, 86 per cent are with private sector companies. In a series of reports in the *Economic Times*, the investigative environmental journalist M. Rajshekhar pointed out that three different kinds of companies ‘flocked to Arunachal’ to develop hydro-power. The first were large private sector power companies, like that of Naveen Jindal, a prominent industrialist and then Congress party MP. These companies aimed ‘to expand and diversify capacity’. Jindal Power Ltd. (JPL), a subsidiary of Jindal Steel & Power Ltd., is involved in several hydro-power projects, three of which operate through subsidiaries in collaboration with the Arunachal Pradesh Hydro-Corporation. Meanwhile Reliance Power is operating in 11 locations inside the state. The second were EPC (engineering, procurement and construction) firms, which saw a chance to move up the value chain. Mostly from Andhra Pradesh, they had experience in building dams and other large construction projects, but not of financing and operating them. The third were companies which had neither experience in building dams nor the desire to build hydro-projects; they simply wanted to sell their contract speculatively to the next buyer for quick profits. Playing smaller roles were ‘companies in the business of, among other things, seeds, travel, highways and real estate’ (Rajshekhar 2013).

The company with the maximum number of licences, 12 in all, to build and operate hydro-power projects in Arunachal Pradesh is Energy Development Company (EDC). Amar Singh, the former Samajwadi Party leader, is its chairman, and actor Amitabh Bachchan was on its board till July 2011. Around the time it bagged 10 of those Arunachal projects, adding up to 500 MW, EDC was operating 16 MW of hydel capacity. This is one kind of mismatch in the efforts of Arunachal to become a hydel powerhouse overnight. (Rajshekhar 2013)
The very fact that so many of the companies were from Andhra Pradesh should not be taken as entirely accidental. However, although middlemen who acted as go-betweens between Arunachal politicians and the Andhra owners of these companies were mentioned in interviews, no further details were forthcoming other than that such middlemen have careers brokering transactions in a range of projects such as roads, buildings and bridges.

The bureaucracy

Members of the next class of actor, bureaucrats and technocrats, mainly work as ‘junior partners in fixing the deals’\(^\text{10}\) Yet the junior partner is of great significance at the stage after deal-making when basic procedural formalities have to be addressed. Alongside the processes of survey and construction, bureaucrats at different levels protect the interests of private companies. Land acquisition has proved to be an extremely difficult process and support from the district administration and local politicians was crucial for the construction process. The safety and security of personnel and materials, the transport of machines and building materials, the negotiation of local demands and minor accidents all needed brokerage by the local administration. Even when public sector companies like NEEPCO are building infrastructure and dams, this local bureaucratic support to private business is essential since work is constantly being subcontracted to private companies. Government officials rarely voice their experiences in public. A small proportion oppose hydro-power development programmes per se, while others view hydro-power generation as a necessary step towards the development of Arunachal Pradesh, and yet others distinguish the likely benefits of dams for future development from the pervasive and systemic corruption that characterises their execution.

Local politics

As construction work is launched, local politicians – the local Arunachal Minister, MLA and their followers – come to control the work.\(^\text{11}\) It is they who negotiate with local *gaon burhas* (headmen) and villagers, prepare and broker the deals on formal and informal compensation packages, act as arbitrators in cases of conflict and provide informal sources of security for the staff, machines and materials.\(^\text{12}\) It is hard to imagine that all these micro-political and economic services would be provided without any quid pro quo. Two different classes of operator support the activities
of the companies at the local level – although some individuals combine both roles. One is the politicians, who make deals with company officials; they also help set the terms and conditions for the various kinds of deals, rents and bribes (in cash and kind) offered to others. The second group is the contractors, who are provided with work orders and supply orders as part of these deals. Often linked to the politicians through family and local ethnicity, contractors have been very vocal in organising support for the dams. The village-level leaders, such as the gaon burha and the panchayat members, also play significant roles in dam construction. Land and forests are legally under community (tribal) control; hence community support is a precondition to dam projects. Some village leaders are simply clients of local MLA patrons and act as their representatives on the ground. However, since they have to face their villagers on a day-to-day basis, they do not necessarily agree with the project managers – many are sceptical about the benefits of dams. From the perspective of their interests, these dams and dam construction companies are a threat to their livelihoods and resources. Some of them even actively supported and organised the anti-dam movement. Many, however, are unable to resist. While their tribal people expected them to protect their land and forests from encroachments, the local leaders lacked the financial power or social prestige and influence to confront their MLAs and other powerful politicians intent on forcing this transformation through.

