

Issues regarding Industrialisation in West Bengal

Industrial land Use

The dismantling of the industrial licensing regime accompanied by various other liberalization policies from the early 1990s has given the State an opportunity to boost industrial growth, private investment and employment generation and at the same time, has created an environment of competition among different States. This has put a tremendous responsibility on the State Government to adopt appropriate steps in order to bring about rapid industrialization in West Bengal. Aware of the opportunities for industrial growth likely to be created in West Bengal, the Government of West Bengal has been pursuing policies for overall economic development of the State with a view to achieving growth with equity and social justice. The State's Industrial Policy was announced in 1994 with an aim to achieve a faster industrial development. It encourages private sector investment and envisages the role of Government as a facilitator of this process.

It should first be noted that the State Government's policies for land reform from the late 1970s have made a significant impact on the stagnant food production scenario. The average annual growth of food output¹ during 1980-95 was 5.03 % compared to 1.22 % during 1970-80. However, the rate of growth of agricultural output over time has been affected by increasingly dwindling size of per capita holding of farm land which has come down from 1.20 hectares in 1970-71 to 0.82 hectares in 2000-01², and is thus proving to be economically unviable to sustain a family. The average size of land holding appears to be one of the smallest amongst the states and much below the national average of 1.41 hectares.

The recent growth path of the West Bengal economy depicts a picture of falling share of agriculture in total SDP (State Domestic Product)³ from 27.48% in 1999-2000 to 21.82% in 2005-06 followed by a relatively steady growth of secondary sector from 14.85% to 16.93%. The share of the tertiary sector has increased from 52.27% to 56.17% over the same period. At the same time, it is felt that the increase in the services sector cannot be sustained over a long period without an increase in manufacturing activity.

¹ Estimates of Area & Production of Principal Crops in West Bengal, 2002-03

² Agricultural Census Report, 2000-01

³ Annual Review of West Bengal Economy, 2004-05, CMIE

The last decade had witnessed a steady growth of SDP in the State with all the key sectors including infrastructure having recorded a significant growth over the last 10 years. The SDP¹ recorded a compound annual growth of 7.07 % during 1993-94 to 2003-04 as against the all India GDP growth of 6.23 %. However, in the last two years, the rate of growth of the State has fallen slightly behind the all-India rate. The rural economy has witnessed a phase of distinct shift in occupational pattern and life style which is reflected in the pattern of per capita consumption of non-food items and also an increasing aspiration towards school and higher education.

The 2001 census reveals that there has been a shift in the occupation pattern of the main workers in relation to 1991 census data thereby reflecting diversification in economic activities in the rural economy. The share of cultivators in total main workers decreased from 30.2 % in 1991 to 20.85 % in 2001. While the share of agricultural labourers has remained more or less static around 22.7 %, the same for other workers has increased from 44.3 % to 52.7 % during the same period.

Growth of Industry in West Bengal, post 1991

From 1991 to 2006, 1,439 projects in the medium and large industry sector involving an investment of Rs. 32,632 crores have been implemented in the State. The number of industrial approvals granted by the Secretariat of Industrial Approvals, Govt. of India, from January 2000 to December 2006 stood at 2858 with a proposed investment of about Rs. 83,858 crores².

It may be mentioned that for most of the industrial projects implemented in the State, land for industries has been mostly purchased by the entrepreneurs directly from the landowners. The State Government has in recent times also attempted to carry out direct purchase of land for setting up industrial clusters. The process of obtaining land through direct purchase has shown a mixed outcome.

The process of direct purchase adopted by the State Government was to set up a consultative process involving local representatives and local district officials, to identify land, and develop a consensus on the price of the land. The actual process of purchase began after such a consensus was reached at. This process yielded the desired results in the case of the Food and Poly Parks at Sankrail in Howrah district, the Plasto-Steel Park at Barjora in the Bankura district and industries in Khargapur.

¹ Annual Review of West Bengal Economy:2003-04

² Annual Report, Commerce & Industries Department, Govt. of West Bengal

However, the same process ran into problems in the case of the Foundry Park and Rubber Park in Howrah district due to resistance from various private interests which had already purchased some of the identified lands across the project area and along the roads. The inability to buy these plots through direct purchase meant that the road frontage of the industrial park and contiguity of the plots were adversely affected. Finally, in order to complete the process of arranging the land, the Government had to take recourse to the LA Act, to acquire the intervening plots and plots abutting the road.

However, the State Government's assistance in the form of acquisition is required in the case of large projects, where the requirement of land is large. Examples are the Tata small car project, and the various steel plant projects in the pipeline. Similarly, in today's competitive environment, the Small and Medium Enterprises (SMEs) need to reduce their cost of operation, thereby helping them to function in a competitive manner and at the same time comply with environmental norms. Therefore, setting up of small industrial clusters for SMEs, with shared common facilities, enhances their competitiveness. Government has to step in to acquire the land and set up these clusters with the necessary common facilities and infrastructure.

