Chapter 12

Conclusion and Policy Recommendation

The study allows us to draw certain conclusions regarding the status of the garment and small engineering industries in and around Kolkata and the changing situation faced by them in the face of the aftermath of liberalisation and globalisation, and concomitant undermining of the public sector in India. In the sections below we discuss our concluding remarks on the different aspects of the industries under study with some policy recommendation.

12.1 Future Prospects and Weaknesses of the Informal Garment Making and Engineering Industry

The importance of the clusters of informal units producing garments and small engineering products lies in the fact that they are providing employment to a large number of people ever since the British era. The common characteristics of these clusters are found to be as follows-

(a) There are close ties between unit owners and family or community structures. Though these provided useful form of solidarity, helping the supervision of production and marketing, these could not constitute economic networks.

(b) There is diverse form of sub-contracting arrangements within the cluster. Some subcontractors work in the entrepreneurs' own premises with space and machines provided by the latter on rent or without rent, some work at their own residences with owned machines.
(c) The key role is played by intermediaries who intervene at all levels of economic process like putting traders in touch with producers, and other traders.

(d) The relationship with the outside world is only limited to in the matter of the supply of raw materials and arrival of traders who market the product.

(e) The system of networks within the cluster did not attract outsiders to invest to improve production methods or extend markets. Thus any improvement of the informal units within clusters depends either on their own effort or big push by the active policy of the government.

The study shows that the socio-economic-cultural characteristics specific to the clusters influence the local industrial atmosphere. As the clusters of garment making is Muslim inhabited, and the cluster of small engineering goods manufacturing is Hindu inhabited, the religious sentiments play an important role in the internal industrial organisation. For example, in employing labourers, kinship plays important determining factor rather than expertise. Contract for job work also comes through familiarity and not through open market. This type of tie based on religion is more prominent in garment making cluster. One positive aspect of such association is that this gives them a kind of security, which would otherwise be absent among them.

The tailoring activities in large scale have started from the 1980s in the cluster of Bankra and Metiabruz. Though very few of them are engaged in exporting, their importance in catering to the regional and national market is not less.

From the employment point of view, the study shows that they have tremendous potentiality in increasing employment. It is found that some units employ as many as 12 workers and many units employ 3 to 5 workers. The average employment in these units is around 7, which is much higher than the average employment (2.67) in the unorganised
sector in urban areas of West Bengal in 2000. Not only that it is also higher than corresponding figures in Delhi (4.57), Maharashtra (3.46) and Gujarat (3.21) [NSSO, Unorganised Sector, 2000]. Thus employment intensity of garment making informal units in these clusters is quite high.

Though employment is high, workers are paid very poorly. For example, the average wage per month for most of the skilled workers is below Rs. 2,000. Wages are low because there are always excess workers in the market who are ready to work with whatever income they get than remaining idle. The high rate of growth of population in these Muslim inhabited clusters along with their urge to earn income at an early age keeps constant flow of workers in the labour market. Although wage earners are numerous and their number is increasing due to fragmentation of jobs, total wage has not increased by a large amount as to improve the economic condition of the people within the cluster.

Alternatively this low wage in the market helps manufacturers and some of the job working units to earn some profits. It is found that percentage of profit over turnover is 35-36% for units, which do job work, and 30-32% for manufacturers. Rometat’s study (1983) for the garment making units in Metiabruz shows that the profit as percentage of selling price is only 3. This shows that over these last 20 years, condition of the garment making units has improved tremendously in terms of profit.

Though job workers are enjoying higher percentage of profit in comparison to manufacturers, former includes cost of job worker’s own labour and some less expensive accessories. Even though both job workers and manufacturers are earning reasonable percentage of profit, actual profit earned is not high because of low turnover so as to attract others in the business.

It is found from the survey that 83.33% manufacturers in Bankra and 77.27% manufactures in Metiabruz have yearly turnover within Rs. 2,00,000 (Table-7.17). The percentages of profit over yearly turnover for the manufacturer in these two clusters are
30.19 and 32.21 (Table-7.37). From this survey data, it can be calculated that monthly income for manufacturers whose yearly turnover is below Rs. 2,00,000 in Bankra and Metiabruz are within Rs. 5,031.66 \([(200000 \times 30.19) / (100 \times 12)]\) and Rs. 5,368.33 \([(200000 \times 32.21) / (100 \times 12)]\) respectively. Thus high percentage of profit of the manufacturers in these clusters does not mean high monthly profit income. Indeed, though percentage of profit is high, the yearly turnover is so low that actual earning is low. It is true that there are few manufacturers whose yearly turnover is Rs. 4,00,000 to Rs. 6,00,000 and they are earning correspondingly high profit income. Thus volume of work in a year is so low that even most of the manufacturers cannot earn a decent income. Another reason is the low unit value of the type of garment (ladies’ garment, children wear) produced by them.