Civil society

Local intellectuals (school, college and university students and teachers; government officials, a small number of journalists, NGO workers and independent researchers) do not constitute a coherent interest group. Until recently, civil society in Arunachal Pradesh had a relatively narrow base. However, the politics of dams has created a new space for political mobilisation through a range of organisations. The resistance to dams has been strongest in the Siang valley, where a large number of organisations such as Forum for Siang Dialogue, Siang People’s Forum, Sirit Siyom Banggo Dam Affected Peoples’ Forum, Siang Bachao Andolan and the Nyiko Bachao Forum have been active in resisting the dams on various grounds. Other prominent groups include the Save Mon Region Federation from the Kameng-Tawang region. Anticipating the likely adverse impacts of these dams on the lower riparian areas of Assam, a strong people’s movement has also taken root in Assam. Prominent among these groups is Krishak Mukti Sangram Samiti, Assam led by Akhil Gagoi, a leader who was also part of the Anna Hazare-led movement for a Jan
Lokpal Act. Several NGO groups, such as Barefoot College, Tilonia, South Asia Network of Rivers, Dams and People (SARDP) and Kalpabriksha are also involved in various ways, particularly in advocacy against the dams. Among all these actors, probably the most affected and yet least heard are rural people living near proposed dams and their infrastructure. Despite hearing rumours that their lives are going to be greatly affected by the dams, they have never been formally consulted. When interviewed for this research, their dominant narrative was that dams might be necessary but the way they were being executed prioritises the interests of the ‘rich and powerful’ over those of ‘ordinary local people’. Many were also cynical about the anti-dam groups because agitators seemed to pursue their own self-interest, by bargaining with the ruling party or with the construction companies for a share in contract work or compensation money, rather than fighting for justice, the environment or for the wider interests of local society.

The contours of contestation

In this section, we examine one of the cases of local resistance and conflict that dam construction has triggered concerning the flouting of tribal norms for the extraction and management of natural resources as well as about political decisions. This case study enables us to draw some conclusions about the relations between customary crime, legal crime and politics, which will be developed in the next section.

Among the proposed dams in Arunachal Pradesh, it is opposition to the Siang river dam projects and the mega hydel (hydroelectric power) project over the Subansiri that is the most developed. The Siang river dams are being proposed in areas dominated by the Adi tribe, one of the two largest tribal groups in the state. The Adis’ apex collective political institutions, called Kebang, are well organised (Danggen 2003). Adis are relatively well educated and well represented among the Arunachali elite, which consists of politicians, bureaucrats and the professionally skilled. Adi opposition to the dam project, which was to be constructed by the JayPee group, a private consortium, was grounded in ways suggestive of the pervasive criminality of dam-building. Inadequate information at the early stages and doubts about its environmental impacts and socio-economic benefits were at the core of opposition to the project. The legal requirement for public hearings based on adequate information-sharing has been rampantly violated. According to a recent press release by the Siang Indigenous Farmers’ Forum and Siang People’s
Forum, their opposition to the project is on the following grounds of negligence:

[S]uch insensitive and indiscriminate allocation of all the river valleys of the state in general and Siang belt in particular may lead to tribal holocaust due to multiple impact of environment hazards, demographic changes due to migrant labour, loss of social habitat of the tribal people, change in socio economic policy of the state due involvement of corporate politics in the state against the tribal interest. There is no adequate Govt (sic) policy to redress the grievances of project affected people and there is no clear cut Govt policy on relief, rehabilitation, settlement and compensation for land loss in case of installation of mega dams in the Siang valley either from union Govt or state Govt… Arunachal Pradesh have 80 per cent forest cover, but all the forest are private forest owned by private individual or community and the same is duly recognized under the customary practices. But despite recognition of land rights under the customary practices, the Govt is yet to come out with clear cut policy for recognition of the same. (Arunachal Times, 3 March 2015)

In a policy no-man’s-land, such questions of ownership and compensation were common to almost all the projects in the state. What was unique to the Siang dams was the higher levels of political awareness, the multiple centres of power within the local community and the political competition they generated. The value of fertile plains-land collectively owned by the Adi was also another reason why submergence of such land was locally unacceptable; it flouted customary norms. At an early stage of this project, the then Chief Minister of the State, Dorjee Khandu, strongly favoured the construction of the dam and attempted to mobilise opinion in its support. A newspaper report summarises the unambiguous support that the dam construction got from the political leadership:

Chief Minister Dorjee Khandu reiterated his stand over the need of improving the economic background of the state to make it self-sufficient and self-reliant… The Chief Minister was addressing a consultative meeting of the project affected people of East Siang with the government and Jay Pee group at the Banquet hall today… Even for a small project we need to plead the Centre for fund, the chief minister lamented. Hydro Power is only such resource which could sail Arunachal Pradesh towards sustainable and resourceful
development, he assertively said… Taking part in the discussion, MP Ninong Ering, MLAs Tamiyo Taga, Ralom Borang and Passang Dorjee Sona strongly advocated for construction of the project. (Arunachal Times, 9 September 2010)

The student organisations in the area, particularly the Adi Students Union (AdiSu), were opposed to the project on the grounds that it countered local peoples' rights over land and forests. The AdiSu alleged that:

the [outcome of the] meeting was pre-decided as the meeting was held with the sole motive to take pro dam decision… [All]l the delegates of the meeting were pro-dam people with vested interests who have been brought to Itanagar by the government and Jaypee Associates. It’s a blot on democracy and indigenous people’s rights by the Government and the Jaypee Associates whose only motive is profit.14 (Arunachal Times, 9 September 2010)

