Maintream, VOL XLV No 20 - May 5, 2007

Some Issues Concerning Industrialisation of West Bengal

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Like any predominantly agricultural economy, West Bengal (WB) too needs to go in for a strong drive for industrialisation. More so after its farm sector has made a reasonable progress as its average yield level is higher than the national average, the time is ripe for concerted moves to restore the prime position that WB had in industrial development not too long ago. Is this kind of an argument reminiscent of the lesson of history that successful agricultural revolution provides a solid ground for industrial development? The case appears to be a little more compelling because with the security of tenure, the institutional profile of its agriculture has acquired features that prevent the gains of higher productivity from getting concentrated in the hands of a small group of large landholders. There are Green Revolution States that have made remarkable progress in agricultural development, but there the small peasantry and the rural poor have been able to participate only marginally. In fact, with the relatively stronger position of the rural large landholders, the balance of the socio- economic forces and market power tends to tilt against the majority of the small landholders and the labouring masses who have hardly any land of their own and have little security of tenure on the lands they lease-in.. With this kind of agricultural growth, there is little basis for a relatively democratic industrial and tertiary sector development within the overall framework of a market economy. They may well be treated as cases of economic growth where the initial socio-economic conditions cannot but lead to a variant of capitalist industrial growth that is socially unbalanced and thus exclusionary from its inception Thus. one can say that unlike in many States going for industrial development with a small size of the local market (an outcome of the highly skewed land relations) giving rather limited purchasing power to a very large part of the poor peasantry and rural, landless poor, WB is in a better position. This is owing to its success in combining land reforms with programmes and policies that have led to higher levels of yield .for creating effective demand for goods of industrial origin. This process seems to have been helped also by the relatively more effective implementation of various programmes of rural development by means of active involvement of the panchayayt raj institutions. In brief, the move to go in for greater priority to industrial development in the changed context of relatively more evenly spread benefits of agricultural development is in conformity with the well-established proposition of various schools of development studies insofar as a comparatively less skewed distribution of income, assets and means of participation in economic activities provide at least some basis from the demand side for a variant of capitalist industrialisation in which the choice of the product-mix would not be tilted excessively in favour of what Frances Stewart has termed high income goods.

The need to build upon the improved agriculture by means of attempting a decisive breakthrough in industries makes a lot of sense. After all, the proportion of population dependent on agriculture at 65 per cent in WB is well above the national average of 56 per cent. The classical case for transfer of workforce from agriculture to manufacturing thus has a sound basis in both theory and historical experience and is among the main arguments in favour of industrial development. The point is that the industries that come up, irrespective of the scale, ownership and location, must serve the twin criteria of increasing employment and give greater priority to the production of mass consumption goods. This is essential in order to absorb the additions to the labour force in non-agricultural occupations and thus spare agriculture from the non-sustainable task of shouldering the responsibility of supporting ever new additions to the labour force. But without privileging the production of mass consumption goods to a greater extent, generally having comparatively greater capacity to create employment opportunities, the real physical wherewithal of supplying the demand for additional consumption emanating from the newly employed workforce may remain missing. This would be an unsettling influence from the macroeconomic balance and lower the real wages of the workers. Thus it can be maintained that what a State like WB needs is not any industry irrespective of its character, but certain industries, irrespective of their size and ownership, but some industries that satisfy some criteria of fitting in with the specific conditions of WB. Thus the point then is that the choice of the industries to be promoted cannot be left entirely to the market forces (as even capitalist industrial growth **that needs state support** must serve at least a modicum of social or economic needs of the area in which they are located). The need for such selectivity, rather than a blanket support for industrial investment, is particularly sharp and pointed when it comes to dealing with the investments proposed by the large business houses and big industrial groups which have a distinct and demonstrated preference for the presently sun-rise industries on the forefront of technological advancement and, except for retail trade, do not like producing mass consumption goods having relatively low price tag. The story of the Tatas exiting tea gardens and toiletries can possibly be taken to be an indicative trend. Similarly certain other aspects of the regional economy must be borne in mind in extending state support to industries, like the scarcity of land, their need to disperse industries and cause the least disturbance to existing viable means of livelihood, such as multiple cropping areas of farm sector production. We are pointing out certain factors in general, rather than attempting a comprehensive examination of the conditions in WB that must be borne in mind while devising public policies for the support of private sector-led industrial growth.

