Chapter 1

Introduction

Perspectives and Objectives of the Study

The objective of the present study is to examine the conditions of the two informal industries in West Bengal. These two industries are garment making in Metiabruz (Greater Kolkata) and Bankra (Howrah district) and engineering goods manufacturing in Howrah. The garment making informal units characterise the production of articles for mass consumption and metal engineering informal units characterise the production for specialised markets. They had a long tradition in West Bengal. The important contributing feature of these two industries in West Bengal economy is that they had employed and are still employing a large number of working populations in West Bengal. While the condition of other two traditional industries viz. jute and tea are worsening, these two industries are still catering to the demand of the local as well as the national market.

Despite the advancement towards industrialisation and modernisation in West Bengal, it continued to have large informal activities in garments making and manufacturing of engineering goods. The engineering workshops of Howrah were once famous all over India and even now they serve as essential feeders of the big organised industries, supplying raw materials, components and semi manufactures. Small and tiny garment...
producers in Metiabruz and Bankra also have a substantial presence in garment retail stores all over India.

These two informal industries are providing employment to a large number of people living within the geographical boundary of the clusters in which they are situated and also outside the clusters. It is found that in Metiabruz, about one and a half lakh people earn their living directly out of the clothing industry. Not only that, another lakh of people depend indirectly on it in shops selling cloth, bokram, thread and buttons, transport of cloth and garment and packaging factories (Tapadar, 2002). In Bankra, the accessories needed for making garments are provided by the industries in the neighbouring Hindu villages providing employment to a large number of people not only within Bankra but also outside it.

The importance of these informal industries is that being less dependent on imports than larger industries, less exacting on monetary investment, the small units are more viable than large industrial units in India. These phenomena may advocate a strategy of development emphasising the informal sector as an alternative to the widely used strategy relying on technological and organisational modernisation and large-scale production.

The main reason to give primacy to these small and informal industries in the industrial policy of West Bengal is that industrialisation on the basis of high-tech sector is subject to several uncertainties (Ghatak, Bardhan et. al., 2002). Moreover, like China, there is a big market potential for West Bengal units all over the world. In these units, entrepreneur with limited education, little capital, semi skilled workers and non-professional management can still achieve a high level of productivity. Indeed, West Bengal also has a long tradition of successful small scale and informally organised enterprises. The closure of many public sector units in West Bengal and consequent fall in organised sector employment (only 8% of total employment is in the organised sector in India) necessitate the emergence of informal sector as the potential employment-generating sector.
In our country, the problems with these units are that they are mostly technologically backward and hence lacking in competitive strength. Notwithstanding these problems, tiny units in India might have survived due to product and geographical market segmentation and policy protection by the government. For example, garment industry had been protected through measures such as reservations for exclusive production in the small-scale sector and metal industry was protected through reservation of some of the product produced for purchase preference by government agencies.

In recent times, the business environment has been changing drastically reducing the importance of these factors. The economic reforms of the 1990s have aimed at liberalisation of domestic economic transactions and opening up of the economy, necessitating all these units to sustain themselves on their own competitive strength. Even to provide employment in a sustainable way and at higher wages, these units have to be competitive and commercially viable (Bhavani, 2002).

If this sector is provided with some facilities so that it can avail the opportunity to play in the free market under globalisation and at the same time, some facilitating labour conditions are made by the government, this sector may be a viable alternative to the existing industrial structure plagued by different inefficiencies. It is found that there has been a little conscious effort to utilise this sector in the development process of the economy. In the context of the New UPA government's National Common Minimum Programme, giving special emphasis to mitigate the problems facing informal sector, this study of the clusters of garments making and metal engineering goods making industries can give an idea about the actual problems of these units of informal sector.

To optimise the contribution of the informal sector, a properly conceived strategy and action plan should be a crucial element in the development policy of the government.

So query of this present study is to know the present condition of two informal garment making and engineering goods manufacturing industries in West Bengal, their importance in terms of employment and income generation, their weaknesses, areas of
development assistance and interventions in the context of changing business environment. This study also gives special emphasis on whether they can avail the opportunities created by the New Economic Policy of India of 1990s or they need development support from the public and outside agencies to become important industrial sectors in West Bengal. This is needed to make an appropriate development strategy and action plan.

Generally, clustering and informality in industrial activity is found to be associated with each other. The informality of activities along with ease of entry into the business attracts people to act in close proximity to each other. Hence, the present study of garments and small engineering goods manufacturing informal units is based on cluster survey. The garments making units are chosen from the clusters of Metiabruz and Bankra and metal engineering units are chosen from the cluster at Howrah.

The objectives of the study are:

(a) To describe the historical background of the garments and small engineering goods manufacturing informal units in the clusters under study.

(b) To analyse the economic and non-economic characteristics of these informal units.

(c) To estimate the contribution of these informal units in the income and employment generation.

(d) To analyse the labour process in these informal units.

(e) To assess the development needs in these clusters of informal units and areas of interventions.

(f) To discuss the need based development programmes in the face of New Economic Policy of 1990s.
This paper is organised in 12 chapters. The chapter-1 is an introductory one. Chapter-2 analyses the concept of informal sector, their place in the urban economy and evolutionary process in different perspectives. Chapter-3 contains a brief account of the clustering and sub-contracting arrangements in industrial activity relating to informal sector and historical roots and the socio-economic condition of the clusters in which these industries belong. Chapter-4 incorporates Methods of Sampling, Sample Frame, Area of Survey. Chapter-5 gives an account of the garment industry of India and its export potentialities. Chapter-6 summarises the existing literature on garment industry in different clusters of India. Chapter-7 analyses the present findings of the garments industry in the two clusters and problems faced by this informal industry. Chapter-8 compares the features of informal garments industry that are found in the present survey with those of previous studies. Chapter-9 gives an account of the condition of small engineering industry in West Bengal in the context of India. Chapter-10 summarises the existing literature on the informal small engineering industry in the cluster of Howrah. Chapter-11 analyses the findings of the present study of metal industry, the problems faced by this industry and compares the present findings with those of previous studies. Chapter-12 concludes with the future prospects and weaknesses of these industries in the new economic policy regime along with policy prescriptions.