The protestors, organised under various names, not only mobilised at the grassroots level but also attempted to collaborate with NGOs and movements in various other parts of the country, notably Assam. In a meeting held in Guwahati, RTI activist and General Secretary of Siang Indigenous Farmers’ Forum, Tashik Pangkam, alleged that ‘nine MoUs were recently signed clandestinely without any public hearing… All norms concerning big dams – be it land acquisition, rehabilitation of displaced people, downstream impact assessment, forest clearance, etc, – are being violated with impunity.’ Anti-big dam activist Neeraj Vagholikar, while questioning the rationale behind the centre’s hurry in clearing mega dams in Arunachal Pradesh, said that it had not learned any lessons from the Lower Subansiri hydro-electric project stalemate.15

Opposition has also grown in Assam to dams in Arunachal Pradesh. Often the issue is framed as an Arunachal-versus-Assam problem, echoing the conflicts around the still-unresolved land boundaries that have been used in the past by political parties in both states to create rifts. The political confrontation picked up momentum in mid-2011. ‘East Siang district administration on May 23 had warned the people that strong action would be taken against anti-dam protestors if they take law into their hands’ (Arunachal Times, 27 May 2011). As tensions escalated, the Central Reserve Police Force (CRPF) resorted to force: lathi charges and blank firing to disperse agitators.

Since that turning point, the politics of the Adi belt has centred on the question of hydel projects. The Bane Kebang, the Adi’s apex body, has
been confronted with an existential crisis as it has become very difficult for them to take a stand on hydel. According to a relatively younger member of the Kebang in an interview,

The top leadership consists of influential members of the community, which means they are either former and serving bureaucrats or businessmen. While there have been repeated demands from the public for taking a stand on the issue, it has been very difficult for the leadership to take a stand that would go against the government and the politicians of the ruling party.

Reports on the 36th Annual Conference of the Adi Bane Kebang sum up the dilemma of the organisation. Tayi Taggu, chair of the Hydro Power and Surface Communication Committee (HPSCC), elaborated on the hydro-power potentialities of the state, especially the Siang river, and explained why dams were the need of the hour:

Mega dams in Arunachal might not be fully viable, but we can certainly opt for smaller dams. We have already submitted a memorandum to the government in this regard... The Siang is an international river, and since China which controls its headwaters has already started building dams on it, we must not relegate ourselves to the weaker side. (Echo of Arunachal, 12 November 2015)\(^{16}\)

International prestige is at stake.
If they took positions on the question of desirability of dams, tribal government institutions such as the Kebangs were attacked from within. An opinion published in the Arunachal Times under the provocative title of ‘Kebang versus Development’ even accused one such Kebang of creating the grounds for future conflicts between APSTs and the emergence of ‘anti-national activities’:

The kebang was organized just to oppose the Lower Siang HE Project (2700 MW) to be executed by Jaypee Arunachal Power Ltd.... there were no such valid points of discussion about the refusal of this project. We all know that Arunachal Pradesh can excel in Hydro Power. It will provide employment facilities both directly and indirectly to our young generation. Almost all big developers of India like Reliance, Jaypee, L&T, DS Group are in Arunachal Pradesh only because of Hydro Power... The members of Bogum Bokang Kebang expressed that they are ready to take extreme action against those
who are in favour of hydro-electric project. That is a clear indication of communal conflict and inter Adi society clash in the near future. I request all forums of Adi Communities not to invite non Adi person in our Adi kebang. (Arunachal Times, 18 October 2011, emphasis added)

Several general patterns of political engagement emerge from the contestations that characterise the construction of dams in Arunachal. First, it has led locally to deep socio-political polarisation. Tribal community institutions have a long history of consensus-building through negotiations and bargaining, which has expressed itself through electoral politics in Arunachal. Despite the fact that regional parties have been in power only for very brief periods of time and that national level political parties – Congress and in recent years the BJP – dominate state politics, local politics in the state is anchored to inter- and intra-community solidarity as well as competition (Ghosh and Mishra 2013). The new dam-based modes of delivering development will have significant effects including rising inequality, the concentration of political power and erosion of the local social trust through which tribal society governs itself. The killing of two people by police gunfire, during protests against the arrest of a prominent anti-dam activist, is a rare incident of political unrest and violence in Arunachal.¹⁷

The second kind of political engagement reinforces the private interests and power of state-level legislators. The signing of MoUs and MoAs at the apex level is followed by a series of negotiations with local interests, in which the MLA and his or her associates and the district administration are key players. Managing and suppressing dissent, these figures also act as local guarantors for the project. This local authoritarian politics around dams builds and consolidates disregard for law.

