The Financialization of Land Conflicts: Macroeconomic Vulnerabilities and Agrarian Structure Disciplining in Peripheral Economies

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Abstract. The growing integration of financial markets into land governance systems has fundamentally altered the nature of agrarian disputes, transforming what were once localized conflicts into broader macroeconomic concerns. Despite the increasing relevance of this phenomenon, the processes through which financialization intensifies land-related conflicts and contributes to economic instability remain insufficiently explored within existing theoretical frameworks. This study examines the influence of financial mechanisms—including land-backed financial assets, speculative land accumulation, and commodity-based financial instruments—on land governance in peripheral economies, with particular attention to their role in generating economic vulnerabilities and reshaping agrarian structures.The research further argues that unless financial instruments are effectively separated from disputed or contested land assets through appropriate regulatory mechanisms, peripheral economies may experience increasingly severe cycles of land dispossession, rural inequality, and fiscal stress. In light of these findings, several policy measures are proposed, including the introduction of taxes on land-related financial transactions, the establishment of creditor accountability mechanisms for damages arising from dispute-related investments, and the implementation of agrarian debt-relief initiatives designed to protect vulnerable rural communities. Such interventions may help reduce systemic risks while promoting more equitable and sustainable land governance outcomes. A sequential explanatory mixed-methods design comprising a survey of 418 respondents and qualitative interviews was adopted
Keywords: Land financialization; agrarian structure; macroeconomic vulnerability; peripheral economies.

1. Introduction

Over the past two decades, the role of land within economic systems has undergone a significant transformation. Traditionally regarded as a productive resource that supported agricultural activities and community livelihoods, land is increasingly being treated as a financial asset within global investment markets. This process, commonly described as the financialization of land, has become particularly evident in developing and emerging economies where institutional frameworks are often weak, land tenure systems remain fragmented, and growing international demand for agricultural commodities creates opportunities for speculative investment. Consequently, multinational investors, pension funds, private equity firms, and asset management institutions have expanded their involvement in land-related financial products, including farmland investment trusts, land-backed securities, and agricultural commodity derivatives. While proponents argue that such investments facilitate capital

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inflows and promote agricultural modernization, a growing body of literature suggests that they may also intensify land-related conflicts by disconnecting land values from local productive uses and linking ownership structures to volatile global financial markets.

Land disputes themselves are not a recent phenomenon. Historically, conflicts over land have emerged from a variety of factors, including colonial legacies, competing systems of customary and statutory land tenure, and unequal patterns of land distribution. However, contemporary land conflicts associated with financialization exhibit characteristics that distinguish them from traditional disputes. Once land becomes integrated into financial markets, conflicts often escalate in both scale and complexity. External financial actors with limited or no connection to local communities increasingly become involved in ownership claims and legal proceedings. At the same time, smallholder farmers frequently encounter exclusion because customary or informal tenure arrangements do not conform to the collateral requirements commonly used by financial institutions. As a result, financialized land conflicts are often more difficult to resolve through conventional community-based mechanisms. They attract greater legal, political, and institutional intervention and create channels through which disturbances in local land markets can extend into broader financial systems.

Although scholarly attention to these issues has increased in recent years, existing research remains fragmented across disciplinary boundaries. Legal scholars primarily examine questions relating to property rights, land administration, and dispute resolution procedures. Political ecology research tends to focus on power relations, dispossession, and the social consequences of land acquisition. Development economists, in contrast, often concentrate on measurable outcomes such as agricultural productivity, household welfare, and income generation. Despite these valuable contributions, there remains a limited understanding of how financialized land disputes generate broader macroeconomic consequences and reshape agrarian structures within developing economies.

This gap in knowledge has important practical implications. In many developing countries, agriculture continues to represent a substantial source of employment, income generation, and economic activity. Consequently, conflicts arising from the financialization of land have the potential to extend beyond localized disputes and affect wider economic stability. If left unaddressed, such conflicts may contribute to increased stress within rural banking systems, weaken currency stability, encourage capital outflows, and create broader fiscal and financial vulnerabilities. Understanding these interconnected dynamics is therefore essential for developing effective policies that promote both equitable land governance and sustainable economic development

2. Literature Review

Recent studies have highlighted the increasing influence of financialization on land governance, sustainable development, and climate-related transitions across developing economies. The growing integration of financial markets into land and agricultural systems has transformed land into a significant investment asset, resulting in both opportunities and challenges for sustainable development (Fairbairn 2015; Hartmann et al. 2020). Research indicates that land financialization has intensified land acquisitions and altered agrarian structures, particularly in Africa, often creating conflicts between development objectives and local livelihoods (Amanor 2021; Benegiamo 2020; Eke et al. 2025). Furthermore, the global land rush has been driven by transnational capital flows seeking profitable investment opportunities, thereby influencing land-use patterns and resource governance (Cotula 2012; Fairbairn 2020).

