THIRD CHAPTER
Section - I : AN OVERVIEW OF THE SMALL SCALE INDUSTRIES OF WEST BENGAL.

Small scale industries of West Bengal are diffused over all the 17 districts of the state of West Bengal. The total number of registered units and the corresponding total districtwise employment up to 31.3.93 have been given in table 3.1. The district of 24 parganas (North and South) comes first both in terms of percentage of registered units and in terms of employment. The districts having higher than all Bengal average of per unit employment are Birbhum, Howrah, Hooghly, 24 Parganas (North and South), Calcutta.

Small scale industries do not perform uniformly all over the districts of West Bengal. Per unit investment in terms of fixed capital is highest in South 24-Pargs, per unit investment in plant and machinery is highest in Calcutta, per unit investment in terms of working capital is highest in Howrah and per unit investment in terms of productive capital is highest in North 24 Parganas. Districts, having higher than all Bengal average of per unit investment in plant and machinery and per unit fixed investment are Burdwan, Calcutta, Hooghly, South 24 Parganas and North 24 Pargs. Districts having higher than all Bengal average of per unit investment in terms of working capital and productive capital are Calcutta, Darjeeling, Howrah, South 24 Pargs. Per unit production, GVA and NVA are highest in North 24 Parganas, per unit input cost is highest in Howrah and capacity utilisation percentage is highest in Burdwan. Districts having higher than all Bengal average of per unit production, GVA, input cost and NVA are Calcutta, Howrah, south 24 Pargs. Districts having higher than all Bengal average of capacity utilisation percentage are Bankura, Burdwan, calcutta, Darjeeling, Jalpaiguri, Malda, Midnapore, Murshidabad, Nadia, Purulia, North 24 Pargs. (See-Table - 3.2.)
Small scale industries of West Bengal are of different types. There is wide variation in the performance of different types small scale industries. The Industry group, metal products, comes first both in terms of percentage of registered units and employment. The industry group nonmetallic mineral products comes first in terms of per unit employment. The industry groups having higher than all Bengal average of per unit employment are machinery and parts except Electrical, Basic metal products, Chemical and Chemical products, Electrical machinery, Non-metallic products, Beverages, Tobacco and Tobacco products, Jute Hemp and Mesta textiles, Wool-silk and synthetic Fibre textiles, cotton textiles and services not elsewhere classified. (See-Table - 3.3.).

Now consider the other aspects of performance of different small scale industries. Per unit fixed investment is highest in the industry group of Basic Metal products. The industry groups having higher than all Bengal average of per unit fixed investment are Machinery and parts except Electrical, Basic metal products, Rubber and Plastic products, Paper products and Printing, Chemical and Chemical products, Other services, Electrical machinery/apparatus, Non-metalic mineral products, Transport equipment and parts, Leather and leather products, Jute-hemp and mesta textiles, Wool silk and synthetic fibre textiles and services not else classified. Per unit production is highest in the industry group of Jute-hemp and mesta textiles. The industry groups having higher than all Bengal average of per unit production are Food products, Beverages-tobacco and tobbacco products, wool silk and syntaetic fibre textiles, Jute hemp and mesta textiles, Leather and leather products, chemical and chemical products, Basic metal
products, Electrical machinery/apparatus, Transport equipment and parts, services not else classified. Per unit GVA and NVA are highest in the industry group chemical and chemical products. The industry groups having higher than all Bengal average of per unit GVA and NVA are Beverages-Tobacco and Tobacco products, Wool-silk and synthetic fibre textiles, Jute-hemp and mesta textiles, Hosiery and garments, Chemical and Chemical product, Basic metal products, Electrical machinery/apparatus and services not else classified. Capacity utilisation percentage is highest in the industry group Wool silk and synthetic fibre textiles. The industry groups having higher than all Bengal average of capacity utilisation percentage are Food products, Beverages Tobacco and Tobacco products, Cotton textiles, Wool-silk and synthetic fibre textiles. Jute-hemp and mesta textiles, Hosiery and garments, wood products, Paper products and printing, Rubber and plastic products, Chemical and Chemical products, Non-metalic mineral products, Transport equipments and parts, Miscellaneous manufacturing industries, other services, Repair Services and services not else classified, (See Table-3.4).

We next present a description of the small scale industries of West Bengal according to different fixed investment slabs. The highest percentage of units falls in the lowest slab (0-1 Lakhs). Per unit production is highest in the highest slab (100 Lakhs and above). Per unit input cost, GVA and NVA are highest in the investment slab 70 Lakhs-85 Lakhs (See Table - 3.5).

Table -3.6 shows that in West Bengal the highest percentage (98.8%) of units are in the fixed investment slab of less than 10 Lakhs and the highest percentage of state's small scale industrial production (82.3%) also comes from this fixed investment slab. Again within this fixed investment slab of less than 10 Lakhs there
exists highest percentage of units (57.8%) in the employment range of 1-4 and highest percentage of production (39.8%) comes from the employment range of 10 and above.

Table -3.7 shows that in West Bengal the highest percentage of units (98.1%) fall in the slab of investment in plant and machinery of less than Rs. 5 Lakhs. Highest percentage of state's small scale industrial production (75.7%) also comes from this investment slab. Again within this investment slab of less than Rs. 5 Lakhs there are largest percentage of units (57.8%) in the employment range of 1-4 and highest percentage of production (33.8%) comes from the employment range of 10 and above.

