



DECENTRALIZATION OF INDUSTRIES AND REGIONAL DEVELOPMENT IN HAORA DISTRICT OF WEST BENGAL

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Abstract:

Decentralization of industries connotes industrial redistribution or diffusion of industries from core city area to its outskirts. This process was started in West Bengal since 1994 when the Government of West Bengal adopted a different industrial policy to recover the sluggish industrial growth. Main objective of this strategy is uniform regional development with establishment of a strong linkage between rural and urban economy. These strategies offer scope of rural as well as urban development. Haora district is considered as industrially advanced district of West Bengal. This city is composed of a huge number of large, medium and small scale industries in close proximity to residential areas. Such congested urban area has created a bottleneck situation. To overcome such a menace decentralization of industries from city to its outskirts is necessary that may provide job opportunities even to rural people. After 1994 industrial parks have also been established for micro, small and medium scale enterprises. With the march of time magnificent transport networks have developed. Along both sides of the highways many new industrial units have come up. But decentralization of industries has not taken place in full phase due to presence of various unavoidable circumstances. Thus to maintain the pace of economic development of this district, more investment in secondary sector with decentralization of industries seems to be necessary. By this process optimum utilization of material and human resources along with balanced regional development would be feasible.

Key Words: Industrial Policy, Rural and Urban Economy, Transport Networks, Industrial Parks & Balanced Regional Development

Introduction:

Decentralization of industries connotes industrial redistribution or diffusion of industries from core city area to its outskirts. This process was started in West Bengal since 1994 when the Government of West Bengal adopted a different industrial policy to overcome the sluggish industrial growth. Main objective of this strategy is uniform regional development with establishment of a strong linkage between rural and urban economy. There are so many reasons behind the decentralization of industries in Haora district. Haora city is a congested and unplanned city. The population of this district was 4,850,029 in 2011 of which 22.10 percent lives in Haora Municipal Corporation. Since colonial period major industrial concentration is conspicuous within the city core. All scales of industries ranging from large and medium to micro and small are situated in the city area with a large number of population. Such congested urban area has created a bottleneck situation for industrial expansion. To overcome such a menace decentralization of industries from city to its outskirts is necessary that may provide job opportunities even to suburban and rural people. After 1994 many micro, small and medium scale enterprises have emerged in different parts of this district.

Objectives:

This study is mainly focused on different aspects of industrial redistribution and the constraints of decentralization of industries in Haora district. These include:

- i) identification of the factors responsible for decentralization and their status in the study area
- ii) assessment of the role of infrastructure in decentralization of industries
- iii) analysis of the industrial scenario and
- iv) recognition of the role of the Government in decentralization

Database and Methodology:

To reveal the real scenario of decentralization both primary and secondary data have been collected. The primary data have been generated from different questionnaire based survey interacting with two target groups; one is managerial section of different large companies and the other is proprietor of Micro, small and Medium Scale Enterprises (MSMEs). The secondary data were extracted from different sources of government and non-government publications.

This study has followed purposive sampling technique for large and medium scale units while random sampling technique has been followed for micro and small scale enterprises. To fulfill the requirement of sample design 15 percent of total large scale units and 1 percent of micro, small and medium scale units have been taken from this district. Some relevant statistical techniques, cartographic methods and GIS software have been applied for the purpose of interpretation.

Statement of the Problems:

The economy of Haora district is more dependable on secondary activities. There are some definite reasons for selection of the study area. Two subdivisions of the district -- Sadar and Uluberia are the seats of different scales of industries – large, medium and small scales on one hand and different categories of industries like engineering, jute and cotton textile units on the other. After independence many transport arteries mainly National and State Highways have been spread out in this district. The decentralization of industries has been initiated through these transport arteries. But the process of decentralization is not evenly distributed because in the south eastern part of the district decentralization has taken place with the help of infrastructural facilities. The western part of the district is suffering from lacunae in infrastructural facilities.

a) Locational Advantages for Industrialization:

Location is a prime factor for industrialization. The location of industries depends on various factors. There are major two factors for development of industries; one is sources of raw materials and the other is presence of market. According to Least Cost Location theory of Alfred Weber (1909), there are three provisions for industrial location: a. at the market, b. at the raw material source and c. at any intermediate point between source of raw material and finished product. The industries of Haora district are getting some opportunities e.g. different types of raw materials, sufficient labour and market facilities.