The study shows that level of income of the job workers is lower than that of manufactures. It is found from the study that about 91.54% job working units in Bankra have yearly turnover within Rs. 1,00,000 (Table-7.17). The percentage of profit over turnover enjoyed by them is 37.48 (Table 7.37). From this, it is calculated that their monthly income is within Rs. 3,123.33 \([(100000 \times 37.48) / (100 \times 12)]\). In Metiabruz, about 93.68% of job working units have yearly turnover within Rs. 1,50,000 (Table-7.17). And percentage of profit is 36.92 (Table-7.37). Therefore their monthly income is within Rs. 4,615 \([(150000 \times 36.92) / (100 \times 12)]\), which is just slightly higher than the corresponding figure in Bankra. The condition of job working units is more depressing because this income includes their own labour cost and cost of some accessories.

Thus the root cause of the miserable condition of the tailors in these clusters is the lack of demand revealed by the low volume of turnover. In spite of low unit value of product, if volume of work is high, this would make higher amount of turnover. This is again established by the fact that almost all units in both the clusters mentioned about under-utilisation of their existing capacity (Table-7.28).

The cluster of informal engineering units in Howrah had been established under the shadow of large manufacturing units producing mainly for railways and shipbuilding. It
had been estimated that of the small engineering firms situated within a radius of five to six miles from a central point in Kolkata, more than 75% are located in the Howrah municipal area (Bannerjee, 1955). These informal manufacturing units produce or process a wide range of engineering products. They serve as ancillaries of the giant industrial machine makers in Howrah. As a result, the demand for their product depends very much on the rise and fall of the formal sector engineering industries.

From the present study, it is found that most of the units produce machinery spare parts. Very few units produce whole machines and those are of small size. Thus most of these small engineering units get order from heavy machinery producing large private and public sector engineering industries, which are outside the cluster.

Though every house within the cluster shelters one or more tiny engineering units and most of the people are engaged in these units, its employment intensity is low compared to that of garments making unit. From the study, it is found that average level of employment is around 3, which is slightly higher than average employment in the unorganised sector (2.67) in Urban area of West Bengal. Thus its employment generating capacity is not ignorable. In comparison to previous findings, employment intensity of small engineering units in the cluster of Howrah has reduced much. UNESCO study (1959) and Rometat’s study (1983) showed that average employment in those tiny industries were 5 and 6.2.

The fact that business of small engineering products is no longer profitable in this cluster can be verified from the study that only 31.20% units have started in the last 5 years (Table-11.4). In comparison, Rometat’s study (1983) showed that about 2/3rd of the units had joined within the last 5 years. UNESCO study (1959) also mentioned that about 50% had started in the last 5 years. Roy and Chattopadhyay’s study (1979) showed that a large proportion of the industries is of very recent origin.

At present the business of small engineering products is unattractive not only to those who want to run business, but unremunerative to the workers also. In Howrah cluster of small engineering products, most of the workers reside in the neighbouring agricultural
areas. It is found from the study that these migrant people stopped coming in this cluster for work because of uncertainty of work and low wage paid by the employers. From the survey data it is found that most of the skilled labourers are earning as low as Rs. 2,000 per month.

The manufacturers and job working units are also earning very low level of income. It is found from the survey that about 76.80% job workers have yearly turnover up to Rs. 1,00,000 (Table-11.16). The percentage of profit over turnover for the job working units is 56.55 (Table-11.35). From this data, it can be calculated that their monthly income is maximum of Rs. 4,712.50 \([(100000 \times 56.55) / (100 \times 12)]\). Moreover, this profit income includes cost of job worker’s own labour. Only 15.97% job workers have yearly turnover above Rs. 1,00,000 to Rs. 2,00,000 (Table-11.16). Accordingly, their monthly income varies between Rs. 4,712.50 and Rs. 9,425 (by the same method of calculation).