Third, and in contrast, by opposing the criminality of the dam projects, local activists have tried to create solidarity networks within and outside the North East, which, again is a relatively new phenomenon in a state where nativist politics has strong roots.

Fourth, as Ete (2014) comments, the politics of these contestations are, [however], more layered than merely a “resistance against destructive development”. There is a range of local conflicts being played out: conflict between communities and the state, between communities and private companies, as well as intra-community contestations. These conflicts demonstrate the complexity of the local politics of hydro-power development. (Ete 2014)
Linking dams and the political process

It is now possible to explore the links between the institutional context in which dam construction has been undertaken in Arunachal Pradesh and the political processes in the state. Earlier we exposed the implications of the corruption and violation of customary norms associated with dam construction and party politics in Arunachal. Within the limitations of the evidence collected, in this section we reflect first on how the politics of dam construction is embedded in the state’s complex politics, and second on how the politics of dam construction and the corruption around it has also influenced politics in the state.

Corruption and election cycles

Political corruption has a different connotation in popular experience in Arunachal Pradesh from that identified in the constitutional framework – which refers to deviations from the rule and/or from established legal parameters. Corruption is often seen in relational terms, embedded in the informal economies and tribal norms of reciprocities and patronage. However, there are increasing indications that this local relational concept of corruption is being violated and contested.

It is now fairly common for politicians to bribe voters – in cash and in kind – during the elections. There are obvious links between the calculative philanthropy of politicians at election time and the massive corruption that has effectively been normalised in the electoral politics of the state. This involves the siphoning-off of public money for private benefit, thereby breaking many procedural norms and laws of the land. In the few cases that have been discussed in public, the typical modus operandi was to divert public money to private accounts by awarding supply orders to close relatives. This corruption cascades in cycles of reciprocity and ‘retail’ corruption that is ever more decentralised, but which is linked to high-level multi-crore scams.

The links between scams and state politics came to the forefront when Kalikho Pul (who was Chief Minister of Arunachal for a brief period, after the legislators of the ruling Congress party broke away and formed a government under his leadership with the help of the BJP) lost power following a ruling by the supreme court and committed suicide in his official residence. His long suicide note gives details of many alleged illegal deals involving politicians and judges. These include private commissions from the auctioning of rivers, the systematic private embezzlement of official development funds, of financial transfers for
the power sector and the public distribution system, for SGSY logistics, flood relief, other funds for central government’s sponsored schemes, and non-Plan expenditure and bribes for transfers and promotions. While criminal malpractices and corruption are widely regarded as wrong outside the election cycle, when they underpin electoral politics then they are morally normalised.

Political parties and corruption

The relationship between the looting of state resources and electoral democracy is very strong. Other chapters in this book confirm that it is by no means confined to the contemporary era, to Arunachal Pradesh or North East India. In the case of Arunachal Pradesh, as elsewhere, political corruption needs to be embedded in the political economy of development itself to be understood.

While corruption has been theorised as an outcome of excessive state intervention and the resulting rent-seeking behaviour of bureaucrats, liberalisation has led to an increase in corruption rather than eliminating it (Harriss-White and White 1996). Key to understanding the centrality of, and increase in, corruption in Arunachal’s politics is the role of central assistance to the state government. The fiscal dependence of the state on central government has been one of the significant undercurrents of centre–state politics in the region (Ghosh and Mishra 2013). The use of ethnic politics by local elites for state power and ‘rents’ has been a persistent feature of India’s development (Adduci 2012). But while in other contexts, access to state power becomes a means to extract a rent from various sources, including capitalists, in Arunachal and other hilly states ‘given the overwhelming significance of the government sector in the economy, the state itself becomes the primary site of rent extraction and conflicts over it’ (Ghosh and Mishra 2013, 306, emphasis added). The social and economic mobility of tribal elites and individual accumulation trajectories within tribes is rooted in access to state resources through both lawful and unlawful means:

Occupationally this group consists of politicians, businessmen and traders, and bureaucrats. The expansion of the state bureaucracy, of construction and infrastructural activities undertaken by the military and the civil administration, the timber trade and general trading and business opportunities in consumption goods created by the emergence of the urban, service class have nurtured these elites. But the key to their economic base is their access to
the resources of the state, which has depended in turn upon their capacity to exploit an ethnicised polity and society. (Harriss-White, Mishra and Upadhyay 2009)

The opening-up of the hydro-power sector to private capital is probably the first major break in these relations of criminal accumulation, and in this sense the scaled-up pattern of Indian corruption is being mainstreamed in Arunachal. As yet, the significance of local state resources persists. The routine instability and frequent switching of loyalty to the party in power at the centre is rooted in this political economy of rent seeking and the competition around it.