Table - 3.8 Shows that in West Bengal the highest percentage of units (95.8%) fall in the production slab of less than Rs. 20 Lakhs. Highest percentage of investment in fixed assets (67.2%) also falls in this production slab. Within this production slab of less than Rs. 20 Lakhs there are highest percentage of units (57.7%) in the employment range of 1-4 and highest percentage of investment in fixed assets occurs in the employment range of 5-9. Table - 3.9 reveals that in West Bengal there are largest percentage of units (95.8%) as
well as employment (78.5%) in the production slab of less than Rs. 20 Lakhs. Within this production slab of less than Rs. 20 Lakhs there are highest percentage of units and employment in the slab of investment in plant and machinery of less than Rs.5 Lakhs.

In West Bengal small scale industries play an important role in the matter of generation of exports. In West Bengal there exists the highest percentage of export units (51%) in the industry group Leather and leather products. Value of export as percentage to total exports of West Bengal (32.72%) and the value of export per operating unit is also highest in the industry group Leather and leather products. (See Table - 3.10)

In West Bengal small scale industries also play an important role in the matter of backward area development. In West Bengal the highest percentage of units (44.7%) exist in the rural areas. Among the different districts of West Bengal, Bankura has the highest percentage of units (84.91%) in rural areas. For West Bengal it is also true that the highest percentage of small scale units (57.17%) exists in the backward areas. Among the different districts of West Bengal, Bankura, Birbhum, Burdwan, Coochibihar, Darjeeling, Hooghly, Jalpaiguri, Malda, Midnapore, Murshidabad, Nadia and Purulia have 100% of the small scale units in the backward areas (See Table - 3.11 and 3.12).

Conclusion :- Thus in conclusion we can say that small scale industries of West Bengal are of different types and they are diffused over all the 17 districts of the state of West Bengal. In the matter of export generation and backward area development small scale industries of West Bengal play an important role.
Section : II : WEST BENGAL'S SMALL SCALE INDUSTRIES AS COMPARED TO THE SMALL SCALE INDUSTRIES OF INDIA.

We have pointed out in chapter two that West Bengal had been suffering from the problem of de-industrialisation during the period 1980-81 to 1990-91. Now we want to judge the efficacy of the small scale industries of West Bengal to ease the problem. We start with a comparison of the small scale industries of West Bengal with those of India as a whole from various aspects.

(1) Employment generation capacity of the small scale industries of West Bengal is larger compared to that for India as a whole, since per unit employment in the small scale industries is higher in West Bengal compared to all India average. It must be noted here that per unit employment of small scale industries of West Bengal is lower Compared to Gujrat, Maharstra, Tamilnadu, Andhrapradesh, Assam, Orissa, Nagaland, Tripura, Sikim, Arunachal Pradesh and Goa.

(2) Wage share expressed as percentage of net value added is higher in West Bengal compared to all India. This means that the products of small scale industries of West Bengal are more labour intensive compared to India as a whole which goes in favour of the objective of employment expansion. It should be mentioned
in this context that the wage share as percentage of net value added is lower in West Bengal compared to Assam, Kerala, Uttar Pradesh, Manipur, Meghalaya, Tripura and Mizoram.

(3) Generation of self employment is another objective in respect of small scale industries. In this regard the performance of West Bengal is not so good because self employed as percentage of total employed is lower in West Bengal compared to all India average.

(4) Money wages per employee is also lower in West Bengal compared to all India level which is not a welcome situation.

(5) Net value added per employee and net value added per Rs. 1 Lakhs fixed investment is lower in West Bengal compared to those for India taken as a whole. This means that factor productivity in the small scale industries of West Bengal is lower compared to that for India as a whole which is also not good for the future growth of small scale Industries of West Bengal.

(6) Capacity utilisation (Percentage ) of small scale industries of West Bengal is also much lower compared to its all India level and the reason for this may be low demand for the small scale products of West Bengal. This existence of excess capacity is also not a welcome feature from the point of view of growth of small scale industries of West Bengal.

7) The number of closed units as percentage of total number of registered units is higher in West Bengal compared to all India average. This means that industrial sickness in respect of small scale sector is more prominent in West Bengal compared to that all over India.

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8) Small scale industries of West Bengal also play a significant role in the matter of export. But export as a percentage of total value of output is lower in West Bengal (4.41%) compared to the corresponding all India figure (58.2%). (Computed from second All India Census of Registered Small Scale Industries.)

9) Backward area development is also an important objective of small scale industries. Percentage of small scale units in rural areas is higher (44.47%) in West Bengal compared to the corresponding all India figure (42.2%) (Computed from second All India census of Registered Small Scale Industries). Thus in West Bengal small scale units have proliferated in keeping with the objective of backward area development. The whole analysis has been summarised to table 3.13

Conclusion :- Thus comparing the performance of small scale Industries of West Bengal with the corresponding all India performance we find that per unit employment in small scale industries of West Bengal is larger, wage-share expressed as percentage of net value added is higher and percentage of small scale industries in the rural areas in West Bengal is higher compared to those for India as a whole. The above observations imply that labour absorption capacity is comparatively higher in the small scale industries of West Bengal, that the product of small scale industries are more labour intensive in West Bengal and that the small scale industries of West Bengal have spread more in the backward areas compared to India as a whole.
But both labour and capital productivities of small scale industries of West-Bengal are lower, the problem of excess capacity is more prominent and the number of closed units as percentage of total number of units is much higher in the small scale industrial sector of West Bengal compared to those for India as a whole and these are not good symptoms for the future prospect of the small scale industries in the state.