About 88.14% job working unit have yearly turnover within Rs. 1,50,000 (Table 11.17). By the same method of calculation it is found that their monthly income is within Rs. 7,068.75. Thus, though percentage of profit turns out to be high, actual income is low because yearly turnover of the job working units is low. It again implies that either the volume of work is low or unit price of the job work is low. From the interview of the unit owners, it is found that piece rate of job work is low and it is declining continuously because of the keen competition among them to capture order for work. This is again supported by the fact that 95.20% unit owners are working with unutilised capacity (Table- 11.25).

The manufacturers also are not earning much. About 46.15% manufacturers have yearly turnover above Rs. 2,50,000 and up to Rs. 6,00,000 (Table-11.17). The percentage of profit over turnover for the manufacturer is 36.66 (Table-11.36). Therefore the monthly income of these manufacturers is between Rs. 7,637.50 to Rs. 18,000 (by the same method of calculation). The other 46.15% of the manufacturers have yearly turnover above Rs. 600,000. Accordingly their income is above Rs. 18,000. Thus manufacturers are earning moderately and in this cluster, the number of manufacturers is very low.
As a result there is not much potentiality for improvement of this cluster.

Again the study shows that about 63% factory owners told that their business condition is declining in the last 5 years (Table 11.27). In contrast, UNESCO study (1959) and Roy and Chattopadhyay study (1979) showed that only 7.5% and 4% factory owners were facing declining condition of business for the last 5 years. Again, Rometat’s study (1983) revealed that 73% unit owners admitted that they were doing business for the last one year without being interrupted by the lack of demand. Thus the condition of small engineering industry in the cluster of Howrah has deteriorated much in the last 20 years if we consider the previous study reports.

12.2 Areas of Development Needs of the Informal Garment Making and Small Engineering Industries

Development needs for the informal units within the clusters under study can be divided into two. First, needs which are common to all informal units. Second, needs which are product specific and cluster specific. Following is the discussion about development needs, which are both product specific and cluster specific.

A. Financial Input

Though it is found from the study that most of the unit owners of both the manufacturing activities have mobilised the bulk of the requisite finance from their own resources for initiating their business, the non-availability of outside funds is a major constraint in the growth of their business.

It is found that institutional credit is not only unavailable, its disbursement requires cumbersome official procedure. In garments making cluster of Metiabruz, it is found that delayed official procedure in the disbursement of loans very often leads to the use of it for consumption purposes. In most cases loans applied before festival is disbursed after the festival leading to improper use of loans.
B. Raw Material Flows

There is sharp variation in the role of the middleman and the employer in the supply of raw materials for these informal manufacturing units.

For the garments making informal units, supply of raw materials to the ostagars is not available directly from mills but through Marwari businessman at high price. It is found from the study that no small engineering manufacturing unit gets raw material through government quota. So the unit owners have to purchase from the open market at high price.

As widespread subcontracting is prevalent in all these clusters, raw materials are provided by the order-suppliers to the job-working units. Very few job-working units among the small engineering and garment making units purchase raw material from the local market at high price.

C. Marketing Network

In case of garment making manufacturing units, marketing of the products is heavily biased against the interests of the unit owners. There is exploitation by the final buyers irrespective of whether they are retail buyer or middleman (Marwari Fabric seller). As a result the unit owners have little or no say in the fixing of prices. Some have little freedom to utilise their own artisan’s skills because they have to work according to the dictates of the buyers. The unit owners have also no idea of the prevailing market prices for their products in the distant markets where their product will be sold. The level of ignorance on this score is positively related to the distance between his place of activity and location of the final consumers.

Like the manufacturers, the interest of the job-workers in both the manufacturing activities in determining piece rate of wage is biased against them. This is because they
have to agree with whatever piece rate of wage is given to them by the order-suppliers otherwise they have to remain idle.

Most of the unit owners in garments making clusters have no stock-holding capacity, which is again because of lack of finance. As a result the unit owners cannot wait to release their stock when prices are more remunerative. Very often they have to make distress sale of their products in the weekly hats or to the middleman.

It is found that most of the tailors in the garments making clusters are at the mercy of the middleman because they are facing fluctuating demand in local hat who takes commission from both buyers and sellers.

