

History of Small-Scale Industries in West Bengal (1975-1999)

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Much water has passed through the Ganges since the spontaneous people's uprising against the West Bengal State's decision to industrialise large swathes of rural hinterland in Singur and Nandigram.¹ Indeed, the people's unrest spread through the dry embers of rural West Bengal igniting a political upheaval that turned into a loud crescendo and ultimately, led to the change in hosting at West Bengal State Legislative Election of 2011.² The hitherto longest-serving elected communist government in the world was blamed for the State of West Bengal's gradual economic decline.³ The very plank of the newly-elected Trinamool part was '*Ma, Mati and Manush*' that focused on inclusive development that would benefit rural and urban poor by balancing allocations between agriculture and industry. At that time, according to a World Bank Report, in terms of ease of doing business, the West Bengal capital of Kolkata was ranked a dismal last out of 17 major Indian cities.⁴ This change of guard in West Bengal government had an impact on the economic front of the entire nation. The agitation against the setting up of Tata Nano factory at Singur and the chemical plant at Nandigram had influenced the then central government coalition comprising of United Progressive Alliance partners, which had already reaped huge benefits in the 2009 Lok Sabha elections, into a tacit understanding with the Trinamool Party into easing of the controversial land acquisition policy for Special Economic Zones. But, in the aftermath of the 2011 State Elections as well as after the 2016 State Elections, which reinforced the Trinamool Party as the major dominant political party of West Bengal, the State has not been able to attract large industrial investments. Bengal Summits are held annually to attract big industrial houses to West Bengal but major large scale industrial projects are very hard to come by. Moreover, contrary to the Indian experience, more than half of the manufacturing output in West Bengal is still produced by small initiatives in the unorganized sector.⁶ So, Small-scale industries have emerged as the life-blood of West Bengal economy. Indeed, not only in West Bengal but in the whole of India, small-scale industries have emerged as an efficient tool for progress.⁷ So, the history of small-scale industries in West Bengal has emerged an important subject for national discourse and economic enlightenment.

Objective

The last quarter of the last century marked transition point of SSI units in West Bengal when they slowly emerged from the shadows of protectionist regime to counter the challenge of multi-national corporations and globalisation. The SSI units evolved during the period, not only in West Bengal but in the national scenario, and remained the backbone of the economy. At the turn of the century, a new law was enacted in 2006 to re-define the ambit of SSI units. This paper tries to trace its performance in the last quarter of the last century in West Bengal, where SSI units have remained a major employment generator.

Small-Scale Industries: A brief background

The new industrial policy of July 1991 heralded a new policy for SSI units on 6th August 1991 where the investment limits for tiny units were increased from rupees 2 lakhs to 5 lakhs, which again was extended to rupees 25 lakhs. The Industrial Policy of July, 1991 has already increased

the investment limit in plant and machinery of SSI units, ancillary units and export oriented units to rupees 60 lakhs and 75 lakhs respectively. Again on Feb. 7, 1997 this limit was extended to rupees 3 crores. The 1996-97 budget envisaged single window scheme of State Finance Corporations (SFCs) where the Small Industrial Development Bank of India (SIDBI) provide reference facilities to SFCs and commercial banks. The loan limit was rupees 50 lakhs which was extended up to rupees 100 lakhs in the following year. However, now the SSI units have come under a new act promulgated in 2006. According to Micro, Small and Medium Enterprises Development Act, 2006 under section 7(1), Micro Enterprise is where the investment in plant and machinery does not exceed twenty five lakh rupees and Small Enterprise is where the investment in plant and machinery is more than twenty five lakh rupees but does not exceed five crore rupees; and Medium Enterprise is where the investment in plant and machinery is more than five crore rupees but does not exceed ten crore rupees. The Small Scale Industries (SSI) of India contributed to 95% of the country's industrial units with 40% value addition in the manufacturing sector, contributed to 36% of the country's total export, contributed 9.50% of the Gross Domestic Product, contributed to employment of nearly 9 lakhs per annum, registered a sectoral growth rate of 9.20% as against 7.5er cent of the country's overall industrial growth rate during 2011-12. During the 11th plan 5.7 million new jobs were created by the SSI sector, while 7.6 million additional jobs are expected to be creating by the 12th plan. In Table 1, the overall performance and growth of the SSI sector in India is given.

Table 1
Performance of SSI units in India (2007-2012)

Year	Number of units (in lakhs)	Production (Rs. In crores)	Employment (in lakhs)
2007-08	2712.79	7,09,398	626.34
2008-09	285	880805	659.38
2009-10	298.08	982919	695.38
2010-11	311.52	1095978	732.17
2011-12	332.12	1127352	763
Average Growth Rate	8.76	27.21	5.35

Source: Annual Reports, Commissioner, SSI Development Board (2007-2012) ⁸

History of SSI in West Bengal (1975-99)

The SSI units of West Bengal comprised of power looms, khadi , handlooms, coir, sericulture and other sectors which are controlled by different State Industries Organisation. During the 1975-199 period, with increased decentralization and people's participation, the SSI units in West Bengal has grown. The SSI units of West Bengal has grown in the last quarter of the last century essentially in the six districts of Birbhum, Kolkata, Hooghly, Purulia, North and South 24 Parganas, where their performance was better. In contrast, the performance of the SSI units located in the districts of Dakshin Dinajpur, Malda, Cooch Behar were poor. In 1999, the state average of employment per SSI unit was approximately 6. In 1988-99, there were about 2.7 lakhs registered SSI units in West Bengal.

Table 2
Growth of SSI units in West Bengal (1975-1999)

Districts/ State	Number of SSI units	Employment
Kolkata	4.9	3.7
24 Parganas	9.2	7.9
Howrah	7.5	4.1
Murshidabad	6.1	5.8
Midnapore	1.0	10.5
Nadia	8.4	5.9
Burdwan	10.0	9.4
Hooghly	9.1	9.1
Birbhum	8.4	8.2
Bankura	7.4	6.5
Purulia	9.3	8.1
Darjeeling	9.3	8.9
Cooch Behar	7.9	6.5
Jalpaiguri	12.9	9.8
Dakshin Dinajpur	9.0	10.8
Malda	10.7	11.7
West Bengal	8.3	7.1

Source: Das et. al. ⁹

During the 1975-1999 period, the annual growth rate of employment in SSI units of West Bengal was 7.1 % and all districts of West Bengal, except Dakshin Dinajpur and Malda, registered annual growth rates of number of SSI units employment in excess of employment in those units. However, in respect of output and value-added criteris of SSI units, West Bengal lagged behind many states.

Observations

The main deficiency of SSI units of West Bengal was poor quality, which was compounded by high production cost and cost-overruns due to delay. Thus many SSI units in the Howrah, Durgapur and Asansol belt lost out on getting big orders. This was due to lack of modernisation. The bureaucratic set-up and panchayati system could not help the functioning of the SSI units of West Bengal in the period 1975-1999. So, proper training should have been imparted to the SSI units during that period which could have increased it performance. Moreover, panchayati system and the local bodies should have been more involved in the proper functioning of the SSI units of West Bengal in the period 1975-1999. However, the positive side is that SSI units have continued to be a major employment generator in the large rural hinterland of West Bengal, even today which provide ample space for development of the economy of the State.

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