In any such exercise it is always very instructive to learn from the experience the country has obtained from promoting industries over almost six decades now. It may be noted that in India the pattern of industrial development in the period 1950-2006 has not been accompanied by any meaningful reduction in the proportion of the workforce dependent on agriculture. In fact, the absolute number of people deriving their livelihood from agriculture has increased in a big way and the per capita/cultivator availability of land has nose-dived. This is a serious distortion that makes the structurally retrogressed Indian industrial development lop-sided, exclusionary and de-linked from the vast number of agricultural population who were expected to find a relatively high productivity vocation in industry but, in effect, could not. On the contrary, as a result of land acquisition directly for setting up industries or indirectly for secondary purposes connected with setting up industries, the loss of livelihoods that has come about as a result of transferring land from the farmers to the industrialists has not even been made good by the new opportunities for work in the factories. That such a pattern of industrial growth thus causes a glaringly perverse redistribution of resources is another negative factor that needs to be taken into account. That is to say, industrial development was expected to improve the productivity and living standard of those agriculturists who were attracted into the new and expanding industries, but, ipso facto, also help the earnings of those who remained in their traditional farm sector occupations. But the actual rate and pattern of industries turned out to be such as to belie these expectations.

The new industries that grew in India rapidly in the post-independence period were largely capital and intermediate goods industries, durable- use consumer goods industries and the weight in the index of industrial production of light consumer goods industries, agro-based industries and, in general, the industries producing mass consumption goods declined. Also most of the industries that developed were based on imported high capital-intensity industries, located in a few pockets. The fact that the share of wage payments in the turnover of the corporate sector large industries is below seven to eight per cent and the total number of workers in the factories sector (according to the data from the Annual Survey of Industries, is under 80 lakhs, and also that a good part of the employment is in relatively small-sized factories, as seen in the organised manufacturing sector employment of around 46 lakhs) shows that the labour absorption has been rather limited in the manufacturing sector. In fact, for the last few years during the liberlisation period, even the absolute level of employment in the manufacturing sector has declined even as the accelerated rate of industrial growth is gladdening the hearts of the liberalisers! The overall position of the manufacturing sector in India, with its contribution of under one-fifth of the GDP and around one-eighth of the work force is a clear indication that along with highly laudable achievements, such as its product-mix diversification, technological sophistication of many new and old industries, massive size of the large industrial conglomerates, a large presence in the basket of our exports and comparative position of Indian industries vis-à-vis the industries of most of the Third World countries, the manufacturing sector of India has been able to provide a rather limited, costly and sectarian response to the massive problem of low productivity, inadequate and insecure livelihoods, positive spread effects on the other sectors and the poorer regions in the general prevalence of low level of social and economic advancement. In one word, it would be a heroic bravado indeed to claim that the industrial development seen during the past six decades, (including that during the last 15 years of giving a free hand and liberal public policy support to the large, corporate industrial sector, without any restraint of imposing even a modicum of social responsiveness considered disheartening interference by the industrialists), can be treated as living up to the great national challenges, especially if one were to take out the role of the really big unregistered industrial sector. It is a case of pure private gains without any social counterpart of a modicum of social benefits. In fact, by way of the sins of both commission and omission, this kind of industrial growth has extracted an unrequited cost from the rest of society. Let us recall that even Adam Smith supported free wheeling pursuit of private gain by the butcher, baker and brewer because unintentionally in this process was produced a social dual of supplying the needs of society for meat, bread and wine; yes for society and not for a tiny, self-serving portion of it!

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THE above mentioned industrial scenario of post-independence industrial growth and diversification has to be seen in the context of the fact that there is no escape, no alternative to further industrial growth, though surely of a different pattern than what we have given to ourselves during all these years. Partly this is because there do not seem to exist any more opportunities for additional labour absorption at rising income and productivity levels in already overcrowded agriculture and there is a case, on the contrary, for affecting a transfer of labour from agriculture to industry and even to certain formal sector and high productivity services. However, it may be recognised that even the services sector is already overpopulated in certain informal services, though we have experienced its premature over-expansion in terms of contribution to the GDP (with the construction sector, the tertiary sector's share is over 60 per cent of the GDP), while its overall share in the occupational pattern of the workforce is around one-fourth of the total. The services sector's hyper growth can be considered premature (a sign of senility in childhood as some scholars have called this services sector's predominance of the economy, the half-real, half-illusory growth phenomenon, to recall the seminal words of Prof Bhabatosh Dutta). This kind of a position is understandable as the super-fast growth of the services sector is without a sound industrial base essential for creating a plentiful and well-endowed demand base for the services (as it has been shown and maintained that the share of the services in the total consumption in a society increases as its per capita income reaches a high level as has been the case in the rich, early industrialised countries, mainly the members of the OECD). It has been also argued by many pundits (say, for instance, Nicholas Kaldor) who have analysed the growth phenomena in many countries that a large and diversified industrial base is essential for providing the produced means of production and the hardware required for increasing the labour productivity in the provision of various services and other sector's activities. It has been the experience of the early highly industrialised countries that prior to their transition to a post-industrial, services sector dominated economies, the industrial sector's production and employment reached very high levels and the organised or the formal sector was and still remains the predominant sector of these economies. A larger pat of India's informal sector services is simply contributed by those who adopt it s a survival strategy owing to the absence of any alternative and the ease with which a number of services, such as retail trade, community and personal services, etc. can be entered. The transition to the services sector to be viable and associated with a high level of per capita income (that is seen as a sign of progress rather than a survival-seeking response to shrinking opportunities for adequate and secure livelihoods in all parts of the economy) has to be from the formal sector, has to be demand-led and not distress-led from either the informal sector work or by means of the push factor-led migration from the rural areas that crowds the informal services sector in the urban areas. There is a qualitative difference between the phenomenon of services sector predominance accompanied by the formal sector, high skill work force, with high levels of productivity that emerges on the back of an industrialised economy, high levels of technological advance that is a response to the challenges in the economy and society as viewed by the large business corporations on the one hand, **and** the lop-sided, premature predominance of the services sector in the GDP (but with a low degree of commensurate labour absorption, and that too mostly of the desperate informal sector workers coming directly from the rural areas and agricultural work almost involuntarily to non-rural areas because even the rural economy fails to provide them two square meals a day) on the other.