Ethnic networks are key to this persistence, structuring political competition. Reciprocities are transacted through the distribution of favours – such as work orders, supply orders, bureaucratic positions – in cash and also in kind (TV sets, motorbikes, cars and medical expenses). This criminal predation is sanctioned by tribal communities, precisely because the loot is shared. In turn, when corrupt politicians are attacked by rivals, ethnic networks are mobilised. Politicians, for example, have protected bureaucrats and contractors who have grabbed government land (often the gardens of government buildings) in a quid pro quo for their support. In the absence of a strong capitalist class, this system of political and economic crime has given rise to a regime of accumulation by corruption.

Property rights over water

Hydro-power development cannot take place without establishing a set of transferable property rights over water. In Arunachal, political corruption involving water dates to the era before the ‘MoU virus’, as the then Minister of State for Power Jairam Ramesh described the AP situation in 2008 (Chakravartty 2015). From time to time, the post-colonial state has asserted its rights over rivers and streams, whereas, in local contexts, many community leaders still describe all bodies of water as the collectively owned property of the local tribe. Recently however, through promoting schemes like fish ponds, the state has helped create private property rights over water bodies. The destruction and private commercialisation of common property rights has done nothing but accelerate under hydro-power development. It is difficult, however, to pin legal concepts of corruption and crime on these relationships. Given the property rights structures and the fact that rules governing the transfer of property are either absent or ambiguous, it is local collective moral norms that supply the basis for judgments, punishments and movements of political resistance.
Hydro-power projects as a new site of accumulation by corruption

Building dams creates opportunities and costs, which are unequally distributed across society. Local politicians, private tribal contractors and bureaucrats obtain new fields of power and rents. The Inner Line Permit, which restricts entry to outsiders and prevents their purchasing land or immovable property or obtaining trading licences, has created rents for those tribal people able to rent out land, apartments for offices and domestic use, business licences and rent from the state (Harriss-White, Mishra and Upadhyay 2009). This ethnically segmented business class is tightly networked to politicians, either through family or clan linkages or patronage relations. Their access to government supply orders is negotiated through ethnic competition and political brokerage. Shares in contract work and supply orders are often an index of a tribal community’s bargaining strength (Harriss-White, Mishra and Prakash 2017). Dams and the associated investment in roads have opened up further scope for rent collection for this class. Allotting work orders to firms owned by close family members of prominent ruling-party politicians is routine. Frequent allegations against prominent politicians involve them siphoning public money through a combination of fraud and nepotism. However, such is the dense thicket of secrecy among the political elite that it is only through Public Interest Litigation and court investigations that these cases are brought into the public domain.

The mechanisms of ‘hydro-criminality’

It is therefore difficult to unearth the exact ways corruption and crime take place. However, by collating fragments of information with insights provided by informants, we have mapped their workings. Some of these processes are specific to dam construction, while others are part of the general political landscape of Arunachal. Given the lumpy capital investment, prolonged gestation period and flow of profits over time, the redefinition of property rights over water is crucial for profits from hydro-power (Baruah 2012). There are two key implications for corruption. First, property rights over water and the terms and conditions under which they are transferred to the hydro-power developer are crucial to the project’s profitability. Second, given the risky nature and magnitude of the initial investment that is required and the long gestation period that follows, the developer is dependent on those who (formally or informally) safeguard and guarantee these rights during the lengthy
construction phase. The stream of returns likely to be generated after the
dam is operational and the capacity of the developer to mobilise large
initial sums of money are crucial indicators of the capacity to bribe. Our
research has identified a set of modes of corruption reported to have
taken place in the construction of dams.

1. The state’s power to allocate rights over flowing water for com-
mercial use in itself has triggered corrupt bargaining for property
rights. As Rajshekhar (2013) points out, there was no regulatory
control over the state government’s rationing permission for such
transfer of property rights. This has resulted in a much higher num-
ber of projects that can be justified on grounds of demand or feasi-
bility. Furthermore, permission to construct dams was granted to
parties without any transparent competitive bidding, allowing the
emergence of a clandestine secondary market for signed MoUs.

2. Because of the ways the contracts to build dams were awarded,
many companies were granted permission without any prior expe-
rience of dam construction. Insider information suggests that the
two key parameters that governed such access were proximity to
ruling party politicians and the ability to mobilise bribes. This then
incentivised the illegal market in MoUs.

3. Public sector banks financed the private companies. MoUs guar-
anteed the mobilisation of such loans but they were also contin-
gent on political patronage. The manipulation of the ‘joint venture’
arrangement between private companies and state agencies, when
the projects awarded to some private companies were re-desig-
nated as joint venture companies with state-owned corporations,
was another source of fraud.

4. The flouting of existing legal provisions, the deliberate manipula-
tion of information and evidence during the preparation of feasi-
bility studies and fraudulent clearance procedures, environmental
impact assessments, detailed project reports and cost–benefit anal-
ysis have led to substantial profits for private firms. Companies
were unlikely to be able to manipulate the early data-intensive
phases without backing from politicians and bureaucrats, in both
the state and the central government.

