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This is to certify that Dr. Kalipada Basu researched under my guidance and was awarded Ph.D. Degree in Arts (Commerce) by the University of Burdwan, West Bengal, in December 1994. His subject of Study was 'Trends of Development in Selected Industries in West Bengal: A Critical study of the contributory factors from 1950-51 to 1985-86'. The Thesis is worth publishing.

Biswanath Ghosh
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**TRENDS OF DEVELOPMENT IN CERTAIN SELECTED INDUSTRIES
IN WEST BENGAL — A CRITICAL STUDY OF
CONTRIBUTORY FACTORS (1950-51 TO 1985-86)**

43

**THESIS SUBMITTED TO BURDWAN UNIVERSITY
FOR PH. D. DEGREE (ARTS)**

By
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DEPARTMENT OF ECONOMICS
MAGRA, HOOGHLY
WEST BENGAL

1994

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IN WEST BENGAL - A CRITICAL STUDY OF THE CONTRIBUTORY
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SUPERVISOR: DR. BISWANATH GHOSE

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DEPARTMENT OF COMMERCE

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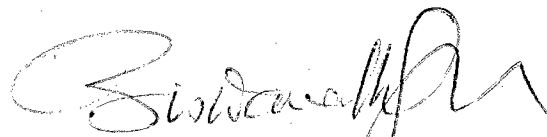
712 103

West Bengal

Date _____ 199

This is to certify that Mr. Kalipada Basu has carried on the research study entitled "Trends of Development in certain selected Industries in West Bengal; A critical study of the contributory factors from 1950-51 to 1985-86" under my supervision and that he has fulfilled the requirements of regulations relating to the nature, period of research and presentation of Seminar task.

It is also certified that the research work embodies the result of an original investigation made by Mr. Kalipada Basu and the Thesis now submitted is in fulfilment of the Ph.D. Degree in Arts(Commerce) of the University of Burdwan and has not been submitted for any degree whatsoever by him or by anybody else.


(Dr. Biswanath Ghose)

WEST BENGAL AT GLANCE

(1985 - 86)

Area	-	87,853 sq.km.
Population(total)	-	54,580,647(1981)
Population(urban)	-	14,446,721
Population(rural)	-	40,133,926
Population(scheduled caste)	-	12,000.768
Population(scheduled tribes)-		3,070.672
No.of Districts	-	17
No.of Sub-Divisions	-	51
No.of Blocks	-	341
No.of Police Stations	-	344
No.of Mouzas	-	41,392
No.of Gram Panchayats	-	3,305
No.of Towns	-	291
No.of Municipalities	-	111
Primary Schools	-	50,811
Secondary Schools	-	5,461
Higher Secondary Schools	-	1,119
Rate of Literacy(%)	-	40.88
Rate of Literacy(male)(%)	-	50.49
Rate of Literacy(female)(%)	-	30.33
Cultivable Land(hectares)	-	5,575.000
Total Forests Area(hectares)-		1,186,000
Hospitals	-	409
Health Centres	-	1,170
Post Offices	-	8,122
Banks(June 1986)	-	3,386
State Domestic Product (current price)(Rs in Crore)	-	1,68,09.89
Per Capita Income(current price)(Rs)	-	2,812.76
No.of Joint Stock Companies	-	20,484

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PREFACE

This Thesis is submitted to Burdwan University for Ph.D. Degree.

The subject of my study is Trends of Development in Certain Selected Industries in West Bengal - A critical study of the contributory factors (1950-51 to 1985-86). Although the title was registered in 1989, I have been working on West Bengal Economy for a long time. As many as twenty papers on West Bengal Economy were published in different journals and renowned newspapers. The subject is important in the sense that many, including some Political parties, having strong base in West Bengal lament for the sorry state of affairs in West Bengal Economy since the beginning of the 60s. West Bengal once was pioneer in many of the important industries of the country; but things began to change after months. Many blamed the Centre for such a malaise. It is the intention of this Thesis to find out the actual position of West Bengal in the industrial map of the country in the 50s and the trends of development in later years and the factors which contributed to reach the position in the middle of the 80s.

This Thesis is a record of the position of West Bengal compared with other major states. This study reveals the position of other states vis-a-vis West Bengal. A brief development scenario of India had to be stated in some places for a comparison with the trends of development in West Bengal.

I am indebted to Prof. (Dr.) R.N. Banerjee of the Department of Commerce, Burdwan University, who helped me to chalkout the outline of the contents. I maintained constant touch with Dr. Biswanath Ghosh, Department of Commerce, Burdwan University, my supervisor, and took his advice whenever it was necessary. I must express my gratitude to Mr. Subodh Biswas, Librarian, Indian Chamber of Commerce, Calcutta, for he permitted me to use the resourceful library of the Chamber quite

independently. I shall be failing in my duties if I do not mention the name of Sm. Kalpana Dasgupta, Librarian, National Library of India (Calcutta), Dr. N.C. Bagchi, Director of Drug Control, Govt. of W. Bengal, Dr. Dilip Banerjee, Executive Secretary, Indian Chemical Association, Mr. Tarun Datta, IAS, Ex-Chief Secretary, Govt. of West Bengal and past Chairman, Calcutta Port Trust, Mr. A.V. Anand, General Manager, International Airport Authority of India (Calcutta), Mr. Arun Mukherjee (Hooghly). They helped me by supplying information on some selected items. Besides, I am grateful to my colleagues and friends who encouraged me to do the research work.

