ABSTRACT

The major objective of this thesis is to study the impact of agricultural growth, that has been supposed to have taken place in West Bengal during the Left Front rule, on the overall economic growth of the state in general, manufacturing industries’ growth in particular. In West Bengal, even according to the Census, 2011, 68 percent of the population lives in villages, and therefore, uninterrupted development and growth of economic activities in villages must have positive lasting effect on the growth and development of the state economy. And as the growth of West Bengal agriculture from the beginning of 1980s, which is said to have continued at least till the middle of 1990s, as per the official available statistics, have been spectacular, that should have created transformation of not only the rural society, but through its distributive impact should have changed the industrially languishing West Bengal by creating demand for manufactured output to be supplied by manufacturing industries in West Bengal, which in turn would have created an all round development in the economy by its employment potential. But from the end of 1990s or the beginning of this millennium, a deep concern has emerged that all is not well in West Bengal, at least in industrial front, where the state has been losing its output share uninterruptedly; and agricultural growth, as per official statistics, alone cannot stem the rot in manufacturing. Since, manufacturing sector has been underperforming; generation of employment has become hard to come, which worsened the unemployment situation. Tertiary sector in West Bengal, of which Information Technology (IT) and Information Technology enabled Services (ITES) are important but not the major components, has started contributing heavily to give the rulers a sigh of relief, and the State’s Domestic Product has grown at a relatively better pace. In this situation this thesis has gone into deciphering that whether West Bengal Economy has undergone a structural change which has not been pro industrial, whether
agricultural growth has anything to do with the growth in manufacturing in West Bengal and whether the domestic product in West Bengal has grown on the back of agricultural growth.

The empirical analysis proceeds by analysing movements in agricultural crop production and income in comparison to all India movement, and inter temporal movement within the state. Such analysis has also been done to look into the growth and changes in manufacturing. Sectoral income data of NSDP are analysed to understand the structural change in the West Bengal economy. Growth behaviours of all these sectors are statistically, arithmetically and econometrically analysed. The thesis has tried to establish relationship between agriculture and manufacturing sector of the economy, and also with the NSDP of West Bengal. Ordinary Least Square has been the starting point for estimating such relationship. As those estimates are susceptible to serial correlation, Marquardt nonlinear least squares estimation has been used. The thesis has also used vector autoregressive frame work after considering the existence of unit roots in the data by utilising Augmented Dickey Fuller (ADF) statistics. For establishing relationship among different series Johansen Maximum Likelihood test for cointegration has been used. Granger causality test also applied. Along with all these improved econometric methods, traditional tool like correlation coefficient is also used.

Analysis of available data from all possible angles and dimensions led the thesis to conclude that whatever growth and structural changes that have taken place in West Bengal during the Left Front rule has never been pro manufacturing, and the data generated in West Bengal have failed to establish any causal relation between agricultural growth and manufacturing growth. Not only that, at the time of declining agricultural growth, manufacturing, in general, has a tendency to possess advancing growth rate, though the coefficient of correlation between agricultural growth and manufacturing growth is very negligible. Econometrically, there exists a non-linear relationship between growth rate of NSDP and that of agriculture, which tells that an accelerating agriculture will lead to acceleration in NSDP growth.
This thesis, while concluding about the questions raised by it at the outset, has raised an important question at the end: where has all those agricultural produce gone? Whether the booming service sector ICE (Information-Communication-Entertainment) or TMT (Telecommunication-Media-Technology) has eaten all those, leading to a jobless growth; or whether supply of surplus in agriculture to industrially advancing states and creation of demand for their manufacture goods have created a multiplier impact outside the state; or whether, as claimed by some concerned statisticians, spectacular agricultural growth in West Bengal has been an overstatement (Datta Ray, 2004).