Sources of Raw Materials: The eastern part of India is resourceful region by different ores and agro-based products which are easily accessible in the industrial region of this district. The iron ores are extracted from different mines of adjacent states like Singhbhum of Jharkhand, Sundargarh and Keonjhar of Odisha apart from Durg of Chattisgarh. The adjacent states of West Bengal are composed of different mineral resources like coal, dolomite, limestone etc. which are other essential raw materials for all scales of industries. These huge sources of raw materials are providing locational advantages to the iron and steel as well as engineering industries. Among others raw materials jute is most important raw material for exploration of jute industries in this district. Jute is collected from the native state because West Bengal is the largest

producer of jute in the country followed by Bihar, Assam and Odisha. The cotton textile industry has also spread over in West Bengal after colonial period as foot loosing industry. The cotton comes from Western States of Gujarat, Punjab, Haryana, Maharashtra and Southern State of Andhra Pradesh. But the cotton textile industry has lost its glamour in West Bengal.

Availability of Sufficient Labour: West Bengal itself is a populated State of India and so a large man power is available. In fact in Haora district agricultural economy is not prominent. Thus most of the local people are engaged in secondary and tertiary sectors of economy. In this district most of the large scale industries are labour intensive and provide good employment opportunities. Moreover these units are getting a large number of immigrant labour who come from different States of India mainly from the adjacent States like Bihar, Jharkhand, Odisha and Uttar Pradesh.

Market and Port Facilities: The Kolkata market is major attraction of entrepreneurs. Presence of Kolkata and Haldia ports also draws their attention. The expansion of jute industries was completely regulated by these factors since colonial period. For import and export purposes the jute bags are essential and for this reason British entrepreneurs laid more emphasis on jute industries. Kolkata, the capital of West Bengal and a mega city of India bears great marketing opportunities. Haora district is considered as part of the conurbation of Kolkata and urban hinterland, accessing the opportunity of selling different finished products and meet the huge demand. These are major sustainable factors for industrial expansion and development (Fig. 1).

