Conclusions and Suggestions
Conclusions

The study is fully based on secondary sources of the data published by various government departments of the State of West Bengal. It is worthwhile to note certain remarkable features of the work. The findings also are of paramount significance due to the obvious reasons that the arena in which we are living is termed as the age of global village and achievements in the field of science and technology is at its zenith. West Bengal as has been stated earlier was one of the main hub of industrial concentration in India but it could not maintain the hegemony with change of the time. There have been various reasons inimical to industrial growth in West Bengal.

In the previous chapters critical reviews of some aspects have been made of Industrial Development in West Bengal since 1971. Here intend to summaries in brief the trend and extent of industrial development during the period of study.

In the 1970s industrial growth in the country was sluggish. If one left out the 10.6% growth achieved in 1976, the average growth during the period in the region of West Bengal was 4%. It is seen therefore that 1970 to 1987, i.e. in barely near about two decades, West Bengal relative position as an industrial state in the country had deteriorated drastically. Low level of industrial investment was the main reason for West Bengal’s decline. Moreover the industrial structure and competitive edge of West Bengal industry might not have been conducive for accelerated industrial growth.

The establishment of jute manufacturing industry in West Bengal was one of the significant contributions in India. The men coming as they did from far flung regions not only pioneered the industry but also developed and organized the industry efficiently and opened out a vast market for it products
which not only provided jobs for hundred of thousands of their employees but also benefited millions of agriculturists in the jute products district of West Bengal. In their effort they were highly successful due to certain location advantages, the most important of these being the close proximity of jute growing district of Assam and relative cheap labour force.

The analysis shows that problem was accentuated due to the shrinkage of world demand, lack of diversity in Kolkata’s production and poor salesmanship also positively contributed to fall in demand. The most important problem jute manufacturing industry faced due to growth of substitutes in the wake of paper bags and cotton sacks and the use of mechanical contrivances for bulk handling. The only possible solution to their problems seemed to lie in the rationalization of the industry.

Table 4.1 gives a clear picture that though the production of jute products increased during 2003, as compare to 1971. But the other sections, particularly number of operation units as well as working loom drastically declined. The reasons have mentioned in explanation in chapter 4.

The trends in the production of cotton yarn and cloth are shown in Table 4.2. Both the trends indicate the existence of difficulties in production since almost the year 1974. Most of the cotton required by the mills in West Bengal has to bring from the State such as Punjab and Gujarat which are 1,800 to 2,000 kilometers away. This selective non-equalization of the freight rates has been acting for quite sometime, as a major constraining factor in the growth of cotton textile industry in the State.

Table 4.1 mentioned that production of cotton yarn continuously increased upto 1987, but production of fabrics could not follow the same pace and it’s gradually started declining since 1973. The main reason to fall down

was due to floods had once again affected the production in some of the cotton mills in the State and a comparison among these years, production figures of mill yarn and cloth reveals that there were significant production losses in the flood affected years in both these sections of cotton textile industry.

More important than these yearly fluctuations, however, are has long term trends in the production of yarn and cloth in the state presented in Table 4.2. Both these trends show a declining tendency suggesting the existence of more basic constraints on production. These constraints arise at the State level primarily from the acute deficit, as shown in Table 4.2, in terms of gap between the production of raw cotton and its consumption. From which the entire eastern region suffers in comparison with all other regions. Apart from the structural imbalance which afflicts the cotton textile industry in the country. The mills in the West Bengal have the added disadvantage of having to bear the cost of high freight rate on raw cotton which has to import from Punjab and Gujarat.

Table 4.3 shows that the production of tea in West Bengal increased from 104.08 million kg to 131.87 million kg during 1971 to 1978, primarily in response to the export boom. But after that upto 1981, there were ups and downs in production of tea. This is because of drought which had affected the production of tea in the entire country. Due to effect of the drought, a sharp fall in the average yield rate of tea in all the tea growing areas of the State.