5. Apart from property rights over water, the construction of dams
involves acquiring a substantial amount of land for reservoirs,
construction sites and other installations. In Arunachal Pradesh,
compensation for such land involves additional complications
because, while land is formally owned by the village communities
or the government, informal private property rights over land have developed in practice. Often, as soon as the land acquisition process starts, powerful elites encroach upon this land and then demand compensation as private owners. In fact, this has been one of the ways through which local elites are pacified by private companies. In some other cases, a nominal amount is given to the village funds as compensation for the collectively owned land while a substantial amount is given to influential people and local leaders.

6. Payments to the state exchequer as royalties from the sale of power have not yet started to flow in, but by 2015 some INR 14,000 crore of advance payments had already been made by several Public Sector Units. After taking over as Chief Minister on 9 April 2007, Dorjee Khandu promised to reopen the state-owned APEX Cooperative bank whose 32 branches had lain defunct for two years after a loan scam of over INR 200 crore had been unearthed. Within a few weeks, the CM secured a loan of INR 225 crore from the PSU power major – the North-eastern Hydropower Corporation – and poured liquidity into the bank, enabling it to reopen, much to the relief of hundreds of thousands of depositors who were mostly poor locals (The Hindu, 4 May 2011). According to critics, among the major defaulters of the cooperative bank, causing its closure, had been politicians and their associates.

7. Probably the biggest source of corruption is through the award of work and supply orders to the individuals nominated by politicians. These range from work orders related to infrastructure building, to supply orders and resettlement sites. Huge stone-crushers have appeared near the dam sites. The stones and sand are collected from the village commons, but individual informal suppliers gain substantially in the process. Thus, the corrupt patronage network facilitates primitive accumulation.

8. There are provisions for the employment of local people in the dam projects but recruitment is finally decided by the local leaders and company officials, rather than through transparent, formal processes of recruitment.

9. Payments of bribes in kind by the construction companies to local politicians and influential persons are prevalent. They take several forms – from truckloads of cement, iron rods, sand and other construction materials to occasional help through the use of company vehicles.

10. Employees of dam construction companies and local businessmen have also created novel ventures with rapid illegal profits.
For example, the diversion of truckloads of cement and other dam construction materials and the off-loading of some of it for clandestine sale on the black market generates fraud in so-called joint ventures.

During the frequent periods of political crisis in Arunachal, the ability to generate sufficient cash to buy support from MLAs is alleged to be crucial to their resolution. The financial support from dam construction companies is likely to play an important role.

What are not being documented here are the secondary or derivative cycles of corruption, because these do not necessarily result from dam construction alone. However, lower-order corrupt practices by local officials, traders and others are incentivised through the demonstration effects of politicians and senior bureaucrats.

**The implications of ‘hydro-criminality’ for party politics**

The signing of large numbers of MoUs prior to hydro-development has proved a major departure from business as usual. From the politics of clientelage – demanding ever greater resources from the central government, underpinned by the threat of Arunachal’s being a militarily sensitive border-state – a new politics of local resources has emerged. ‘From beggars for jobs, our youth could be providers of jobs’, said a politician in the Arunachal state assembly. Has the new politics of dams altered state politics in fundamental ways, or is it simply yet another manifestation of well-established corrupt and criminal practices?

Our field research has implications for answering this question.

1. While transparency was never the hallmark of policy-making in the state, there is a new intensity of secrecy regarding the signing of MoUs. Informed public discussion or debates (even within the political classes) regarding the desirability of the projects or about the commitments that are being agreed to in these MoUs are conspicuous by their absence.
2. After the top-level signing of MoUs (usually in the CM’s office), local MLAs and ruling-party politicians are mobilised to operationalise the plans, which cement longstanding patronage networks.23
3. In the recent past, there has been opposition to the construction of dams, mostly by villagers likely to be directly affected by dam construction and subsequent operation, which has added a new
dimension to politics in the state. Politics of resistance, and the attempts to quash resistance, are opening up a new idiom of politics in the state.

4. Company representatives have intensified coercive efforts to get written consent from local leaders and panchayat representatives; often the text of such agreements (prepared by the company) is deliberately vague about promised benefits.

5. Apart from politicians, local contractors act as intermediaries between the construction companies and the local people, adding complexity to the class fractions competing to accumulate capital.

According to Rajshekhar, who explored what he called ‘Hydelgate’ in Arunachal, hydel in Arunachal has four parallels with the controversial politics of coal-block allocations in 2006–09, which he also investigated. First, Arunachal agreed both more hydel projects than planned, and at greater physical capacity and with greater financial demands on the state. Second, the state used discretionary powers to allot dam sites, thereby increasing the clout of state politicians, bureaucrats and local brokers to influence allocations. Third, besides sector heavyweights such as Reliance Power, Jindal Power and NHPC, the list of 55 companies featured speculators with experience, if at all, in unrelated businesses. Fourth, construction has barely begun. The state does not have adequate roads or transmission lines. Companies lack appropriate finance (Rajshekhar 2013). The 2016 judgment by the National Green Tribunal on the Nyam Jang Chhu Hydro-electric Project (NJC-HEP) in Tawang mentions the following violations of established legal procedures: deliberate concealing of facts; improper impact evaluation; and faulty assessment of the impacts of the project on the part of the bureaucrats.