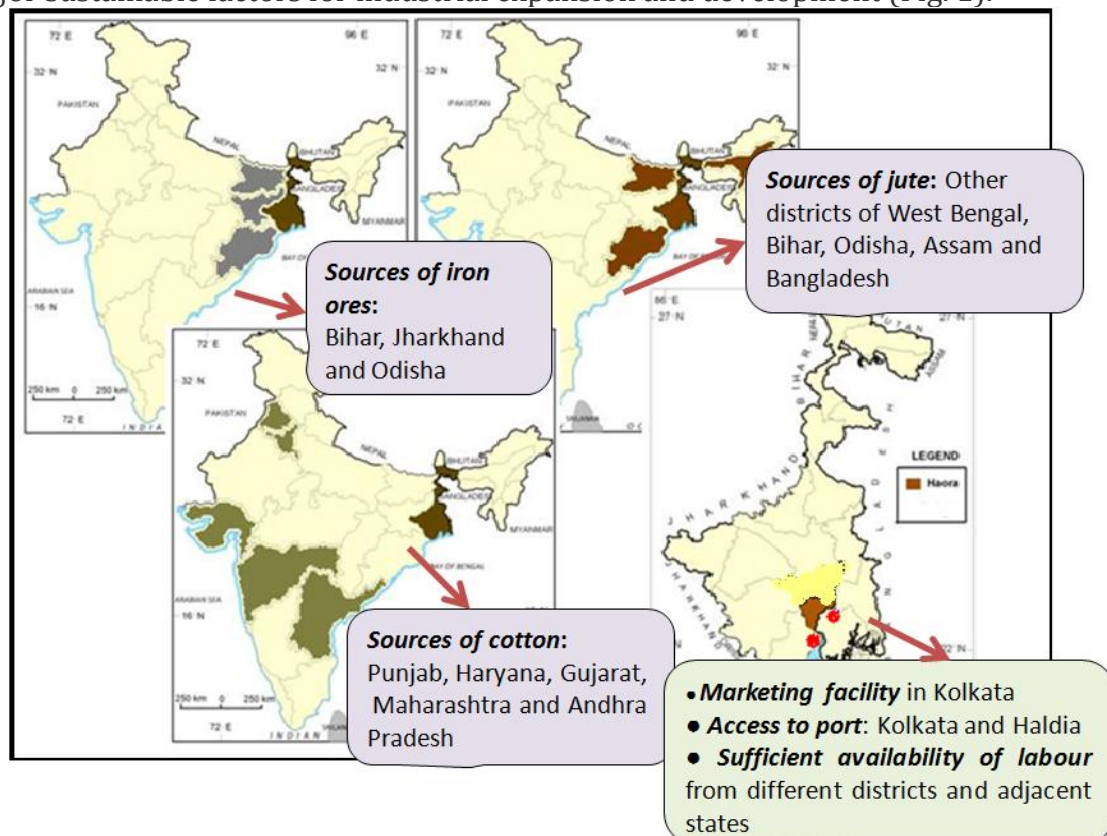


Figure 1: Locational Advantages of Haora Industrial Belt in West Bengal

Source: Compiled by the authors

b) Role of Infrastructure in Decentralization of Industries:

Infrastructure acts as a catalyst of any type of development. In case of decentralization, infrastructure facilities play great roles. Industrial decentralization is

possible when infrastructural facilities are available beyond the core city. Infrastructure is categorized into two broad sectors: physical or hard infrastructure and socio-economic or soft infrastructure (Fig. 2). Among these transport network, supply of electricity and water come under the purview of physical infrastructure while financial packages and banking go under socio-economic infrastructure and these are most important for industrial expansion and diffusion. Many new units and projects have emerged in the study area with the help of hard and soft infrastructure. Day to day the extension of railways and roadways provides major opportunities for industrialization and urbanization. Three major locations have observed: a) units may be located along the side of the Hugli river, b) some units are near railway stations, while c) some are along both sides of the National and State Highways.

Schematic Analysis of Different Infrastructural Facilities:

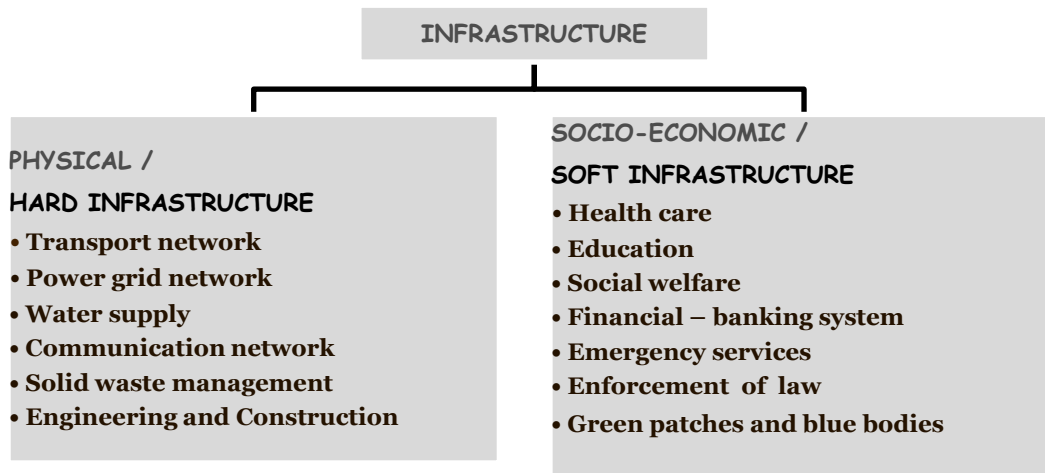


Figure 2

Source: India Infrastructure Report, 2010

Transport Network: Without expansion of transport networks decentralization of industries is impossible. This district is enclosed by road ways and rail ways that provide an extra space for the diffusion of industries.