Table I : Industrial Growth in India : 1998-99 to 2003-04

Years	**1987-88 2003-04**	**1991-92**	**1996-97**	**1998-99**	**1999-2000**	**2000-01**	**2001-02**	**2002-03**
No. of Factories	102,596 129,074	112,286	132,814	131,706	131,558	13,127	128,549	127,957
No. of Factories Operating				122,449	124,422	124,042	121,460	122,187

Fixed Capital (Rs crores)	78474.7 4733.4	151902.2	3800044.4	391151.4	401864.7	399604.2	431960.1	444759.4
Invested Capital (Rs crores)				537068.1	566634.3	571799.4	605912.8	637473.1
Total Output (Rs crores)	153973.1 128730.0	299195.8	741808.4	783770.8	897938.3	926901.9	962456.6	1130561.1
Net Value-Added (Rs crores)	2833.6	54827.0	157358.9	145461.0	154974.4	143621.4	144302.1	172340.0
No. of Persons employed (lakhs)	79.04 78.70	83.20	95.36	85.89	81.73	79.88	77. 50	79.36
No. of workers (lakhs)	6061.8 60.87	6269.039	7208.143	63.64	62.81	61.35	59.58	61.61
Wages and bonus (Rs crores)	58336.8	Salaries, including		44625.8	47843.5	50718.7	51059.6	55158.0
Total Person Days Employed (crores)	1408.105	2097.048	4640.358	247.18	248.27	241. 20	233.29	239.76
Profit (Rs crores)	3287.41 92345.3	9635.1	41978.4	47306.2	47334.7	35698.8	34883.8	61852.5

Source: *Annual Survey of Industries, various issues, and* Economic Survey, 2006-07

The point is that the industrialisation experience of India, a state-supported capitalist, mimetic industrialisation with rather weak and superficial basis in the domestic economy, particularly its popular segments and concerns, has largely left the challenges conventionally supposed to be addressed by industrial development unattended. In fact, the growing magnitude of the unfinished tasks, the tasks that were not even put on the agenda, have magnified over all these years, making the challenges faced by industrial growth far more daunting, uphill tasks. We provide in the accompanying Table I some salient features of our industrial growth during 1987-88-2003-04 from the most comprehensive information source on the performance of industries in the country, that is, the Annual Survey of Industries.

It can be seen from the data given above that there has been a decline even in the absolute number of workers employed by the industries and the increase in industrial investment, output as well as net value added is in no way a guarantee that employment provided by these industries would increase, or that such a growth can prevent industrial employment from declining. In fact, increase in invested capital, that has gone on steadily, as well as in fixed capital, have not been able to get translated into an increase in the number of workers finding job in these industries. The period saw a good growth in profits, though in some years they were not able to rise above the level obtained in the preceding year. What is really disturbing is that the total number of man- days employed continuously came down throughout the period.

The easily observable features of the aggregate industrial sector performance, as seen above, in some select respects can be enriched and given a lot of flesh and blood by going in for the disaggregate level details, something we are not attempting here. **What we see is significant enough to bring out that the growth of investment (with slim chances of full use of built-up or installed capacity) is accompanied by varying rates of growth of output, but all these are not necessarily accompanied by growth in employment and frequently there has been a fall in the level of absolute employment,** something far more serious than the varying rates of change in employment as there is no evidence to show that at least the change in the rate of growth of employment would remain positive or that the level of employment would not fall.

Capitalist industrialisation, it can be reasonably be argued, is not undertaken with a view to increase employment. The liberalisation of industries in India from a regime of controls and regulations undertaken as the prime focus of policy redesign since early 1990s has in no way ensured that the earlier trait of industrial growth, mostly of import substitution variety now supplemented by export thrust with bountiful incentives to swell export profits, would either increase the supply of wage goods of industrial origin or bring about increased labour absorption, let alone for reducing the backlog of inadequate and missing livelihood opportunities but even for meeting the need for such opportunities arising as a result of annual additions to the work force.