I am also grateful to Shri Tapan Banerjee, Shri Rabin Shaw and Shri Prafulla Kumar Mallick who typed the scripts and devoted time for me.

Although I am indebted to all who assisted me, in one way or the other, they are not in any way responsible for the omissions, commissions, errors, lapses committed (if any) in this study.

There are 5 sections, 15 chapters, 156 tables, 8 charts and 472 pages.

My labour, perseverance, painstaking will not be wasted if I can satisfy the examiners of this Thesis and keep it as a record on the economy of West Bengal.

Sreegopal Banerjee College,
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2 May 1994

Kalipada Basu
(Kalipada Basu)

INTRODUCTION

The objectives of this Thesis is to find out the trends of development in selected industries in West Bengal and their contributory factors. If the trends are rising or falling, the reasons for the rising or falling trends will have to be explained.

Keeping the objective in view the Thesis has been divided in five sections for an in-depth analysis.

In Section I, the aims and objectives of the Thesis have been elaborated and the methodology adopted in this Thesis for the discussion of the subject has been explained.

In Chapter 2, the Economic Policy of the Central Government and the position of a State like West Bengal has been stated. It has been shown that the Economic Policies framed by the Central Government from time to time have affected industrial development of the State. The authority of the issue of licence was vested upon the Central Government.

In Chapter 2, some development theories have been discussed. Attempt has been made to clarify the old and contemporary ideas about development theories. Development means quantitative and qualitative changes in the economy. Increase of number of units, value of production, higher rate of change of Gross Domestic product (or State Domestic Product), rate of capital accumulation, increase of output - capital ratio, increase of productivity of labour and capital etc. are signals of development. Changes of these parametres in the upward direction are indicators of rising trends and wise versa.

Trends of development have been judged in terms of those parametres and changes of those parametres have been shown in the tables. Besides, trends of development in West Bengal have been compared with those of

other major states having the same status with West Bengal. The intention of the study was to show how West Bengal, an industrially developed State, began to limp after a certain period of time, more specifically from the 60s.

In Section 3, effort has been made to discuss West Bengal Economy in historical perspective. In this Section the position of West Bengal in the pre-independence days was projected especially in the industrial map of the country. West Bengal was in an envious position in the industrial field. But things began to change after partition. The State was the victim of partition of Bengal. How the partition affected the economy of the State has been stated clearly. The important events after partition which affected the State's economy have also been indicated in this Section. The policy of the Central Government was not favourable so far licensing system was concerned. Even after partition new history was created. That is events of the 50s are historical background of the 70s. The economy of the State was seriously affected in the 70s and the 80s for the unfavourable economic condition in the 50s and 60s. On the backdrop of historical events the development of five selected industries has been examined.

In Section III, five selected industries have been taken to find out their development scenarios. These five industries have been chosen for the reason that those industries had strong base in the State. Among the five industries three (Jute, Tea and Cotton) are agro-based and two (Engineering, Chemical & Pharmaceuticals) non-agro based.

Among the agro-based industries jute and cotton suffered the most and clear declining trends were observed. The nature of declining trends of those two industries has been shown by the application of quantitative and

qualitative methods. Statistical and comparative methods show that West Bengal slipped to a lower position in the list of states. Shortage of raw materials, lack of modernisation, flooding the market with substitute goods, high cost of production etc. were major causes for the falling trends in those industries. Tea industry of the State is lagging behind others for lack of modernisation and lower productivity and higher cost. At least 80 per cent of Tea bushes are more than 50 years old and that is the reason of low productivity and high cost of production in Tea industry. Therefore, the three agro-based conventional industries in West Bengal are sick. Modernisation programmes are not in sight.

The two non-agro-based industries (engineering, chemical and pharmaceuticals) were in an advanced position in West Bengal. The share of the value of production of engineering industry in W.Bengal was 40 per cent of the total value of production in the ~~country~~^{State} in 1950 and that declined to 26 per cent in 1985. In Chemical and Pharmaceutical industry also West Bengal was at the top position having the share of 27 per cent of the country's production in 1955; but it declined to only 9 per cent in 1976, and further declined in 1986. In Pharmaceuticals West Bengal's share in production was 80 per cent in 1950 and the share fell to only 10 per cent in 1985-86.

Thus we find that these five industries had a down-fall in West Bengal ~~which was leading~~ and they were trailing behind other states. Some states like Maharashtra and Gujarat overtook West Bengal from behind.

In Section IV, a critical study of the contributory factors or in other-wards the causes of the declining trends of the West Bengal Economy in general and those five industries in particular have been studied. The

most important contributory factors are : i) power shortage for a long period of time, ii) bottle necks in transport and communication, iii) low credit deposit ratio, iv) low plan profile (State), v) labour unrest and Mondays lost, vi) unfavourable centre-State financial relations. These factors have been studied in detail and it has been shown that all these factors were responsible for the degraded position of West Bengal in 1985-86. It is, therefore, not true that unfavourable, or step-motherly treatment by the Centre towards the State is solely responsible for the malaise in the State economy.

In Section V, the findings of the research works have been summarised and conclusions drawn. The findings are that there are declining *in relative terms* trends since the 60s upto the year 1985-86 in the almost all the five industries and also in the sectors mentioned in Section IV (power, transport & communication, credit, planning, labour and centre-State Relations).