Road Network: This district is covered by three National Highways- NH₂, NH₆ and NH₁₁₇ while two State Highways - SH₆ and SH₁₅ also pass through in this area. Among the roads G.T. Road which is running from Haora to Barddhaman via Hugli, also play important role in transport network. A span of 'Golden Quadrilateral' has made this district as an industrially potential district.

Density of Transport Network & Decentralization of Industries:

Railway Network: A large number of industries are situated beside different railway stations to access easy transportation facilities. The districts are covered by Eastern and South-eastern railways. After the construction of Haora railway terminus, Haora district became an industrial hub and expansion of railways in different corners of the district has made Haora an industrially promising one. Development of feeder roads mainly district and village roads has made a valuable linkage between hinterland and city areas that encourages more industrialization even in interior region.

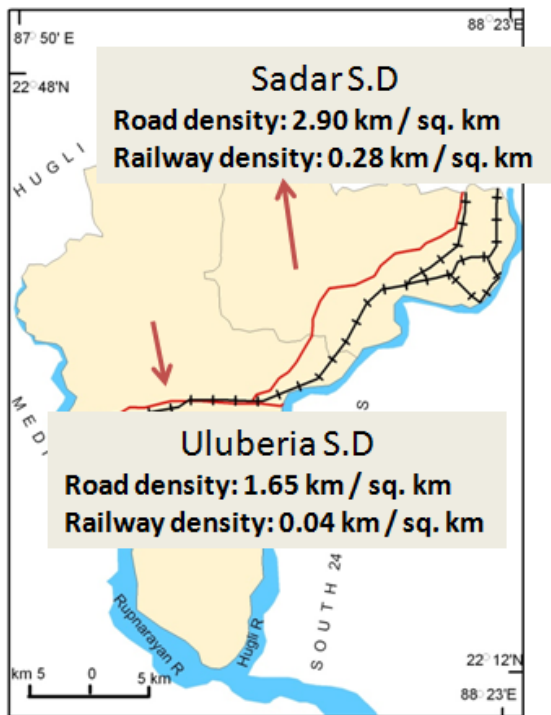


Figure 3: Density of Transport Network

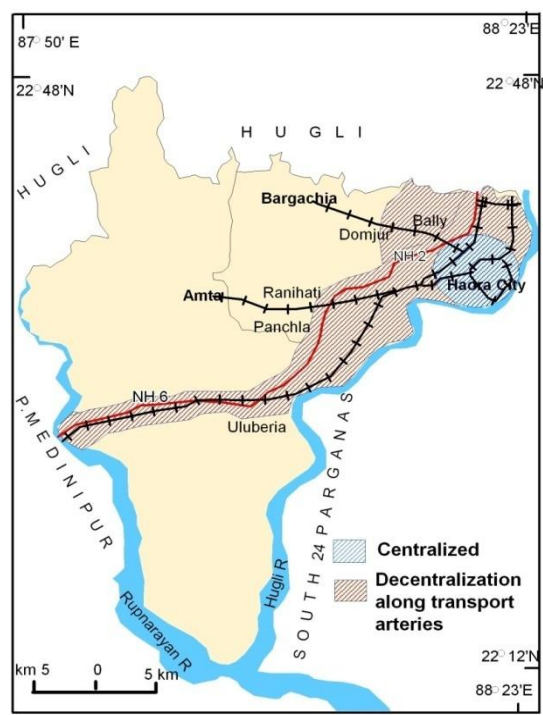


Figure 4: Decentralization of Industries

Data sources: Government of West Bengal, Survey of India and
www.fois.indianrail.gov.in