It may be pointed out that an individual industrial unit views its wage bill as a cost and if it can be reduced without adversely affecting profits and the rate of investment, no industrial employer is going to lose her or his sleep over this tendency. If, on the contrary, lower wage bill adds to profits it would be a preferred option of the industrialists. This is another matter that it was shown under the Keynesian revolution in macroeconomic theory that it is a case of fallacy of composition insofar as what is a cost of an individual industry is market demand from the other industries' point of view or from an aggregate point of view. Thus shrinking employment or wage bill would lead to unused capacities. This is why such large scale reduction in wage bill and/or employment leads to unused capacity and unemployment and frequent slow downs or recession.

Here one is face-to-face with a contradiction and a dilemma. If policy-makers taking a hand in the management and growth of a capitalist economy and hence adopt a policy of encouraging industrial growth, of course, capitalist industrial growth, in the given situation in India, or in a State (a situation from which unfortunately no State Government has an escape), can they do so with a view to encourage employment generation, especially for transferring labour from the overburdened agriculture to the industrial sector? It is clear that the state encouragement and support for industrial growth cannot by itself translate into growth of employment unless the policies are so designed as to specifically make provisions for ensuring that the net impact or outcome of all such policies taken together lead to a **net increase in employment,** and not just a visible increase in employment in the new industrial facilities that come up but whose overall impact on the economy leads to a fall in the proportion of population engaged in industries. An increase in employment in the new industrial undertaking must also simultaneously lead to an increase in overall industrial employment, and not replacement of workers from one industry by another.. This kind of an outcome is by no means assured or automatic as unless the overall demand for industrial goods increase, the existing industries may face unused capacity, or the new technology may reduce the demand for labour or owing to the draft made on infrastructure facilities, there may emerge bottlenecks forcing some industrial units to operate at less than full capacity or the competition provided by the new green field industry with newer technology may lead to closures and sickness of other industries. The point is that the observed phenomenon of new industrial investment not leading to a net addition to total industrial employment need to be studied and any government that decides to support such industrial investments (an input) must also ensure that the **outcome** would be a net positive one in terms of the chosen social variables, such as employment, environmental improvement, transfer of labour from agriculture and rural areas, etc..

In fact, the initial increase in employment in a new industrial enterprise is no guarantee that as the industry expands and modernises, adopts new technologies and human resource management policies (a subterfuge for reducing wage cost) and practises, even in a single enterprise, there would not be a reduction in the number of employees. If such prospects were not real, one wonders why the industrialist class demands labour flexibility (in straight language the right to fire; it is a folly to say that what they want is the right to **hire** and fire, because the right to hire is already there without any constraint like reservations for the under-privileged sections of society) in the name of competitiveness and efficiency? The point about such industrial policies—that make the State governments competitive wooers of capitalist industrial investment in their respective States ostensibly in the name of promoting local employment—is seriously flawed, because there is no provision that can ensure that the local people only would be given employment. The freedom to hire is already with the employers. This is in addition to the loss of employment that can come about owing to the train of socio-economic effects and chain reaction set in motion by the setting up of new industries with liberal State support. It is a different matter when those who stand for class unity and struggle can privilege their own State workers in employment in the industrial units located in their areas, and the extent to which they can go on with a sons-of-the-soil approach. In any case the experience so far suggests that there has not been any pucca and a priori demonstrated effectiveness of such an approach.

This kind of an apprehension about the real, net employment effect of large industrial investments has both theoretical and empirical legs to stand on. Surely it would be pointless to cite investment figures as the basis of the success of an industrial policy because such investments per se serve little purpose unless it can be shown that they make a positive impact on some policy objectives of the State governments. True, one who is constrained to manage a capitalist economy cannot produce non-capitalist outcomes, but, then, where is the need or what is the rationale for the government to provide support for an industrial growth that serves no purpose other than the purposes of the capitalist investor? Given the freedom to the market forces, there is no basis for the government to support industrial investments that produce nothing but market outcomes. Can the governments in capitalist nations or states do nothing more than support and facilitate the objectives of the capitalist industrialists, without extracting any reciprocal or quid pro quo in return for the precious and critical public policy and public exchequer support provided to capitalist industrialisers? Then, there is no unique model of capitalist industrialisation and there are cases in which capitalist development that took care to ensure that some widening of the market accompanies market deepening, the latter being the inherent outcome of capitalist development. Are such anti-capitalist political groups and combines who have a different social support base and the stated objectives of not furthering the interests of the capitalist groups at least insofar they come in direct conflict with popular interests justified in supporting the setting up of such industries without attempts to extract at least some price partly commensurate with the broader social interests?