D. Upgradation and Diversification of Technology and Production Process

The unit owners of both the garments making and small engineering goods making informal units are dependent on traditional technology of production process. The study shows that though unit owners have interests to utilise new technologies they are not interested to diversify their range of production. In this respect major constraints are not only finance but also lack of information and skills for taking up new activities, and ignorance regarding designs and requisite production process.

E. Managerial Skills

The unit owners of both the manufacturing activities are lacking not only technical skill but managerial skill also. This leads to lack of professionalism in their business. Most of the unit owners do not know how to calculate cost of their products and do not maintain accounts or prepare income and expenditure statement.

F. Shelter-Work place Environment
It is found from the study that living and working environment of these clusters of informal units is very poor especially in the clusters of garments making. There is no clear demarcation between shelter and work place and they are located within the same structure. In metal engineering goods making cluster though shelter and work place are, within the same residential premise, they are under different structure.

G. Services of Related Infrastructures

The infrastructure facilities within the clusters of these informal units are very poor. Roads, water and drainage systems in the cluster of garments making are highly underdeveloped. In the cluster of small engineering goods making, roads are full of metal dust and drains are choked with waste products.

H. Human Resource Development

Literacy level of the owners in garments making clusters is extremely low. In metal product manufacturing cluster, though literacy level of the owners and workers is comparatively higher, they have not capacity to absorb new and innovative technology and take diversification plan.

I. Health Hazards

The tailoring work and small engineering work are done in very unhygienic environment. Tailors spend long hours in sitting posture and are exposed to serious strain on the eyes due to working in dim light. In small engineering work, there is danger of serious injury in transporting and shifting of large metal bars and there is continuous inhalation of metal dust, which may lead respiratory problems. They are also prone to fire while doing wielding, activities.
12.3 Strategies for Development in the New Economic Policy Regime

A. Financial assistance should be given by categorising units according to their operational capacity. The amount of credit would have to be provided at two broad categories of intervention levels. Since initiation of the business can be financed from own resources of the unit owners, credit is needed to attain the take-off stage and then to embark on a self-sustaining stage. With the two successive dosages of financial help, spread over a well-planed and assessed time-schedule say 3 to 5 years, the unit owner is likely to graduate into a self-sustaining entity. The subsequent dosages of financial help should be released uniformly according to a pre-determined time-schedule. The disbursement of further assistance should be carefully scheduled on the basis of the assessment of the use of the preceding dosage and its impact on the productive activities. In the absence of such a well-planed delivery mechanism, the programme is unlikely to build up units into self-sustaining entities.

The accessibility of institutional credit will help garments making units from the exploitation of Marwari businessman. It will enable them to purchase fabrics directly from mills and keep stocks to sell at more remunerative price, diversify product mix, innovate garment design, and enter into new retail markets fetching higher returns.

Institutional credit will also help owners of small engineering units to take order directly from government sector, adopt new technologies and diversify their productive activities.

B. Government should also give support by providing good infrastructure in the form of metal roads for mass scale transportation of goods and uninterrupted power supply for motor driven sewing machines and storage capacity to make profit when market demand is high. Another need is to provide some common transport services to bring materials from direct supply source and take final finished products to the marketing centres. This would minimise the role of middleman.
C. The support to these informal units should come in the form of marketing intelligence. Some training may also be provided to undertake marketing intelligence work, assess emerging demand for product, collect information on prices prevailing in the state and elsewhere for their products as well as raw materials.

Again through marketing intelligence, they can get information about the changing tastes of existing and potential customers regarding designs, information on new technology, resources and materials that would strengthen and enlarge their activities and make them more relevant to the emerging market scenario in the face of New Economic Policy.

The dissemination of information by state-level agencies like SSIC and NSIC is needed. In this case, local NGOs can play an important role.

D. There is a high priority need for strengthening the development of informal manufacturing units within the cluster, by providing them access to modern tools and equipment. This would promote use of new technologies and raise productivity. Government should provide credit facility for this capital investment, which may not be feasible at the level of individual units.

The informal units should be provided with access to new and diversified technologies and production processes and also with training inputs that would equip the unit owners and their household members to take up new items in their product range. Government should start training and research institutes (like Karnataka) to provide subsidised Diploma courses for young men and women within the cluster.