Power Grid Network: Expansion of power grid network is essential for industrial development because without optimum power supply establishment of new industries is not possible. Energy shortages and unreliable power supply are persistent challenges, especially in industry. Technological implications are feasible when uninterrupted and optimum supply of power is available. 100 percent electrification is the prime infrastructural requirement for industrialization in this district. Power supply in different parts of the district indicates that it has good potential for industrial expansion. In the eastern part of the district high voltage power grid is available which has a great influence on expansion of large scale industries.

c) Lacunae of Present Industrial Infrastructure:

Industrialization is an indicator of development. There are two interrelated features: one is without infrastructural development industrialization is not initiated and the other is industrialization brings about huge infrastructural development. Thus the lack of infrastructure indicates negligible entrepreneur investment. The eastern part of Haora district is industrially advanced due to presence of high density transport networks reflected through both roads and railways but the western part of this study area is containing low surface transport density. Among the two subdivisions of Haora district Sadar subdivision is well connected by surface transport and as a result different projects have been implemented in this subdivision. These projects were not only launched in Haora city but these are also visible in the interior parts of this subdivision. But in Uluberia subdivision the situation is vice-versa. Rapid expansion of roads, bridges and flyovers gives this opportunity only launched in the eastern part there is an additional locational advantage for the presence of Hugli River. If industrial infrastructure is evenly distributed, industrialization is possible everywhere.

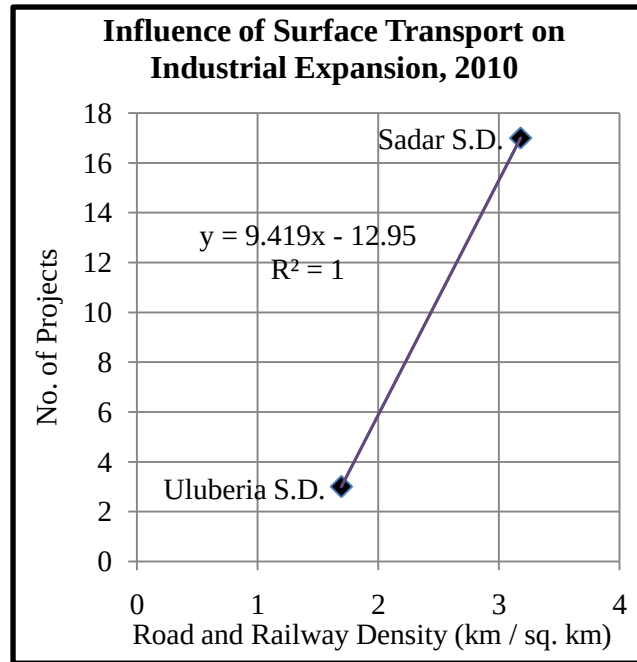


Figure: 5

Data sources: Government of West Bengal and www.wbhdcl.gov.in

d) Industrial Sickness as a Hurdle for Decentralization of Industries:

The economy of Haora district is mainly based on different industrial activities and this type of orientation has made it an industrially advanced area. Occurrence of industrial sickness has transformed this study area into an economically backward one. Without the rejuvenation of old units, establishment of new units is unjustified. Day to day the number of sick units is rising and huge labour force is affected by this ailment (Table-1). Decentralization of industries will be meaningful when the sustainability of old units will be prioritized.

Table – 1: Temporal Variation of BIFR Cases and Number of Affected Employees

Year	No. of Cases	No. of Employees
1990	16	12,575
1995	19	28,325
2000	28	53,000
2005	35	51,800
2010	36	43,780

Source: Government of West Bengal

In this district the secondary sector is considered as dominating one due to presence of huge number of manufacturing units both registered and unregistered. With the march of time the contribution of tertiary sector is increasing while the contribution of secondary sector as well as primary sector is in its moribund condition (Fig. 6). There is another awkward situation where the contribution of registered manufacturing units is declining but the contribution of unregistered manufacturing units is gradually rising (Fig. 7). The major reason for this type of anomalous economic condition is sickness and closure of large scale registered units. Many large scale units of this district have shut down and lowered down their production and as a result most of the micro and small scale units have been affected.