If in WB the purpose of encouraging private investment in industries is to have any social counterpart, say, of, building on the democratic successes of agricultural development by finding alternative non-agricultural employment opportunities for the large number of people excessively dependent on agriculture, what are the possibilities opened up by going in for a small car project from an industrial conglomerate whose track record from a similar project is public knowledge. It has been known that the car project of the Tatas in Pune employed 35,000 workers in the year 1999 when the production was of the order of 129,400 cars. When in the year 2004 the production of cars was increased to 311,500 cars, the employment in the factory came down to 21,000 persons. (Business World, Novemeber 1, 2004, p. 39) In India, the corporate sector has been given liberal tax breaks and other incentives, but without imposing, let alone enforcing, any reciprocal responsiveness in terms of social, national tasks, especially relating them to the level and growth of employment rather than to investment or only to output. In fact, failure to meet the objectives set for them has generally been taken to suggest inadequacy of the incentives. In any case the State governments have been made to compete among themselves for attracting new investments and thus the incentives packages, in effect subsidies packages, have been becoming ever more bountiful. The scholars who have studied the South Korean industrial successes have laid a great deal of stress on this kind of features of a no-nonsense state policies for its credible performance. It is a different story what the objectives and tasks have been, because that is a function of the social groups and classes represented by the ruling combine. If one has **a particular set of stated and well-defined social or non-capitalist objectives** for supporting capitalist industrial growth (since it would be unjustifiable to provide state support without bringing in at least some social objectives), one has to ensure and demonstrate with convincing evidence that at least that set of objectives would be seriously pursued and results delivered. Clear transparency in such matters are a sine qua non of purposive socio-economic policies, especially for those who are not ideologically committed to greater and unregulated market-led industrial growth, treating larger investment and output desirable per se.

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THE recent overdrive by the WB Government to go in for higher priority to industrial growth has been based on the need and commitment to generate new employment opportunities and for reducing the burden of excessive dependence on agriculture. That this has to be in the context of the overall national level policy and institutional framework has also to be accepted as a given condition of the situation. Such a perspective has been clearly and sharply articulated by the Chief Minister of WB in many press interviews and press statements. But the lingering question that has perhaps not been faced is that given the negative performance concerning employment by industrial growth in the post-liberalisation era for the country as a whole, what are the bases for expecting a net positive employment impact of the industries coming to WB? Another related question is that can one ignore the question of the product-mix and the pressure put on scarce resources like land and other infrastructure by the industries, whether large or small, coming up in response to the policy of attracting new industries. Are these aspects not related to the net employment impact of industrial investments? The product-mix chosen and encouraged for new industrial capacities faces a dilemma. If it follows the existing demand pattern, high income goods would predominate, but that would be inimical to the prospects of new and expanding livelihood opportunities that do require increased outflow of livelihood goods, especially of industrial origin. Naturally, the state agencies promoting industries have to prepare demand forecasts and scouting of new patters of demand that can be taken up by the industries coming up in a particular State and region, consistent with the resource availabilities in the State and consistent with the cultural, ecological and income-price frontiers facing the great bulk of people whose standard of living has to be improved by the manufacturing sector expansion in such an integrated manner that while generating employment, goods affordable and suitable for the newly employed groups of people are produced and the raw materials, etc. locally available, are used liberally in order to strengthen the backward linkages of industrial growth. The point is: capitalist industrial growth does not have to lean excessively and exclusively on the mega industrial conglomerates producing luxuries and semi-luxuries, even at the expense of goods for which there is demand but the relative attractiveness to the large industrial houses may be low. For instance, small cars can easily be juxtaposed vis-à-vis buses and mini buses for which the demand potential in WB is visible to even a casual visitor seeing on inter-city routes people waiting for long hours and travelling on the roof tops of the buses. Leaving everything to the market forces and making the government back up the private investments based on the individual profit calculus of the investor would make the state excessively partisan and weaken the prospects of any rewriting of the social balance of power. The point can be summed up by saying that following the market dictates 100 per cent, without applying any conscious and enforceable correctives and stipulating any reciprocal obligations, can lead to only involutionary or exclusionary growth. It is clear in the light of the experience so far that none of the stated objectives for the adoption of the drive to industrialise are likely to be served by providing blanket support to industrialisation by the private capitalists, especially by the monopolistic upper crust. Even before the liberalisation era, the country has supported by a number of tax breaks and other policy-based support the process of private sector based industrial growth. Apart from other negative effects, it is clear that the statist, industrial policies of India during 1950-1990 were a massive failure in making significant net additions to employment and changing the occupational profile of the country. A major part of the displacement-led growth of unemployment can be attributed directly as well as indirectly to the industrialisation process. It has been recognised by the planners of India in the mid-term appraisal of the Tenth Plan that such displacement affected adversely the livelihoods of as many people as 25 million. It is clear that the net addition to industrial employment in the organised industrial sector is a fraction of this loss of livelihoods. Can one not pause, ponder and learn from this experience?.