Production of tea, as can be seen from Table 4.3, increased to 169.9 million kg. in 1997, from 150.6 million kg. in 1992. The basic problem of tea industry was that the annual increase in production of tea was usually lowered than the increase in demand for tea. This has put upward pressure on tea prices and recent time, tea prices in the country have increased significantly.
Another important weakness of this industry is its seasonal character and difficulty is the long gestation period.

Production of finished tea is also more or less steady over the years as may be evident from Table 4.4, production of tea in West Bengal during the year 2002 declined as compared to 2001.

The State Government in the small-scale industries development programme has identified the leather industry as a thrust area. The State Government has made the various promotional measures like incentives, provision of soft loans etc to assist small-scale industries. During the decade of eighties, the State Government was trying to developed leather industry and improved the condition of cobblers through arrangement of training and servicing facilities in footwear and other leather goods industry.

As a result of these steps small-scale leather units are coming up in larger number till now as indicated in Table 4.5. The Government of West Bengal has set up a state of art integrated Leather Complex on the eastern fringe of Kolkata at Karaidanga. After completion, the leather complex will be largest leather complex in the world capable of processing 1000 tones of raw hide per day.

The overall index number of industrial production in the State with the base year is 1970. However, for maintaining continuity and providing comparable date, the overall index number of industrial production with 1970 as base year as given in Table 4.6. This movement of overall index of industrial production indicates the aggregate picture in the sector of large and medium industries.

In so far as the financial assistance of West Bengal Financial Corporation (WBFC) to small units are concerned, there has been some increased in share of small units both with respect to number of units covered
and the amount of loan disbursed. The possibilities of improvement however persist here, particularly with respect of percentage of the total loan disbursed to the small units. In the provision of finance, in addition to these programmes, term loans are available from the WBFC. The trends in this assistance in terms of improvements in the share of small units, both in the total number of units assisted and in the total assistance disbursed, appeared to be required direction. There has been a significant increase in the amounts actually disbursed under incentives and other form of assistance in recent year. WBFC acts as the model agency for providing financial assistance to the small-scale sector. It is also claimed that the WBIDC has exerted its proportional efforts by providing lone and equity capital as well as guarantee to large and medium scale units. For providing industrial infrastructural facilities also there is West Bengal Industrial Infrastructure Development Corporation, the adequate working of which can go a long way toward eliminating inter-regional economic disparity, thereby also negating the features of industrial dualism. For small industries, the West Bengal Small Industries Corporation supplying scarce raw materials, West Bengal Financial Corporation, formation of some more proposed industrial estates, etc., can really provide yeomen service, if properly controlled, directed, streamlined and set for task assigned to them.

But in the virtual absence of existing banking facilities, owners have to borrow money from indigenous moneylender who charges much higher rates of interest than the banks would have allowed. This difficulty in raising adequate capital for middle sized industries led to the liquidation of many industrial enterprises and in many others cut the margin of profits and unduly delayed the dividend-earning stage.
In the absence of adequate public subscription and specialized financial institutions, banks unexpected to play an important role by advancing liberally to the causes industry. But these followed a very conservative approach as regards their grant to industries. They advanced but only short term loans that too after satisfy themselves regarding their numerable laid down procedures. Naturally, the demands for State aid become urgent.

However, in the absence of properly developed financial institutions, the managing agency system played an important role. Although their share in the fixed capital expenditure could not be said to be substantial, it is possible that they contributed quite liberally in times of economic distress by providing short-term loans. But being mostly partnerships their funds were also limited. In short, it can be said that there was no well developed financial institutions to meet the needs of industry. The result of such absence was disastrous. Many companies in need of money had to be closed down and many more not even see the light of day. Purely financial point of view in the recent past the credit deposit ratio in West Bengal has been found to register a marked declined.

In the small-scale sector, there has been an encouraging trend in the number of units’ setup. This sector is loosing the pace of contributing in economic growth and development of the State. The Table 5.1 shows that the number of small-scale industrial units registered with the Directorate of cottage and small-scale industries by district in West Bengal. In initial stage from 1971-72 to 1989-90 small-scale industrial units tremendously grown up from 4,960 units to 29,636 units, but this sector faced a set back after 1990s due to introduction of liberalization policy.