According to primary data these units are experiencing severe problems among which most prominent are scarcity of skilled

Figure 6 & 7 Data source: Government of West Bengal, 2011

labour (72% respondents), tough competition with other companies of other States (59% respondents), inadequacy of order as well as satisfactory marketing opportunities (53% respondents). These units are also suffering from frequent labour unrest and work stoppage for strikes and lock-outs is a daily incident of these units (Table – 2).

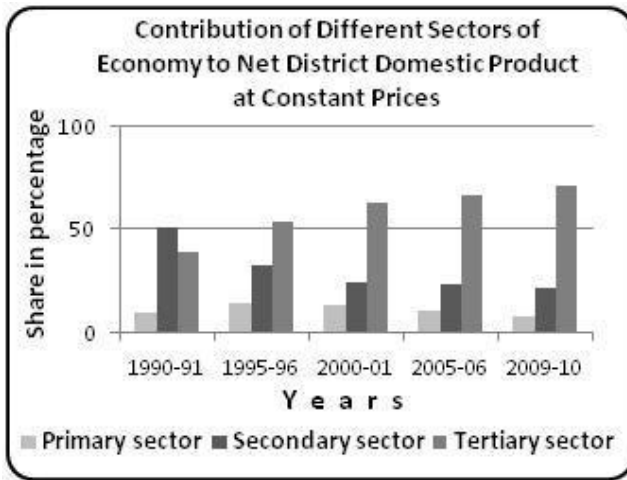


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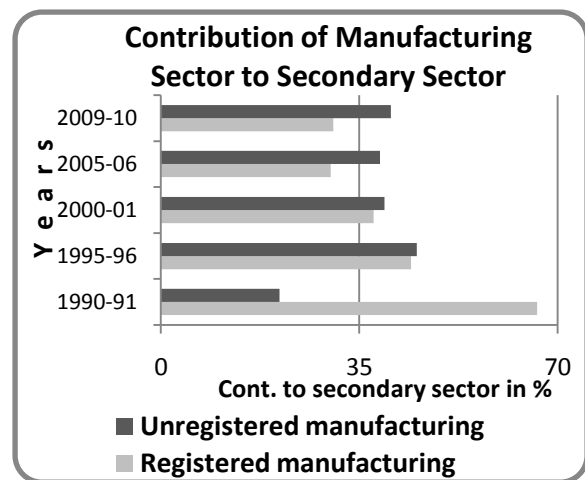


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Data source: Government of West Bengal, 2011

Work stoppage is a major constraint of industrial rejuvenation and decentralization. This menace reduces the production by occurrence of non-production day. If the old units are suffering from these types of crucial ailments, the new entrepreneurs will be reluctant to invest in this industrial belt.

Table –2: Temporal Variation of Work Stoppage Cases in Haora District

Periods	Haora		West Bengal	
	Cases	Terminated Cases	Cases	Terminated Cases
1975-1994	585	345	3,794	2,361
1995-2010	787	187	4,685	983

Source: Government of West Bengal

a) Expansion of Micro, Small and Medium Enterprises (MSMEs) as Key Indicator for Decentralization of Industries:

Expansion of Micro, Small and Medium Enterprises (MSMEs) in different parts of the district can revitalize the process of decentralization. These units provide job opportunities to urban and rural people. In fact these manufacturing units act as auxiliary units of mother concerns. But the MSMEs are now unable to survive due to closure of large scale industries, unavailability of investment and tough competition with companies of other States. The status of MSMEs is deteriorating with the march of time in terms of registered units, amount of investment and employment (Fig. 8, 9 and 10).