The case of ‘hydro-criminality’ in Arunachal may be understood as part of larger processes of accumulation in post-liberalisation India with implications for politics in the state. First, with increasing competition for money that comes through normal government channels, the enhanced rents act as key sources to finance elections, buy the support of fellow politicians and control the (ruling) party machinery. Single families or dynasties have come to dominate the political scene in an unprecedented fashion, likely owing their resources to a step-change in the social concentration of fraud and bribery. However, because the day-to-day safety of the skilled personnel employed by the companies at the dam sites cannot be guaranteed from above, many local-level negotiations have also taken place with locally influential politicians and others. These have involved their incorporation as partners in contract works, the allocation
of jobs to local kinspeople and bribes in cash and kind (particularly cement and other house construction materials). So, the large number of dams provides scope for local-level elites to increase their shares of bribes and fraud in kind because their support is crucial for the day-to-day protection and survival of company officials. The two processes, one of concentration and the other of diffusion of fraudulent accumulation, interact.

Set against these findings is the argument that dams may not have altered the political process significantly. Power relations between the central leadership (of the party in power, whether the Congress party or the BJP) and the state leadership remain ones of abject dependence. However, during and after the state and parliamentary elections in 2014, hydro-power dams have risen up Arunachal’s political agenda. Ministers and politicians of the ruling party have defended them in public, linking dams to the ‘pride’ of the people of Arunachal (‘from being a deficit/dependent state, we can become a giver/contributor to rest of India’), to a secure and prosperous future for future generations, while only a few opposition leaders have criticised the dams. The politics of hydro-power, however, has not thrown up a new political leadership, in terms either of personalities or of ideological positions. Leaders of the anti-dam activists are cynically feared capable of switching sides – after claiming a share of the illegal tribute for themselves. Rural respondents regularly alleged that those who claimed to represent their interests had already struck deals with company managers or politicians.

Nevertheless, earlier rounds of field surveys and first-hand knowledge of political developments in the state lead us to suggest that anti-dam agitations are creating new political spaces the effects of which are as yet unknown. This dissent results from two factors: first the betrayal of tribal peoples’ access to resources, and second, the use of force against protesters in a way that is not normal in the state. Without a pan-Arunachal body organising resistance, there are only a few instances of localised movements being coordinated and extending solidarity to various groups in Assam, Delhi and elsewhere (Gohain 2008). In a political context dominated by differences between ‘indigenous’ tribal people and ‘outsiders’, this has clearly been a political innovation. This process is developing elsewhere in North East India, as Chowdhury and Kipgen (2013: 207) observe:

‘It is the crisis of alternative political and cultural imagination that has stopped the process of a “creative appropriation” of the nationalist discourse on the “North-east”, to frame a counter hegemonic
discourse… However,… the situation is not entirely bleak, as the recent developments of forging identity beyond the local level renders hope that in the near future a regional level identity might be conceived.’ Similarly, in the context of Sikkim, it has been argued that ‘hydro-power protests have widened the space for dissent against government high-handedness, not only in dam construction, but also in other realms of governance and politics’ (Huber and Joshi 2015, 21).

Arunachal’s party politics shows continuity in its competitive plunder of the stream of public funds transferred from New Delhi. Meanwhile, the proliferation of bargaining with private dam-building companies has created scope both for an increased centralisation of power and for a revival of older forms of corrupt local patronage for logistical and protection services.

The overall logic of neoliberalism that tends to equate the business interests of corporations with ‘market-led development’ in the collective interests of all has further legitimised such practices and helped to isolate those who voiced disagreements over hydro-development. Deregulation and greater private sector participation are not enough to reduce rent-seeking (Harriss-White 1996), and the structural dimensions of ‘hydro-criminality’ need far greater attention than have been accorded to them.

Notes

1. Activists citing various other sources claim that the actual number of MoUs signed so far is 223 (Assam Tribune, 8 August 2015). The exact number of MoUs that have been signed so far and their status has itself become a major political question. The Central Ministry for the Development of North Eastern Region put the number of projects to be undertaken as 86 in 2010. In March 2015, the state government, under Chief Minister Nabam Tuki, stated in the assembly that ‘The State Government has allotted 160 hydro-electric projects of installed capacity of 46948.20 MW to various CPUs & IPPs. Out of 160 HEPs, Ranganadi St-I HEP (405 MW) is under operation while Kameng HEP (600 MW), Pare HEP (110 MW) & Subansiri Lower HEP (2000 MW) are under execution’ (Arunachal Times, 10 March 2015).