Though Global Institute of Fashion Technology (GIFT) has been established within the cluster of Metiabruz, people are not motivated sufficiently to join in the training course initiated by it. In the cluster of metal engineering products, there is no such training institute within the cluster which will help the unit owners to participate in the training programme along with production activities.
As in Italy 'real services', which include training of workers and entrepreneurs, accountancy, design, consultancy, advice on marketing and on technical standards in export markets should be promoted by local governments, working closely with trade unions and entrepreneurs. [Bagnesco, 1977]. The training institutes will be made within the clusters to provide subsidised diploma courses for young school leavers.

E. Along with technical skill, it is equally important to provide some managerial inputs to the owners so that the activities can be undertaken on a more professional basis than at present. For this, the unit owners need training to calculate cost of production including value of family labour, to maintain accounts, to prepare income and expenditure statement.

The managerial skill training should be imparted through short-term courses namely for 2-3 hours a day and for 4-5 days. There should be emphasis on practical tutorial work wherein the enterprises are exposed to preparing and using marketing intelligence, information and costing of inputs.

F. Along with unit owners, the officials of government agencies concerned with development programme of the informal sector should familiarise with government regulations and assistance programme, experience in other parts of the country related to innovative technology and production processes, collection of marketing intelligence and other skills that might be specific to these manufacturing activities. For this, training of government officials is needed. This will equip them with modern techniques of need assessment, monitoring and evaluation and change their attitude towards the informal sector.

G. It is necessary to upgrade quality of the environment for improving the quality of life of the people within the clusters of these informal sector units. This will increase productivity of the owners and workers of the manufacturing units. Thus there is an urgent need to make clear demarcation between shelter and workplace, as they are located within same structure. This is possible if unit owners are provided with financial
inputs for this specific purpose. This should be monitored by officials of Corporations or Municipalities or Members of Panchayets.

Another area where government must take immediate action is in regard to drainage. The uncovered nullahs not only contaminate the work environment but also the home environment, exposing people to serious ailments within the cluster of informal units, reducing their productivity.

The water delivery system within the cluster should be developed to liberate the woman members of the household in the cluster of garments making informal units, so that they can spend more time in the productive activities.

In the cluster of small engineering goods making sufficient water supply is needed for industrial purposes. Government should take measures so that work in the manufacturing units does not stop for lack of water supply.

H. Government should provide accessibility to non-formal education in these clusters of informal units specially the garments making cluster. In the cluster of small engineering goods manufacturing, literacy level is to be increased among the workers and owners so that they can absorb new and innovative technology and diversification plans. To make this, literacy program should be made attractive, process of teaching will be made where there is frequent reference to the production process.

A composite literacy cum training program should be explored and specially formulated with help of NGOs and concerned Education Department at the state level.

I. A high priority to health issues is needed for improved productivity and better quality of life in the cluster of these informal units. To minimise health hazards, a medical centre must be established within the cluster, where facilities for pathological tests, radiological services for detection of work induced ailments and treatments are available. Mobile clinics should reach out medical facilities to the owners and workers and family members of them on a weekly or biweekly basis.
Thus we find from the study that the main problem of the garment making units is the lack of demand. They are unable to utilise their full capacity because of insufficiency of market demand.

To capture domestic market, the manufacturers will have to compete with firms of reputed brand names. This requires use of modern technology, which again requires large amount of capital to invest, and trained personnel. Moreover these manufacturers could not enter into international markets. It is found that these marginal units that are internationally competitive are better able to grow as well as to survive in their domestic markets (Fischer and Reuber, 2002).

Though New Economic Policy of 1990s gave strong impetus to the export intensive sector like garment industry, this cluster of garment making could not avail this opportunity to participate in the export market. In contrast, the cotton knit wear cluster of Tirupur, a small township in Coimbatore district of Tamil Nadu, contributes 80% of the country's cotton hosiery exports. This is possible because it has innovated and displayed an ability to adopt to markets and international competition. Again by seeing the potentiality of Tirupur cluster, the textile clusters from Trevisco of Italy are trying to assess the possibility of co-operation with this (Cawthorne, 1990).

The reasons for the non-participation of these units under study are found to be lack of initiative, illiteracy on the part of the owners, lack of capital, lack of modern technology, lack of training facility, lack of marketing channels, lack of quality control mechanisms, etc.