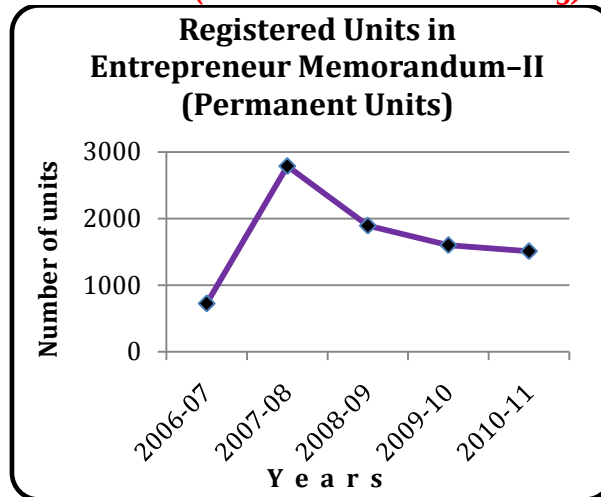


Figure 8

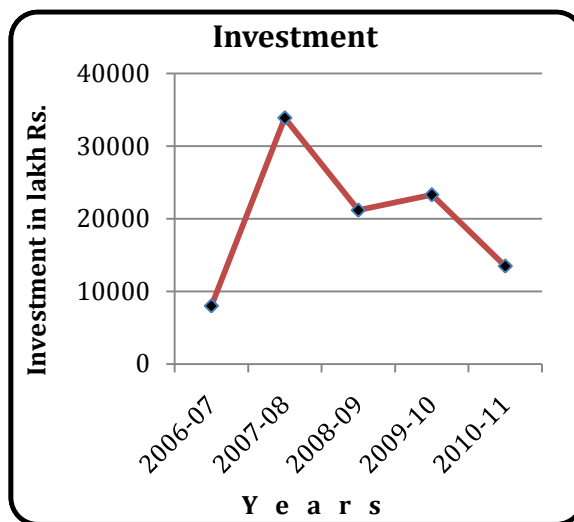


Figure 9

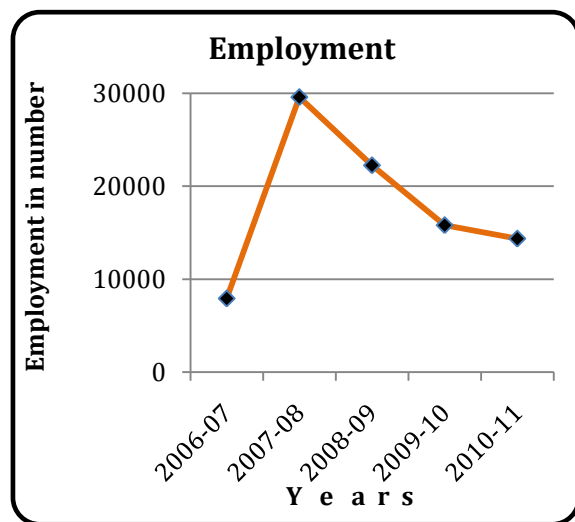


Figure 10

Data Source: DIC of Haora

For expansion of these industries, the Government of West Bengal has taken a decision for establishment of specific industrial parks in different location by which the entrepreneurs will get the opportunity to establish themselves under one complex where they can reduce the cost of production enjoying some common facilities and they can access the market with huge orders. Sudha Ras and Kandua food parks, Rubber Park, Poly Park and Foundry Park have been established in Sankrail block of Haora district.

e) Food Processing Industry: An Attempt towards Decentralization of Industries:

Food processing industries act as linkage between agrarian economy and urban industrial economy. The raw materials of agricultural fields are transformed into manufactured products through these industrial units. This type of industries provides employment in rural areas. According to FAIDA report of Mckinsey, West Bengal is one of the three front running States in India in this sector. The eastern part of Haora district, mainly Sadar Subdivision is already occupied by manufacturing units of engineering goods but the western part where agricultural activities are prevalent, has ample scope for agro-based as well as food processing units. By such an attempt

optimum utilization of raw materials becomes possible on one side and a large number of rural people may get job opportunities on the other.