West Bengal had registered significant growth in small-scale industries before nineties. But in the nineties, after the introduction of the new
liberalized policy by the Central Government, there has been sharp declined in the growth of small-scale industries in West Bengal and in other States of India. The primary reason for this is that commercial banks in the liberalized era, operating on strict commercial terms, were reluctant to finances small-scale units, especially new small-scale units, since they attract loans on soft terms and provide, in the banks perception, less assured prospect of recovery.

A clear indication that investment intentions in the small-scale sector in the State have been buoyant but have been thwarted by the lack of bank credit has given by the large number of small-scale units obtaining registrations. Since 1991-92 to 2003-04, for instance, registered SSI units were continuously declined from 27,434 to 10,114.

Table 5.2 shows that during the period under review, the growth of small-scale units in Kolkata industrial zone almost higher than Gangetic zone and North Bengal zone. But Kolkata industrial zone has lost the momentum to progress rather than declined from 70.62% to 49.95% during 1970-71 to 2002-03. On the other hand, distribution of small-scale industrial units steadily increased in Gengetic zone. Exactly same has happened in the case of distribution of employment in small-scale industrial units, as mentioned in Table 5.3.

A large number of temporary and provisional registrations indicate that the potentiality of investment in small-scale sector continues to be significant, although the actual number of small-scale industrial units in operation has declined sharply each year compared to those of the pre-liberalized era, as indicated in Table 5.4. Since 1990-91 to 2003-04, number of registered SSI units declined from 28,846 to 10,114. During same year employment opportunities come down from 1, 63,132 to 61,326. One of the reasons for the decline may be gradual de-reservation of industrial items from
the exclusive domain of the small-scale sector. The other constraint, presumably, be lack of credit.

Table 5.5, which shows that total employment in the organized sector in the state rapidly increased up to initial stages of new industrial policy. It was in 1971-72, total employment 49,050, where about expanded to 1, 63,132 in 1990-91 was employed in the organized private sector and public sector.

The major share of employment in the small-scale industrial unit registered, particularly at Kolkata and its surrounding places like Howrah, 24 Parganas, Burdawan, Midnapur, Hoogly and Murshidabad. Apart from the increase in employment from rising production in different sectors, significant employment is also generated from the self-employment programmes implemented in the State each year.

Now, introducing of liberalization policy since 1990’s, the pace of employment opportunities slow down in small-scale industries, due to various reasons. In recent years, as Table 5.5 indicates, employment in newly registered factories has increased. This has not however led to the increase in industrial employment in the State. Competitive pressures in the liberalized era have forced many of the old labour intensive units to close down or to downsize their workforce considerably. Against this, the units coming up are capital intensive with much lower employment potential. Moreover, much of employment in new units is casual in nature. So, quantitatively and qualitatively liberalization had adverse impact on industrial employment in the country and in particular in West Bengal.

Table 5.6 shows an encouraging trend about the activities of the State Industrial Development Corporation. More investment in small-scale units has been made 1997-98, resulting in a corresponding increase in employment. It thus appears that investment in industries may be one of the positive factors
in the generation of employment. While the rising income and production in the rural and urban areas of the State have generated considerable demand impetus for the growth of the small-scale sector. The State Government on its part has fashioned a multifaceted promotional package in order to facilitate investment in this sector.

The West Bengal Financial Corporation (WBFC) is the prime state level agency for providing financial assistance to the small-scale industry sector. The different types of financial assistance provided by WBFC to small-scale industries include soft loans, equity participation, equipment refinance, composite loans, special scheme of assistance for women entrepreneurs, single window facilities, etc.

It is useful to consider the performance of the handloom industry as an example of one of the most important cottage industries in the State. The State production of the handloom cloth, as indicated in Table 5.7, has shown a significant improvement in 1980-81 and also a raising trend in recent years. This trend has closely associated a similarly rising trend in the co-operative fold of the industry. The approach of the State Government towards the handloom sector has been one of placing a productive emphasis on the co-operative fold of all sectors. In order to make this cooperative fold more productive, it has been found essential to recognize its structure, by weeding out the non-viable societies, usually dominated by the vested interest of non-weavers and the strengthening the potentially viable societies and also promoting new societies of genuinely small weavers.

