Abstract

This paper describes the condition of informal garment manufacturing industry in the clusters of Metiabruz and Bankra and small-scale engineering industry in Howrah, West Bengal. The closure of many public sector units in West Bengal and consequent fall in organised sector employment necessitate the emergence of informal sector as the potential employment-generating sector. This study tries to reveal the present condition and future potentiality of these informal industries in the face of new economic policy of India. It also shows some important policy implications for these informal sector industries particularly in the context of liberalisation, privatisation and globalisation policies in India.

The main industrial activity in garments making is subcontracting system. Available information indicates that most of these informal units with subcontracting system are successful in the export front as compared to large-scale composite manufacturing units. Contrary to this view, it is found in this study, that these units are not linked to export market. As a result, these units will not be able to take opportunity to improve their condition with the withdrawal of MFA on the exports of garments on January 1, 2005. This study shows the problems, which are both internal and external to this informal garment-making industry for non-participation in the export market, and mentions some policy interventions on the part of the government. The study also shows that though this informal industry is not participating in export market, it is able to maintain a low-level static condition in terms of employment and income generation.

The informal metal industry of Howrah, which is taken in this study, serves as essential feeders of the big organised industries in both the private and public sectors, supplying raw materials, components and semi-manufactures. The study finds that business condition of this industry is very depressing because of the lack of demand from both the public and private sectors. With the government policy of privatisation, several public sector units have closed leading to decreasing demand for the product of this industry. The study suggests large-scale diversification programme on the part of the owners of this industry or increase in policy-induced government demand for the improvement of this cluster of metal engineering industry.