We are not taking up the question of transfer of land from agriculture to industrial and urbanisation purposes presently as a necessary component or price to be paid for industrialisation. But a few things are clear. Land is a very important and firm, inter-generational source of livelihood as well as social security, not to speak of its value as a source of social esteem and a strong basis for identity and roots. The monetary compensation and other facilities, and that too not through free and fair competition and the use of the weak bargaining and holding power of the rural community, but through the mediation of the government, raises many questions. In countries like Japan, the farmers insisted on market-determined prices for their lands and demanded prices related to the productivity or profits that the industrial users of land would obtain. But we are referring to a limited issue. Without making sure that there would be net additional employment from the industrial investments, let alone commensurate with the demand for work opportunities, taking place during a particular period by the private industrialists, one fails to see what contribution can follow from such land transfers from the point of view of the economy of the State or the nation in terms of employment. In fact, taking the loss of employment both by means of new high capital-intensity industries producing high income goods and also by the transfer of land, the rationale for the government's intervention to facilitate and indirectly subsidise may well disappear in thin air. It would be a very difficult exercise beyond the usual methodology of financial analysis, done by cost accountants or micro economists, to determine what would be adequate and fair compensation, incorporating solatium. Should the state intervene on behalf of the peasantry to ensure that the money-muscle and manipulative power of the money bags is not used to defraud the peasantry in the process of buying out their land-holdings or the state power should be used to deprive the farmers of their lands, habitats, community, basis of their roots and identity and firm inter-generationally transferable asset and assured means of livelihood (even if tiny, it is better than the uncertain industrial and other market-based means of livelihood) is a question that has not been asked by the SEZ-enthusiasts. The point is that no strong and convincing case for transferring land from agriculture to the employment hostile industries has been made, especially when barren, degraded lands are crying for productive utilisation, or the lands locked up in sick, closed or locked out industrial units. Let us not forget that after such a long period of our efforts to go in for industries, the total factory sector employment is no more than 80 lakhs and out of it a better part comes from the small and medium factories and not from the large factories started by the large business houses. Such a negative performance, largely defeating a major objective of industrial expansion, has been obtained by investing massive amounts year after year and a large part of these investments are financed by the transfer of household sector savings to the corporate sector, a sector whose investment is more than twice its own savings. This is reflected in the fact that even the organised private sector manufacturing employment, covering enterprises employing 10 or more employees, is a little below 45 lakhs according to the latest available data. As we see in Table II, the employment in the small enterprises amounts to almost

30 million and, of course, with investment levels that are comparatively quite low. The organised sector manufacturing employment has been declining after 1998 and is less than 45 lakhs There has not been any systematic effort to keep a record of the transfer of land that the setting up of these industrial units has involved and the consequent loss of permanent, inter-generation loss of livelihood opportunities. But the fact that comparatively speaking these industries involve a broad base of entrepreneurship and are generally more dispersed spatially, involve low degree of dependence on foreign technology while show signs of adaptation of traditional technologies to respond to current need and suffer relative public policy neglect (it has turned somewhat hostile under liberalisation by removing the protection of reservations), suggest that in public action supported industrial growth, these industries should rank high as fit candidates for support.

Direct transfer of land for industrial purposes alone is not the only reason why land is lost to agriculture and agriculturists. Transfer of land even for urbanisation and housing, say for building up townships, also makes for a substantial land transfer from the traditional uses and original owners dependent on the piece of land for almost everything that life holds for them. Hence, there has to be an assurance that the housing complexes coming up on the acquired lands would not be priced at sky-high prices, affordable only by the money bags, both black and white money-holders. Those who are the victims of our housing shortage are not the wealthy, but the poor and the new migrants to the cities and the lower income groups who have been priced out by the speculators in land, who find lands scattered around the country as a safe and appreciating parking place for their ill-gotten wealth. The rich are using real estate mainly for either parking their wealth or for the super luxury of ever modern multiple houses in fancy locations. As a result, the poor and the lower middle income sections would be forced into distant urban slums, or on to the pavements. Those who have low and receding prospects for secure employment, even after the promotion of the industries of the kind that we have seen so far cannot hope to have a share in the townships coming up as a result of almost compulsory land acquisitions.. The long- term questions of land use policy and the nature of the emerging agrarian structure are too complex to be taken up in the present exercise. The important point is what the land-use policy paper of the WB Government has correctly mentioned that all the social costs and benefits must be factored in and one would add that without a long term, people-centric perspective nothing of the kind is possible. The essential point is that the question of SEZs and state-supported capitalist industrial growth, especially one that diverts scarce resources from goods that can improve the living levels of the deprived and worse-off sections to export markets (to earn foreign exchange for the direct and indirect import of the luxuries and superfluities for the rich minority of population) sans any mechanism to impose and enforce some critical minimum social obligations, is a self-defeating asocial exercise, verging on the anti-social.