2. Because of its political sensitivity, the research method involved an exploratory survey of purposively chosen key informants. Many respondents were apprehensive, speaking only under conditions of anonymity. The reliability of their information was cross-checked through triangulation. Focus-group discussions on the experience of hydro-power development were also conducted with villagers. In this research, we have extensively, but not uncritically, relied upon local newspapers, published in English, the medium of instruction in the state, to substantiate the various arguments made in this paper. Though owned mostly by politicians from the state, over the years the ‘Letters to the Editors’ columns of these newspapers have been used by the local population to express their opinion vociferously. So the subject matter of this chapter is not whether a specific crime or corruption has taken place or not; rather it is about how the alleged acts of corruption and criminality are perceived by various actors on the ground.
3. However, dam-building in the Himalayas is not just an Indian phenomenon. Several studies have contextualised the recent rush for construction by China, India, Nepal, Bhutan and other nation states (Dharmadhikary 2008).

4. The Fiscal Responsibility and Budget Management Act 2003 was aimed at eliminating Arunachal’s revenue deficit and bringing down fiscal deficit to 3 per cent of GDP. For a critical discussion see Jha (2011).

5. On March 12, the state assembly passed the controversial Arunachal Pradesh (Land Settlement and Records) (Amendment) Bill, 2018, under which ownership of land is conferred on those Arunachali citizens possessing ‘certificates of land possession/occupancy’ (https://scroll.in/article/872474/arunachal-pradesh-gives-individuals-ownership-of-land-but-will-they-really-benefit-from-it). This chapter describes conditions before this Act.


7. During our field investigations, we found that even those ‘public leaders’ (three to be precise) with connections with the MLAs and ministries were not aware of the details of the signing of MoUs. Bureaucrats (four) involved in the execution of the MoUs and dealing with ramifications of such contracts seem to be aware of the shadowy deals but even they had no definite knowledge of the specifics of the deals (for example who contracted whom, what the ‘percentage’ is that is paid as a bribe, etc.), although all of them admitted that money must have changed hands.


9. ‘Seeing the huge interest from hydel promoters, they began going to a state politician, taking a project, bringing it to a level where a company could buy it from them and start construction,’ according to A.K. Mathur, the head of Synergics India, a hydelpower consultancy in Noida (quoted in the Economic Times, 30 April 2013).

10. A state government employee, aged about 50, claiming to have known the players.

11. This stylised description is based on interviews with several key informants, such as: (a) a manager of a private construction company who was in charge of operations; (b) a retired government servant who has developed an interest in social work; (c) an anti-dam activist; (d) a contractor, who is also, incidentally, a government servant, engaged in building houses at a rehabilitation site; and (e) local academics.

12. The following incident, reported in the newspapers, highlights the role played by politicians in case of a conflict between the companies and the people. ‘[Local MLA Mama Natung] was addressing a public gathering at Seba village under Pijerang circle of East Kameng district after inaugurating a Bailey bridge over Papu River constructed by Sussi Infra Pvt Ltd in presence of Deputy Commissioner Sandeep Kumar Singh and Krishna Paradeshi Project Head of Sushee Pvt Ltd. The said bridge collapsed in March 29, 2014, after subcontract company ARTHA’s overloaded machinery plied over a weak bridge. The Sushee Pvt Ltd later took over the matter and entered agreement with the local MLA and youth of Seba village, agreeing to build new Bailey bridge over it’ (Arunachal Times, 5 December 2015).

13. The first college in Arunachal Pradesh was established in Pasighat in Adi territory. For a discussion on the evolution of the town and its implications for tribal identity politics, see Prasad-Aleyamma (2014).


15. Assam Tribune, 9 August 2015.

16. The two reports published in the Arunachal Times on the same day highlights the pressure on the local community organisations.

17. For details, see Gupta Kashyap 2016.

18. Accepting money during election campaigns is one openly acknowledged deviation from the rules, described in many of our interviews.

19. The text of the suicide letter was published in English (see Wire staff 2017).

20. Suvarnajayanti Gram Swaroozgar Yojana (SGSY), launched in 1999, is India’s anti-poverty programme through rural self-employment, focussing on self-help groups for women.


23. This is not to imply that there are no cases of contestation, bargaining or ‘disloyalty’ within the patronage networks. As one villager who supports the anti-dam agitation put it: ‘We told the minister. We are loyal to you and will still vote for you in the elections. But on the issue of dams, we do not support you.’

24. Copy of the judgment available at eLaw.org (n.d.). For further discussion of the case, see Alley (2017); Ghosh (2013); and Sivaramakrishnan (2015).

25. A report published in the Indian Express of 13 December 2016 on allegations of corruption in a hydel project, based on a report by the chief vigilance officer of a public sector unit, describes the nature of collaboration between politicians, government officials and private sector companies (Tiwary 2016).

26. Threats include the following: threat of physical violence to company personnel; forcible lifting or theft of machines or raw materials; demanding of favours or services, e.g. transport in vehicles for other purposes; disruption of work.

27. Arunachal Times, 8 October 2010.

References


