In the matter of industrial development West Bengal's performance is found to deteriorate over time. In 1980-81 West Bengal accounted for 9.8% of total value of industrial output of India but in 1989-90 it accounted for only 6.1% of total value of industrial output of India. (See Table 2.1). Besides this, the share of industry in West Bengal's state domestic product has also decreased overtime. Linear trend rate of growth of industry's share as a whole as well as registered sector's share and unregistered sector's share separately in total state domestic product at constant 1980-81 prices during the time period 1980-81 to 1990-91 are respectively (-0.71), (-0.11), and (-1.51) (Constructed from table 2.2). The above figures indicate a phenomenon of de-industrialisation, as we may call it, in the state during the time period 1980-81 to 1990-91. Thus the industrial sector of West Bengal has performed badly compared to industries of all over India during the time period 1980-81 to 1990-91.
Section : II : DE-INDUSTRIALISATION IN WEST BENGAL AN ANALYSIS :-

We have noted in section I that the industrial sector of West Bengal has exhibited a tendency towards deindustrialisation during the time period 1980-81 to 1990-91. There seems to be some valid reasons behind the claim made by the Left - Front Govt. of West Bengal that the decline in the state's share in total value of industrial output of the country is due to the policy of the central Govt. during the period as indicated by the Table 2.3. This table reveals that the rank of West Bengal in India has deteriorated from 5 to 10 in respect of state's share in total (central) plan outlay, from 10 to 13 in respect of number of bank offices per lakh population, from 2 to 3 in respect of deposits and advances of commercial banks, from 8 to 11 in respect of credit deposit ratio of public sector banks, from 4 to 7 in respect of non-bank central financial assistance, from 6 to 9 in respect of state's share in assistance given by all India financial institutions, from 7 to 14 in respect of number of industrial licenses issued and from 7 to 10 in respect of number of letters of intent issued during 1980-81-1989-90. Mention should also be made of the freight equalisation policy of the mid 1950's (which has been withdrawn recently) which, doubtless, had done away with the comparative advantage of West Bengal in respect of certain industries in the core sector like coal, iron and steel etc.
The state of West Bengal ranks first in terms of density of population which is 767 per sq.km. as per the 1991-census. Thus population pressure is a serious problem of the state of west Bengal and to deploy and feed this huge population industrialisation is an urgent need of the state. In this setting the phenomenon of de-industrialisation has made the population explosion problem of the state all the more acute and this is evident from the unemployment figure of the state. The unemployment rate of West Bengal was higher than all India average in respect of both Usual status and Daily status concept of unemployment in 1987-88.

The phenomenon of de-industrialisation obviously goes against the overall development of the state. In West Bengal the policy of land reforms along with the concomitant policy to support the beneficiaries through the provision of non-land inputs, such as irrigation facilities, improved seeds, fertilisers etc. as also the process of democratic decentralisation through the Panchayati Raj system has brought about a major break through in production, in the sphere of agriculture and allied sectors. At this juncture when for the overall balanced growth of the state proper agriculture - industry linkage is required, the de-industrialisation phenomenon will affect the process of overall development of the state.