The inner problem of these Muslim owners is their conservative mentality and mistrust to persons of other religious community. This is added to their fear psychosis to make any contractual relationship with exporters or foreign firms outside these clusters. To remove this problem local government will have to come forward as mediator between manufacturers and exporters.
One of the reasons for the miserable condition of West Bengal in garment export front after 1990 is that export intensive textile products in India viz. Knitted textile products and textile garments constituted only 16.86% of total value added of textile product industry in West Bengal in 1994-5 [Burange, 2000]. Thus government will have to motivate unit owners to produce these types of garment that are in great demand in export market.

To prepare for utilising the opportunity bought by ATC, Government should improve technology, productivity, efficiency and quality of the output while minimising bureaucratic bottlenecks and government regulations. This is possible if government allows full entrepreneurial abilities of manufacturers of garments to flourish in an environment of healthy competition supported by good infrastructure, credit facilities and opportunities for technological upgradation.

To promote technological upgradation, tax incentive and credit facilities for research and development are needed. It may be helpful to create special industrial parks for the garments industry, which would reduce costs through economies of scale and by exploiting industry synergies in developing new designs and upgrading technology. Easy access to foreign technology through licensing will also be beneficial. Foreign direct investment has now become an important way to access foreign technology, assimilate new management styles and gain access to important export markets and thus it should be encouraged.

According to WTO textile agreement of January 1, 2005, import quotas will be increased and export barriers will cease to exist, resulting in intense international competition. But our national government's policy towards these small garment-producing units has undermined its competitiveness. This is revealed by the fact that despite major export volumes in garments and shoes, unit prices are comparatively lower in the international market (Nath et. al., 2001).
To compete with international market after 2005, the preparation taken by private garments producing units and the government of Thailand is imitating. Many garments making units in that country had adopted for new technology and modern trade management [The Statesman, Friday 10\textsuperscript{th} January, 2003]. The Thailand government has taken policy of turning Thailand into a regional fashion hub which will help manufacturers and exporters to manufacture products to meet market demand, and the Export Promotion Department held a "Mega Fashion Fairs" naming "Bangkok International Fashion Fair 2003" to attract foreign customers.

Our national government should take concerted efforts like above to explore the potentiality of garment industry in export field. Since informal garment making units are flexible enough to handle volatile export market, increase in exports will have direct impact on their condition.

In case of small engineering industry we find that neither government nor unit owners in the cluster of small engineering goods making units has taken initiative to make this cluster of informal units a successful industrial agglomeration.

Our national government should follow the policy of privatisation with much caution so that support of the government order is not withdrawn before the cluster of small engineering units becomes self sufficient. The government should help these units in financial and technical aspects to compete with cheap imports which are likely to be threatening these informal units after the liberalisation policy initiated by the government since 1990.

To grow enterprising mentality and to make major diversification programmes, government will have to provide credit and training facility to the unit owners of the cluster. The lack of financial means affected entrepreneurs, who often found it impossible to invest high sums in modern imported equipment needed to manufacture high-tech machinery. This investment is indispensable to the export promotion policy the country has now adopted.
State government should facilitate the establishment of technical institutions particularly engineering colleges like the government of Karnataka. Not only training institute to train workers and owners of the units, government should have to establish institutions pertaining management to improve managerial capability.

To remove harassment from the Department of Sales Tax, government will have to make a simpler tax structure.

State government should give serious effort to revive dying jute and tea industries, which were important, order suppliers. Again, state government should implement land reform policy more vigorously so that a major demand for agricultural implements come to these engineering units.

However, other clusters of metal engineering products in the different states of India have flourished during the post reform period. The success of Peenya Small Engineering Cluster which has come up in the 1980s in Bangalore lies in the fact that they are innovative in different ways relating to technology, though it did not observe any significant Research and Development (Ramsastry and Krishnaswamy, 1979). About 76% of Bangalore units had undertaken technological innovations, which emerged due to self-motivation, self-efforts and internal technological capability. The radical innovation with the help of local government and incremental innovation supported by large enterprise customers had helped the units to export 40% to 80% of their product. This again helped them to grow in terms of employment as well as investment. Moreover, in Peenya, about 75% of the entrepreneurs had relevant academic qualifications in the respective field facilitated by the high concentration of technical institutions, particularly engineering colleges in Karnataka (Subrahmanya, et. al. 2002).