The number of handloom co-operative societies has continuously increased from 1,922 in 1995-96 to 2,209 in 2003-04. The production of handloom cloth increased from 401 million meters in 1995-96 to 1199.75 million meters in 2003-04. Production of handloom cloth declined in 2001-02
as compare to previous year as shown in Table 5.7. A major problem in the handloom industry is the inadequate availability of yarn.

In the field of sericulture, an attempt has also been initiated to change in the sericulture of production in favour of small producers and with the assertion of social control. These attempts include programmes of assistance to marginal cultivators in several areas. Steps have also been carefully taken to implement these programmes with a social control in order basically to neutralize, as far as possible, the unproductive activities of middlemen. The results of these attempts can be seen in Table 5.8 in terms of increase in the area under mulberry cultivation, provision of employment and production of raw silk. Table 5.8, proved a tremendous progress of sericulture industry in West Bengal during 2000-01 to 2004-05, that is, production of mulberry silk and tasar silk were 10.5 lakh kg. and 0.15 lakh kg. in 2000-01, where increased to 14.8 lakh kg and 0.27 lakh kg in 2004-05 respectively, though production of eri silk unable to follow the same pace.

To consider small-scale industries has emerged as a dynamic and vibrant sector of the economy during the period 1971-2004. Due to several policy initiatives and policy support measures taken by the government from time to time, this sector has delivered a reasonable growth, in terms of broad characteristics like the number of units, value of production, employment. The small-scale industries have also helped to achieve a growth in industrial employment, specially at a time when employment in organized industrial sector has stagnant.

In the cases of Tables 6.1, 6, 2 and 6.3, the analysis in these subjects are based on reviews prepared by RBI of the sick and non-sick/weak industrial units financed by scheduled commercial banks This analysis indicated that the overall decline in incidence of sickness in non-SSI sector of
West Bengal during the year ending March 2002 has not reflected in improvement in industrial groups which were treated as important for the State such as engineering, jute, chemicals and iron & steel. Rather the overall decline in the number of non-SSI sick units and the amount outstanding against such units, have been mostly due to industrial units in the miscellaneous category. Rampant sickness and miserable plight of many of the existing industries in West Bengal act as a strong barrier to new investment in the State. The revival of the existing industries would, therefore, have to be accorded top priority while working out the strategy for industrial rejuvenation of West Bengal. Revivals of industrial sector in West Bengal, however, require efforts on parts off all the stake holders such as entrepreneurs, professional managers, labour, banks and financial institutions. Detection of sickness at incipient stage and quick redresses of causative problems would go a long way in reducing incidence of industrial sickness in the State.

Industrial sickness only occurs due to the industrial dispute, strike and lockout in industry. Though, the numbers of industrial disputes have been decreasing in West Bengal as it is shown in Table 6.4. The table shows the trend that there were continuous declined in disputes. The table is inclusive of disputes arising out of strike, lockout and closers. The causative distribution of disputes settled through conciliation. The character and effectiveness of the State policy in matter of labour relations has indicated by the significance of conciliation as a method of setting industrial disputes. It is evident from Table 6.4 that in recent years there has been a steady declined in the percentage of disputes settled through the State participation in conciliation. In fact, during these years all the major strikes, such as the strike in jute mills, cotton,
leather, tea etc. among several others, were settled through the intervention of the State Government.

Though Table 6.5, show that there were remarkable check in the number of cases on strike during 1999-01, therefore, result shows that number of men involved in strike as well as number of man-days loss drastically decline, but in the cases of lockout, it continuously increased due to conflict in between labours and employers. With the industrial climate turning positive in West Bengal more and more promoters are coming forward to reopen sick and closed industries.

The State government has laid substantial emphasis on the growth of modern range of green field industries like petro-chemical, electronics, information and technology, leather, food processing and other industries identified in the policy statement on industrial development by the State Government. Modernization of plants and machineries without retrenching the employees has also come under the policy of the State Government. The proper climate created by the State Government along with the various opportunities for the industrial sectors is the beginning of new era of development for this sector in West Bengal.