Industrialisation is not an end in itself, just as growth of GDP or attracting massive amounts of investment are not, unless it is an outcome of ensuring initially a secure and adequate livelihood to those who lack this basic ingredient of human existence. This may not suffice by itself and has to be followed up by a series of multi-pronged advances to raise the standard of living of the people at the bottom of the social pyramid. One essential point is basic to all these growth and industrialisation efforts: any industrial growth that does not lead to a net increase in employment has no means to help the poor and those who have to be moved out of low productivity agriculture. In other words, any growth via industrialisation that does not increase employment and lead to a fair sharing of the gains of industrial growth must lead to further accentuation of the gross inherited inequalities. Industrialisation that does not lead to a net increase in employment opportunities must then lead to a worsening of the existing inequalities and thus add force to processes that are inimical to the growth of employment. Giving the working masses a hand in industrial activities and thus a part of its value addition is in no sense socialism, but is an ingredient of a capitalist market economy that is not becoming excessively non-competitive, monopolistic economy, unsustainable, volatile and keen to embroil itself further in long term contradictions out of sheer myopia.

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THUS it is clear that this kind of broad-based capitalist industrial growth exercises and processes involve far more serious effort than just making land available to those who are prepared to pump in huge amounts of monetary investments for setting up industries that directly and indirectly add to impoverishment and inequalities which are worse than the existing levels .The stark fact, borne out by the experience of this kind of industrialisation, taking investment as such as the critical initial contribution and expecting positive outcomes from the point of view of the needs of the national or regional economy, is that it makes little contribution to enhancement of livelihoods and increasing the range and quantities of the products of industrial origin meant for mass consumption and thus improve the relative share going to wage-earners. If rising investment, that is, the value of industrial assets, embodied technology, the resulting output flows (ignoring the facts regarding whose level of consumption would go up as a result and which would be the sections for whom, ipso facto, there would be reduced availability of resources) and their rate of growth are considered good by themselves or because they go to enrich the rich, improve the aggregate and average income levels in the nation or the region and reward those who are able to make and organise such ventures, of course with the help and support of the government, one would have little reason to quarrel with these policies. The point simply is that the real intentions must be openly stated and it should be shown how some socially desirable set of outcomes are obtained and objectives served. Given the fact that a process of capitalist industrial growth must be consistent with the objectives of the capitalists, one may ask: what is the counterpart of social outcomes on account of which the state is going to support such a process of industrialisation. Another question that also remains to be answered is: is there any single, unique model of capitalist industrialisation or within this framework there are certain elements of choice? For instance, is a process of industrial growth under a framework of broadbased entrepreneurship, like the one that is prevalent in India's small and medium enterprises (SME) sector or the unregistered manufacturing sector, etc. at all feasible and desirable, particularly in a situation when the state stands up as a bulwark to support them and prevent the large private corporate and large conglomerates based industrial growth to queer the pitch for the small, medium and tiny industrial units?

The question about alternatives in industrial growth concerns not just the scale of operations and investment of the new industries to be set up. The question also concerns what group or strata or class of industrialists are going to be the agency for giving effect to the proposed industrial expansion. Large industries, if they are not established by the state, have to be set up either by the large Indian or foreign 'captains of industry'. By now it is clear that the big monopoly industrial houses of Indian origin are closely interlinked with the MNCs. The former are themselves striving hard to join the ranks of the MNCs—giving rise to the phenomenon of MNCs of the Third World origin. The nature of the industries they prefer to set up have to be and in reality turned out to be such that they have to have a large national and international demand so that the scale of operations they adopt becomes commercially viable. The technology for such industries have to be internationally competitive and hence high degrees of capital, energy, imports and infrastructure intensities are inescapable, built-in necessity for having the presence of such industries. The utility and value of such large, monopolies dominated industries from the point of view of the rural poor and the urban poor suffering from low and insecure livelihoods and excessive dependence on non-viable small plots of land and some make-do informal callings are not only marginal but, given various competitive demands on our finite resources , quite negative. On the other hand, the small and medium sized capitalists normally operate in the local, regional and at best zonal markets,. The product-mix they prefer is closer to the needs of the masses. If the national rural employment guarantee law is effectively implemented, it is bound to expand domestic, dispersed demand emanating from the rural poor and reduce the outflow of labour, even on a circulatory basis from the rural areas to the urban areas. These regional capitalists can become strong pillars for strengthening our federal structure and can be relied upon to generate a pattern of industrial development that is far more responsive too the regional social needs and imperatives. Of course, the liberalisation of the economy, a programme whose primary purpose is to extend the power and prestige of the big Indian and global capital (the two are now so closely intertwined that it may be otiose to speak of the two as separate entities), has made things extremely unfavourable for the small and medium sized capital and also the State governments (the governments whose command over resources is now equalled in good measure and in some cases exceeded by that of the big, global-league Indian conglomerates with diversification in to public and quasi-public goods sectors as well and with public-private partnership in infrastructure, the private capital is becoming indistinguishable from the state) . Hence it is essential from many different points of view to foster the growth of small and medium industrial enterprises as also to strengthen the artisanal industries in small urban clusters as the hubs for industrial production and employment. The new technology that is appropriate for these non-monopoly segments has to be upgraded and improved upon by R and D in non-MNC controlled and supported outfits with public policy support. The brief point is that industrialisation of States such as WB is simply not possible by relying on the big industrialists who merrily play one State Government against the other and get the most attractive terms, the terms which ipso facto go against the basic interests of development that can make a positive impact on the economy and lives of the ordinary citizens. If one were to look at some facts regarding the SME sector of our industries, as shown in Table II, one can see their role in productive absorption of labour, even in the present hostile or inimical policy and market environment owing to the mega-capital bias of the liberalisers and globalisers who have done away with some of the facilities given to these units and more seriously the state has decided to bet on the large sector, both Indian and foreign at the expense of the SMEs.