In Ludhiana of Punjab, the small engineering industry has developed tremendously even it started after independence. Government of Punjab has helped the growth of this industry in different ways, viz. establishment of a number of institutions viz. research and technical centres, vocational and industrial training institutes during the 1960s to support
local industries, encouraging the formation of trade association through which local industry’s interest represented in government activities, establishing small units by skilled workers or artisans through self-employment scheme (Tewari, 1990). Moreover in Punjab, the demand from agricultural sector did come in a big way to help metal engineering industry in Ludhiana.

All these success stories of other small engineering clusters show the weaknesses of cluster at Howrah in West Bengal. Here local government did not take any initiative to revive the condition of the small engineering industries. This is revealed by the fact that regional development policies were not directed towards development of this industry. Moreover local government could not exert pressure on the national government to direct macro-economic policies in support of these industries.

Alternatively, the atmosphere of own generation has not grown here. The experience of European industries cluster (in Italy) has shown that it had developed without in any way supported by the national government policies (Bagnesco, 1977). In contrast, this industry in Howrah cluster is too much dependent on government orders. There is lack of self-motivation, self-efforts and internal technological capacity among the unit owners of this cluster. The lack of initiative of the local entrepreneurs is reflected in the near absence of Manufacturing Association.

In West Bengal, the demand for machinery from agricultural sector did not grow as in Punjab. The ineffective implementation of land reforms policy leading to low generation of agricultural surplus for re-investment. As a result, demand for machinery needed for agriculture did not help in the growth of metal industry.

Moreover, the lack of research and technical centres, vocational and industrial training institutes in West Bengal led to the dearth of skilled manpower to compete with metal engineering cluster of other states.
On the whole, state government should make conducive atmosphere for the growth of this informal engineering products unit. The government should have to keep vigil on the Pollution Control Board so that it cannot do excesses on these informal units. Government should help these units so that they can get smooth supply of water and electricity. The small ancillary units in this cluster should motivate themselves to form a consortium to make and assemble the whole machine much cheaply in comparison to a large factory producing whole machine by employing casual workers or by subcontracting machinery spare parts for running production.

The owners of the units should make association to represent members' interests to national and state governments, in relation to taxes, permits, and quotas of raw materials, laws and regulations. Though many regulations are no longer valid after the government policy of liberalisation, association should take new task of putting members in touch with markets and suppliers, publishing newsletters and trade directories. Trade association should plan to set up their own technical, quality control and marketing services.

The institution of political power should play important role in developing clusters of informal units. The local MLA can help by influencing state government policy towards the advantage of these clusters of informal units and by removing any obstacle towards their development created by the local administration. Members of Parliament should constitute a strong lobby to defend the interests of the local entrepreneurs in the informal sector. The Chairman of the Municipal Council or Councillor of the Corporation should exercise their power in favour of these informal units.

Though all these development programme should be undertaken by the public agencies or the NGOs at the initials levels, the informal sector units should not wholly dependent on them for long period. What is needed for the public agencies is the support from owners association and trade unions in carrying out these programmes. This will help them to work independently when public support will be withdrawn. The basic objective of the
government should be to train them gradually to manage their own affairs. This approach alone would create a self-sustaining informal units base in those clusters.

Thus the cluster of garment making units in Metiabruz and Bankra and metal engineering units in Howrah are found to be in the process of apprenticeship. Owing to the low degree of technological modernisation, absence of regular innovation on the part of entrepreneurs and workers, how far these informal units can develop themselves to meet the immense need for decent employment is questionable. The low turnover seldom allows entrepreneurs to make significant profits or to enter into the process of accumulation. The form of development of these informal units is not sufficiently advanced to allow us to conclude on an optimistic note. The governments' help of 'real services' are likely to be effective only when there is strong specific local demand for these services, otherwise these will be a waste of effort and public money.

The new UPA government's announcement of the setting up of a National Commission to examine the problems facing unorganised and informal sector and proposal for a single legislation covering these units present a ray of hope for these clusters of informal units [The Statesman, August 30, 2004]. The Prime Minister is of the view that policies about small-scale and tiny industries will be modified to realise goals of employment generation and entrepreneurial development and these industries will be helped by removing 'inspector raj' system and given improved access to credit besides technological and marketing support.

Again, UPA government's National Common Minimum Programme has referred to the neglect of this most employment intensive segment of the small-scale industries and promises to upgrade infrastructure in major industrial clusters.

We have to wait and watch how far these initiatives on the part of the government will help these informal units.