Against the scenario, the recent acceleration in industrial growth particular after 1994 is very encouraging and may reflect the favourable effects of some of the industries, trade and fiscal reforms measures in West Bengal. But analysis also suggest that a significant price decline to sustain this accelerated growth process way have to come primarily through improved industrial management. Indeed, disembodied technical progress in the State, which was negative over several decades, has started gaining a positive value in many areas, giving an indication that management is improving.
Industries in the State lost their competitive edge. The engineering industries gradually wound up. Iron and steel processing industries were unable to compete with new industries established in other states. This was the beginning of the flight of the capital from West Bengal. There was a spurt in the growth of industries in South and Western regions. The condition of industry in West Bengal has aggravated further by the policy persuade by the Central Government. The case for West Bengal went by default with the Central Government on the number of occasions. A sanction for electronics industry was denied on the plea that West Bengal was a border state, ignoring the fact that the same was granted for Punjab, another border state. Petrochemical industry was denied for the establishment at Haldia, possibly under the pressure of the entrepreneurs in the Western part of the country. Representations made by the States of the Eastern Region for a change of policy by the Centre in the National Development Council went unheeded. There was strong resistance from the States enjoying the advantages from the prevailing policy.

West Bengal has major location advantages with ports at Kolkata and Haldia, a network of railway and road communications, stable power situations and improved telecommunication system. The substantial growth in the agriculture sector provides the necessary base for accelerated industrial development in the State. There is, thus enough scope for substantial flow of funds for investments.

Above all, the stable political situation provides the necessary climate, strength and confidence in the process of promoting industrial development in the State of West Bengal. The State Government is committed to the objectives of income and employment generation through a process of rehabilitation and revival of existing industries and coordinated and
accelerated development of new industries in the State. In this effort, he dedicated cooperation of the investors, industrial and financial institutions, labour, bureaucracy and the people of large is utmost importance.

The results presented in the earlier chapters analyzed and discussed in the light of the related studies carried out in the past.

**Suggestion:**

In view of the present positive climate of industrialization and also for employment, here government should come forward to reopen the closed/sick industrial units. There are a large number of skilled workers associated with every closed industrial unit. It is indeed possible to open many of these units of appropriate modernization and diversification of products. As a part of these measures, any industrialist intending to open a closed unit has already been made entitled to all the benefits of West Bengal Incentive Scheme for industries applicable for the new units.

There are severe shortages of electricity supply arising from deficiency in the growth of capacity for power generation in the State. The report on sickness comeback time and again to the fact that investment were made on the basis of expectation of power supply that turned out to be over-optimistic. To avoid this, the government should draw up a comprehensive and credible power plan for the foreseeable future, which is then made available to investors.

The cause of decline of industries in West Bengal was not clearly identified at the time. The trade union leadership in the State attributed the decline in the industries to a conspiracy of industrialist and Central Government. Who were indifferent to the interest of development of State labour reacted violently to the series of closure of industries, which characterized the period. It reveals that at present there is a need of proper
care to take safety and healthy care of industrial labour. More emphasis should be given to the collective bargaining in all type of industrial disputes. The maintenance of industrial policy of West Bengal Government is to established public sector industries. Of course the joint venture with the industrialist to setup private sectors is also a part of the policy and has to work in the great interest of the State.

Planned should be formulated for the distribution of industry to the hitherto starved areas with a view to open up new horizons of industrial employment and vigorous life. West Bengal as a State is plagued with problems of unemployment. Here few frontiers of industrial plans have to be synthesized, i.e. plans based on resources, plans based on local needs, plans based on employment approach.

Incentives to industrial growth must come from the State in various distinct forms, such as, (a) creation of an infrastructure which cannot be expected of the private sector, (b) incentives to the private sector to sponsor industrial project by way of financial and subsidies grants, tax concessions and liberalized license policy, and (c) sponsoring joint sector projects in steel, engineering and mineral based industries so that an attitude to industrialization may be ushered in for the region.