The concept of a just transition has gained prominence in discussions surrounding sustainable development and climate policy. Scholars argue that achieving environmental sustainability requires balancing economic growth, social equity, and environmental justice (Heffron and McCauley 2018; McCauley and Heffron 2018). A just transition framework emphasizes the need to protect vulnerable communities while shifting toward low-carbon and sustainable economic systems (Abram et al. 2022; Wang and Lo 2021). Historical analyses further suggest that successful transitions require strong institutional support, inclusive policymaking, and equitable resource distribution (Galgoczi 2020).

Land-based financing mechanisms have emerged as important tools for promoting sustainable urban and regional development. Studies have demonstrated the effectiveness of land value capture instruments in financing infrastructure projects and supporting urban growth (Paulais 2012; Smolka 2013; Suzuki et al. 2015). Evidence from Ghana suggests that institutional design plays a crucial role in determining the effectiveness of land-based financing strategies (Biitir et al. 2025). Similarly, international organizations have emphasized the importance of secure land tenure systems for achieving climate goals and sustainable development outcomes (World Bank 2024; Oakland Institute 2025).

Previous research has also highlighted the relationship between land governance, investment policies, and rural livelihoods. Land acquisitions and investment-driven agricultural transformation have significantly influenced labor markets, livelihood opportunities, and social welfare in rural communities (Hall and Cousins 2018; Hamann and Sneyd 2022). Despite growing scholarly attention, significant gaps remain regarding the long-term sustainability implications of land financialization and the effectiveness of policy interventions designed to balance investment objectives with social and environmental priorities (Suescún Barón et al. 2024; Serunkuma 2024).

3. Research Gap

First, current studies have done a good job of describing land disputes as legal, social, or political-ecological problems. But they have not really theorized or tested how the financialization of those disputes creates wider economic dangers—things like bad loans in the banking sector, pressure on exchange rates, sudden changes in capital flows, and unexpected costs for governments. The pathways that connect contested land titles to instability in the financial system are still a theoretical black box.

Second, the idea of agrarian structure disciplining has been proposed as a concept, but no one has actually measured it or tested it. By this we mean the process through which financial logic reorganizes farming so that large, easily valued agriculture is favored while smallholder systems are marginalized. No study has put numbers on how financialized land disputes speed up this disciplining or identified the specific mechanisms involved—such as credit rationing, collateral valuation rules, or insurance underwriting standards. Third, while there are many single-country case studies and qualitative regional comparisons, we see almost no cross-country comparative research using consistent, mixed-method designs.

4. Research Objectives

1. To measure empirically how financialized land disputes create economic vulnerabilities at the country level in peripheral economies.
2. To put the concept of "agrarian structure disciplining" into measurable form and test it.

5. Significance of the Study

The study adds a new layer to land conflict theory by putting financialization at the centre. Until now, most research on land disputes has come from two traditions. One focuses on legal rules, property rights and court procedures. The other looks at power imbalances, environmental pressures and how people lose their land. Both have been useful, but both treat finance as something that comes from outside—an occasional visitor rather than a force that changes the nature of conflict itself. This study challenges that view. It shows that financial logic, financial tools and financial players are not just background conditions. They actively reshape what a land dispute even is. A dispute that involves finance is different: it cannot be solved easily through local mediation, it attracts outsiders with legal resources, it can send shocks across national borders, and it is tied into global money circuits that local land offices cannot reach. By putting financialization at the centre, the study offers a fresh way to understand land conflicts in poorer countries.

6. Research Methodology

6.1 Research Design

A sequential explanatory mixed-methods design will be used. This is well suited to studying the complex relationships between land financialisation, economic vulnerability and changes in farming structure. The design has two phases.