Call such an approach as that of narodniks or whatever else, the point is that the rate of growth of industries without ensuring, within the market framework itself, that the pattern and process are capable of ensuring fair and just inclusion of those who have stood on the sidelines of the economy, society and polity at least as wage labour are the crucial considerations that have to guide the policies of the government in promoting industries, A competitive bidding for industries by various State governments has been used by the clever upper crusts of the Indian business classes for wresting huge concessions without reciprocating in terms of a pattern of industries that is people-friendly. A government like that of WB that has a different character qualitatively in terms of its ideology and social base has little reason or justification for joining such a race. There are alternative patterns of industrial development very much within the prevailing institutional and power equations. Moreover, a lot many alternatives can be devised, learning from the experience of many countries especially those focusing on rural industries, small and medium entrepreneurs, local resources, eco-friendly products and sources of energy, growing self-reliance and, on an international level, greater symbiotic and symmetrical integration with the other Third World countries. The need is to vigorously and systematically explore those avenues and not adopt the easy, trodden and self-defeating path advocated by the business and international lobbies, the growth-wallas, the stock market-friendly politicians and those who are happy collecting testimonials of greatness from the Western lobbies and their academic counterparts. Certainly the WB Government does not have to fall for the praise from such quarters.

Table 2 : Performance of Small Scale Enterprises

Year	**No. of units (lakhs)**			**Production (Rs crores)**		**Employment**	**Exports**
	Regd.	**Unregd.**	**Total**	**(at curent prices)**	**(at constant prices)**	**in lakhs**	**(Rs crores)**
2000-01	13.10	88.00	101.10	2,61,289	1,84,401	239.09	69797.00
			4.1	11.5	8.2	4.4	28.8
2001-02	13.75	91.46	105.21	2,82,270	1,95,613	249.09	71244.0
			4.1	8.0	6.1	4.1	2.1
2002-03	14.68	94.81	109.49	3,11,993	2,10,636	260,13	86013.00
	15.91	93.58	4.1	10.5	7.7	4.4	20.7
2003-04	15.54	98.41	113.95	3,57,733	2,28,730	271,36	97.64
2004-05	16.57	102.02	118.59	4,18,263	2,51,511	282.91	N.A.
			4.1	16.9	10.0	4.3	
2005-06	18.71	104.71	123.42	4,76,201	2,77,668	294.91	N.A.
			4.1	13.9	10.4	4.4	

Source: Economic Survey, 2005-06 and 2006-07

In sum, industrial development in a State such as WB under the rule of a political combine that is qualitatively different from the usual political outfits of a market economy democracy, especially one having a well-articulated and globally known political and policy position different in all lthe major aspects from that of the liberalisers, has to show its character in as crucial a matter as the path and pattern of industrial development. This has to be different in quite a few critical respects, such as agency, approach, content, outcome and spread effects, etc. It has also to be such that in a reckonable, foreseeable span of time the new industrial growth approach can make a visible positive structural impact on the shape and size of the economy of WB. It has to hold lessons for others and has to act as a role model and inspiration for the people. Let the WB industrial development not become another instance of more of the same that keeps coming from many other States with governments of different political hues and colours The international and national market and capital lobbies would be only too happy if the Left too falls in line with them and thus offer them an opportunity to shout from the rooftops that look here, there is no alternative (TINA) to what they are doing as even the left has grabbed or stolen their policies. With China, rightly or wrongly, being selectively cited as a feather in the cap of the market forces and private enterprise, let WB not become a domestic stick to beat the pro-people policies with. The consequences of such an approach would be really devastating for genuine people-centric development under a gradualist, parliamentary path of social transformation in our market based plural democracy. ■