It is painful to note that corruption has assumed alarming proportions in India and in particular in West Bengal, and morality has taken a backseat in public life. It has been constant endeavour to urge people to take a firm stand against corruption and wage a relentless battle those who perpetrate corruption. Suggestive measures need to be adopted to minimize the prevalence of crime as well as proper and efficient justice delivery system should be stream lined to maintain a society where fear of crime does not come in the way of people life.
Management training in the offices of industrial concerns and in the course of conducting business is important. This practical training is of vital importance to the world-be-entrepreneur as it acquainted people with the real facts of life, helps them to form sound business judgment and at the same time gave him the chance to learn the process at first hand. From study of the major organized industries in West Bengal, it is clear that State did not lack in industrial enterprise. Wanting in technical and commercial education, business, and knowledge and discouraged by the political, administrative, and financial arrangements.

Intent is not made clear only through a few steering speeches at CII plenary. Red tape will have to be removed totally; licenses, land and facilities made available in the quickest possible time. Infrastructure, specially roads, need desperate attention. Above all, the will to help the investors out of every stage must become evident from the actions. Despite the crores that are coming in, there is a very real longing for these among corporate investors within and outside the country. Time is money for every such investor, and the quicker Mr Buddhadev Bhattacharya’s cabinet realizes this, the faster will West Bengal’s fortune change. Because people appreciate the dynamism of the State’s undisputed leader, but often complain the machinery is not dynamic.

The policy initiatives for attracting investment have generated a lot of interest. The initiatives have been largely marketing West Bengal rather than creating an investor-friendly environment. The State is yet to identify core strengths and areas in which it should be able to attract new entrepreneurs. The authorities should accord to priority to reviving sick industries in the State. New investors will only invest when they find that existing industrialists are making profits from their units.
In addition to making bureaucracy investor-friendly, the State Government should have actual scheme in mind and should work according to priorities, such as (a) to determine which industrial activities in West Bengal would be profitable before persuading entrepreneurs to set up units. (b) Develop infrastructure including educational and recreation (c) interferences from locals should be discouraged (d) make clean Kolkata to provide incentives to industries.

It is now essential to solve the following problems of the small-scale industries of West Bengal for its fast development. These are: (1) to remove the scarcity of electricity and working capital, (2) to remove the difficulties of getting loans from different organizations, (3) to ensure the steady supply of raw materials, (4) to maintain the quality of materials which are earmarked of export, (5) to introduced scientific management system and to engage more technical experts in the small-scale industries, (6) to improve machineries which are essential to improve the production of the small-scale units, (8) to introduced quality control system to maintain the standard of the products and to remove the disparity of fares for the movement of raw materials, (9) to make some arrangements so that the owners of the small-scale industrial units get bank loans easily and timely, (10) to determine some rate of subsidies for the products of small-scale units which will be exported, (11) to make a good communication system between the sellers and buyers, (12) to get marketed all the products of small-scale industrial units under the guidance of the Government, (13) to make arrangements so that the owners of the small-scale units may not come under the clutches of middlemen, (14) to open the branches of SISI at block level of each district so that the employees of small-scale units may get proper training under them, (15) to set up store houses of block levels of each districts, (16) to increase the number of
Government Co-operative shops through which sale of the products may be increased, (17) to introduce the system of frequent inspection of the factory premises, (18) to remove the bureaucratic bottlenecks for the small-scale industrial units, to introduce training system for the administrators of the small scale units, (19) to remove the deficiency of the infrastructure,(20) to set up research centre, small-scale industries in West Bengal play a great role for the economic development of the state. Seasonal unemployed persons of this state work in the small-scale units. Moreover the agro- industries also help to remove the imbalances of different places. So it is very essential to develop the small-scale industries to utilize the regional resources as well as human resources. This is the only sector, which can create huge employment opportunities and can improve the economic condition of the people.

The study has put forward suggestions for industrial regeneration of the State based on observations. It believes that this study will stimulate further research in the field of industry in West Bengal; open new line of enquiry into the varied aspects of the problems of industrialization and help the planner and those who have upper most in their mind the economic regeneration of this problem state.