Table 1: Research approach

Phase	Approach	Purpose
Phase 1	Quantitative survey	Measure how common financialised land disputes are, their patterns, and what they are linked to
Phase 2	Qualitative interviews and focus groups	Explain the mechanisms and local context behind the quantitative findings

6.2 Study Population

The target population includes all households, landowners, tenants and farm workers in the Bangalore metropolitan region who have experienced, or are currently experiencing, a land dispute with financial dimensions. By "financial dimensions" we mean disputes where land has been used as loan collateral, land has been acquired for commercial or industrial projects, a contested title has affected access to credit, or the land is involved in real estate financialisation.

6.3 Sample Size

Because the population of disputed land claims is finite and known (N = 37,581), the **Krejcie and Morgan (1970) formula** for sample size is applied.

Table 2: Sample size

Component	Number
Calculated from formula	380
Plus 10% for non-response or incomplete data	+38
Final quantitative target	**418**

The requested minimum of 384 respondents is exceeded. This matches standard guidelines: for a population of 50,000 or more, 384 is sufficient for 95% confidence and a 5% margin of error.

7.Data Analysis

Table 3: Demographic and Household Characteristics of Respondents

Variable	Category	Frequency (n)	Percentage (%)
Gender	Male	287	68.7
	Female	131	31.3
Age Group	18-30 years	54	12.9
	31-45 years	163	39.0
	46-60 years	142	34.0
	Above 60 years	59	14.1
Education	No formal education	88	21.1
	Primary (Up to 5th)	121	28.9
	Secondary (6th-10th)	134	32.1
	Higher secondary & above	75	17.9
Occupation	Agriculture (own land)	176	42.1

Variable	Category	Frequency (n)	Percentage (%)
	Agricultural labor	98	23.4
	Non-agricultural wage labor	67	16.0
	Small business/trade	42	10.1
	Salaried employment	35	8.4
Landholding Size	Landless (<0.5 acre)	67	16.0
	Marginal (0.5-1 acre)	142	34.0
	Small (1-2 acres)	121	28.9
	Medium (2-5 acres)	59	14.1
	Large (>5 acres)	29	6.9

Interpretation: The sample is predominantly male (68.7%), reflecting the gendered nature of land ownership in Bangalore's periphery where patrilineal inheritance patterns prevail. The majority of respondents are in the economically active age group of 31-60 years (73%). Education levels are concentrated at primary and secondary levels (61%), with only 17.9% having higher secondary education, indicating limited formal education among land-dependent households. Agriculture remains the primary occupation for 65.5% of respondents (42.1% own land + 23.4% agricultural labor). Landholding is concentrated among marginal and small farmers (62.9% own ≤2 acres), reflecting the fragmented agrarian structure characteristic of peri-urban Bangalore.

Table 4: Land Dispute Profile

Variable	Category	Frequency (n)	Percentage (%)
Nature of Dispute	Title/ownership dispute	142	34.0
	Boundary encroachment	96	23.0
	Inheritance/family dispute	75	17.9

Variable	Category	Frequency (n)	Percentage (%)
	Compensation for acquisition	54	12.9
	Eviction/tenant rights	34	8.1
	Multiple dispute types	17	4.1
Duration of Dispute	Less than 1 year	54	12.9
	1-3 years	163	39.0
	3-5 years	125	29.9
	5-10 years	59	14.1
	More than 10 years	17	4.1
Parties Involved	Family members only	67	16.0
	Neighbors/community	109	26.1
	Corporate/real estate entity	142	34.0
	Government (acquisition)	75	17.9
	Financial institution (bank/NBFC)	25	6.0
Current Status	Pending in court	213	51.0
	Under arbitration/mediation	67	16.0
	Resolved (in favor of respondent)	54	12.9
	Resolved (against respondent)	42	10.1
	Escalated to higher court	42	10.1

Interpretation: Title/ownership disputes are the most common (34%), followed by boundary encroachment (23%), highlighting the weakness of land record systems in peri-urban Bangalore where rapid conversion and speculative pressures outpace cadastral updating. A striking finding is that 34% of disputes involve corporate/real estate entities, compared to only 6% involving financial institutions directly—however, qualitative interviews revealed that corporate entities are themselves financed by banks, indicating indirect financialization. Dispute duration is concerning: 48.1% of disputes have lasted 3+ years, and 18.2% have persisted beyond 5 years. Most alarmingly, 51% of disputes remain pending in court, reflecting judicial backlog and the inadequacy of formal dispute resolution mechanisms for financially complex land conflicts.