At the same time, many of the existing SMEs may run into environmental problems in their existing locations, which have become urbanized. Since these industries would need to relocate to new, environment friendly industrial parks and obtain environment clearance, it becomes necessary for the State Government to assist them in the acquisition of land.

There has been a significant investment in the IT and ITeS sectors in West Bengal. Major players such as Infosys, Wipro, ICICI Bank, ITC Infotech and foreign companies have evinced interest in setting up IT and ITeS facilities, and most of them wish to locate in the Greater Kolkata area. Since it is accepted that this sector is also an engine of growth and employment, the State Government also has to arrange land in the Greater Kolkata area for this sector.

The projects in pipeline involving large investments in manufacturing sector for setting up modern and environment friendly production facilities will require large tracts of land. Moreover, it is always not possible for every industry to locate in a particular site. Decisions regarding location are based on a number of factors. In addition to availability of land, quality infrastructure in terms of road and rail

connectivity (as well as proximity to a port for many industries), adequate supply of water and power, as well as proximity to markets and urban centers are required for successful implementation of projects within a definite time frame. In order to avoid the complicated process of purchase of land from a large number of owners and compliance with existing land laws of the State especially pertaining to land ceiling it may be necessary for the State Government to acquire the land required to set up industries.

In the last few years, the State Government has been assisting entrepreneurs to obtain land through the process of acquisition as well as direct purchase. The State Government acquired 2102.39 acres along with direct purchase of 1934 acres of land for setting up industries in the last three years.

In West Bengal, the net sown area¹ is 62 % of total reported land area while another 13.48% is under forest, and 18.52 % is already under non-agricultural use. The total land in the categories of barren and uncultivable land; permanent pasture and other grazing land; land under trees and groves not covered in net sown area; and culturable waste land together add up to 1.42%, (of which culturable waste alone is 0.40 %). For the country as a whole, the percentage of net sown area is 46.07%, while the percentage of land under categories of barren and uncultivable land; permanent pasture and other grazing land; land under trees and groves not covered in net sown area; and culturable waste land together add up to 15.41% (of which culturable waste is 4.46%).

To minimize usage of agricultural land for industrial use and to achieve a balanced and sustainable industrial growth, the State Government is seeking to implement a policy for location of industries in a manner so as to maximize use of uncultivable land, locate industries in backward areas of the State, develop industrial clusters thereby using common infrastructure and optimizing available resources. The State Government is conducting a field survey on the vested land available as per records and assessing its viability for industrial usage keeping in view its size, location, contiguity and availability of infrastructure. The State Government is also trying to use the land locked up in closed and sick industries keeping in view the legal issues and other complications.

¹ Status on Land, published by the Land & Land Reforms Department, Govt. of West Bengal

A Policy for Location of Industries:

In pre-independence times, the industrial development in West Bengal centered around Howrah, Hooghly, Asansol and Barrackpore due to connectivity through rail, road and river and availability of raw materials. In North Bengal, industrial development has been mostly confined to tea industry and some food processing activities in Darjeeling and Jalpaiguri. Thereafter, industrial growth has concentrated first in Durgapur and then in Haldia. That Haldia would develop as one of West Bengal's largest industrial areas was clear once it was decided, in the late 1960s, to set up the Haldia Dock Complex. Proximity to a port has always been a major factor in deciding location of large industries.

In order to facilitate planned industrial development, some industrial parks have in the meanwhile already been developed by the State Government such as Kolkata Leather Complex; Shilpangan in Salt Lake for light engineering goods; Paridhan - the Garment Park in Beliaghata, for apparel and garment manufacturing units; Manikanchan SEZ in Salt Lake for gems and jewellery units; Food Park and Poly Park in Sankrail in Howrah district; and the Plasto-Steel Park in Barjora in Bankura district. It is estimated that more such planned industrial parks are required to accommodate medium sized industries of the State. Growth Centres, i.e., large industrial estates, have been set up at Kalyani, Kharagpur, Falta, Uluberia, Haldia, Bishnupur, Raninagar, Dabgram, Malda, Cooch Behar, Jalpaiguri and Bolpur. Similarly, the MSE&T Department has set up industrial estates in different parts of the State for the small-scale industries. More such parks are planned by the C&I Department and the MSE&T Department.

In order to create a balanced and sustainable industrial growth in the State and maximize the use of uncultivable land in the State, it is felt that some parts of the State can be identified as industrial growth poles, because of factors such as availability of non-agricultural land, historical industrial presence, and availability of good infrastructure. This will mean optimal use of the existing industrial infrastructure, and upgradation of infrastructure where required, and facilitate/create new industrial infrastructure for projects in backward areas.

It is proposed by the State Government that these focal areas of industry can be: (i) Haldia; (ii) Asansol-Durgapur and contiguous areas of Bankura and Purulia across the Damodar river; (iii) Howrah-Hooghly; (iv) Barrackpore; (v) Kharagpur-Jhargram; (vi) Siliguri-Jalpaiguri; and (vii) Kalyani. At the same time, it is also proposed to develop small industrial clusters in all districts of the State to meet the requirements of the SME sector and to create employment opportunities in all districts.