Major Findings:

It has been observed that in Haora district growth of industries is very sluggish and to recover this slothful growth, revival of old units along with set up of new units is necessary. Government ought to take care about large mother units for survival of micro and small scale units. Spread of infrastructural facilities in all corners of the district may induce expansion of industries in interior region. Since colonial period the concentric pattern of industrialization has been observed but recently decentralization has taken place along both sides of the transport arteries. Such expansion is also indicating another centralized pattern of industrial location. Thus decentralization is possible when a vertical integration takes place among all scales of industries. Balanced regional development may take shape in rural areas through set up of agro-based industries maintaining a reciprocal relationship between the farmers and the entrepreneurs aided by surplus agricultural labours.

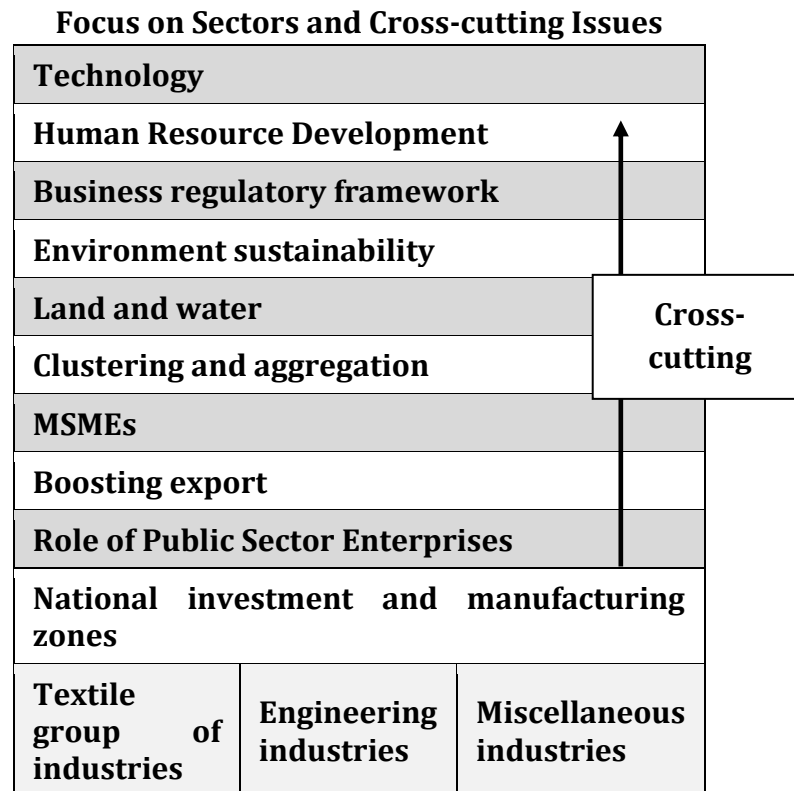


Figure 11

Source: Compiled by the authors

Conclusion and Recommendations:

Decentralization of industries and regional development both are interrelated phenomena. The development in outskirts of the city may contribute to a more balanced pattern of local and regional growth. The postulation is that decentralized forms of industrialization can help to avoid concentration of the urban population in a few cities and also allow greater involvement of local communities in the processes of economic development. The Government of West Bengal has taken *three* major initiatives for industrial expansion:

- a) Expansion of new industries in urban fringe areas as well as in rural areas,
- b) Establishment of a linkage between agrarian economy and industrial economy and

c) Setting up of different industrial parks for sustenance of the MSMEs.

Without improvement of manufacturing units with higher record of productivity the fresh blood circulation in the economy is impossible. Quick revival of industrial sector can bring a positive change and strengthen the economy of the Kolkata conurbation. Thus in order to maintain the pace of economic development in Haora district, more investment in secondary sector with decentralization of industries seems to be necessary. By this process optimum utilization of raw materials and human resource would be possible thus leading to balanced regional development.

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