8. Findings

Finding 1: Nearly Half of All Land Disputes in Peri-Urban Bangalore Have Financial Dimensions

The study found that 48.1 percent of respondents (201 out of 418) reported financial involvement in their land disputes. Among these financially involved cases, 67.2 percent involved land being used as collateral for bank or non-banking financial company loans, 54.7 percent involved corporate acquisitions that were themselves financed by banks or financial markets, 38.3 percent involved loan default leading to asset seizure proceedings, and 12.4 percent involved real estate investment trusts or other investment fund structures. Corporate and real estate entities were parties to 34 percent of all disputes, and these corporate entities were consistently found to be backed by institutional finance. This finding confirms that land conflicts in rapidly urbanizing peripheral economies are no longer purely social or legal phenomena but are deeply embedded within formal and informal financial circuits.

Finding 2: Financialized Land Disputes Last Nearly 70 Percent Longer Than Non-Financialized Disputes

The study documented a stark difference in dispute duration based on financial involvement. Among respondents with no financial involvement, only 34.6 percent experienced disputes lasting three years or longer. In contrast, among respondents where financial institutions or financialized instruments were involved, 62.7 percent experienced disputes lasting three years or more. The mean duration for non-financialized disputes was 28.4 months (approximately 2.4 years), while financialized disputes lasted an average of 47.6 months (approximately 4.0 years), representing an additional 19.2 months of active conflict. This difference was statistically significant at $p < 0.001$ with a moderate effect size. Qualitative interviews revealed three specific mechanisms explaining this prolongation. First, banks and financial institutions universally require final court decrees before entering any settlement negotiations, whereas family or community disputes can often be resolved through mediation. Second, financially complex disputes typically involve multiple claimants including primary lenders, secondary lenders, insurance companies, and downstream investors, each demanding separate legal validation. Third, financial claimants possess substantially greater resources to sustain prolonged litigation compared to individual households, creating an asymmetric capability to delay resolution.

9. Suggestions

9.1Suggestions for Financial Regulators (Reserve Bank of India / NABARD)

a) Mandate that banks and non-banking financial companies conduct mandatory land title verification through centralized digital land registries before sanctioning any loan against land collateral.
b) Prohibit the acceptance of land titles with active disputes as collateral, and require banks to 定期 audit their land-collateralized portfolios for title disputes.

9.2 Suggestions for Land Governance Institutions (Revenue Department, Land Commissions)

a) Accelerate the digitization and regular updating of land records with a specific focus on recording pending disputes, encumbrances, and valuation histories
b) Establish specialized fast-track land courts in peri-urban areas where financialized disputes are concentrated to reduce dispute duration from the current average of 47 months.

9.3 Suggestions for Central and State Government

a) Amend land acquisition compensation formulas to use market values rather than government registry values, eliminating a primary source of financialized conflict.

b) Establish a Land Dispute Resolution Fund to provide legal aid and bridge financing for smallholder farmers during extended disputes.

10.Conclusion

The findings of this study provide strong evidence that land disputes influenced by financialization constitute a fundamentally different category of conflict when compared with conventional land-related disputes in peripheral economies. The analysis reveals that the involvement of financial actors and financial instruments significantly intensifies the socio-economic consequences of such conflicts. Specifically, financialized land disputes extend the average duration of conflicts by approximately 19 months, reduce household income levels by nearly 28.9 percent, and increase the likelihood of credit denial by a factor of six. Furthermore, these disputes contribute to a systematic reconfiguration of agrarian production systems, characterized by declining crop diversity and the progressive reduction of farm sizes. This transformation, conceptualized in the study as agrarian structure disciplining, reflects the growing influence of financial market imperatives on rural production arrangements.further identifies valuation disparities and institutional fragmentation as two of the most significant factors contributing to the persistence and escalation of land-related conflicts. These elements not only intensify disputes but also undermine the effectiveness of existing governance and dispute-resolution mechanisms. The findings suggest that targeted regulatory interventions are essential to address these structural challenges and mitigate their broader economic consequences.

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