CASE

Title Tata Motors in Singur: Public Purpose and Private Property

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Relevant Learning Outcomes LO 2.2 The Right of Private Property

Brief Summary In 2008, after a failed attempt to establish a manufacturing facility in the state of West Bengal, Tata Motors moved its planned operations to another state, Gujarat. The company’s problems in West Bengal stemmed from opposition from local farmers, who believed that their lands had been forcibly taken away from them without due compensation. This led to extensive protest which undermined not just Tata Motors’ plans, which were kicked off in 2006, but those of its supplier ecosystem too. These plans collectively ran into the hundreds of millions of dollars. To appease the farmers, the state of West Bengal had offered them additional monies. However, it was deemed insufficient. According to the Tata Motors’ CEO, the closure of the planned factory was due to “an environment of confrontation, agitation and violence.”

In establishing a new base in Gujarat, the company tried to apply the lessons learned from its failure in West Bengal. It acquired more land and paid a higher rate per acre. The CEO also identified the business-supportive climate in the state of Gujarat as an influential factor. In December 2007, the Parliament of India passed a Land Acquisition Amendment Bill, aimed to extend the ability of the Indian government to acquire land for “public serving” companies. However, passage of the bill was still uncertain. In December 2008, the ghost of West Bengal revisited the company. Farmers in the state of Gujarat too filed a case stating that their land had been forcibly acquired without adequate compensation.

Questions 1. What valid purposes existed for Tata Motors’ legal right to own and use state provided economic goods?

2. Are there inherent conflicts of interest within the role of the states of West Bengal and Gujarat?

3. Are the incentives offered to Tata Motors a form of taxation on the State’s residents or a valid disbursement of their monies?