

On Industrialisation in West Bengal[?]

Buddhadeb Bhattacharjee

I would like to discuss our overall outlook on the development of West Bengal's economy after the formation of the Left front Government on the issues of agriculture, industry and services. Some differences have been expressed regarding our purpose and objectives. The controversy has been triggered off by those parties that are directly opposed to us—the BJP, the Congress, the Trinamul Congress. On the other side there are Naxalites and the SUCI and then there are some NGOs. The disagreement with us and opposition to our policy has varied in form and character. There is a tenor of opposition from within the Left Front itself. Thus, we really need to state clearly what we precisely aim to achieve. Some theoretical postulates and ideological positions have surfaced. The need is to state our position with precision.

It is generally acknowledged that we have no 'model' in front of us to emulate and follow. It will indeed be a mistake to follow a specific model. We have closely observed and seen the changes in and the development of the Chinese economy and the Vietnamese economy. We are trying to ascertain facts there. In Latin America, a kind of new leftism has appeared and changes have occurred. We have gone through an interesting book called *Dispatches from Latin America*. We have gathered from the book the thoughts and ideas of the Brazilian president Lula, of the Venezuelan head of state Chavez, and of the Chilean Socialist Party.

We are trying to understand and realise the purport of the changes taking place. However, the fact is that we have to determine our own path, taking into account the reality of the situation in India and the constraints of the Left forces in the state within the present framework. We have to offer a workable alternative. The late CPI(M) Polit Bureau member and secretary of the West Bengal unit of CPI(M) Comrade Saroj Mukherjee, used to speak about an 'untravelling path'.

With regard to the agricultural situation, we must look back to the 1960s when a strong peasant movement started. During the two short-lived United Front governments of 1967 (9 months) and 1969 (13 months) the movement got accentuated. That movement saw economic and political changes taking place in rural West Bengal in a remarkable way. The zamindari system received a severe blow. Land was transferred to the kisans through a struggle for possession. Politically, the influence of the Congress based on the zamindari system was curbed, resulting in change in the political correlation in favour of the Left. The

[?] Based on a speech to the Central Party units in West Bengal, February 9, 2007.

land that was with the kisans could be preserved, with a small number of exceptions, even during the period of bloody violence of the 1970s.

After the installation of the Left Front Government in 1977 the land movement gathered further momentum and the transfer of land from the zamindars to the poor and marginal farmers was given administrative recognition. This was done through the granting of 'patta' rights to the kisans in possession of what was previously zamindari land parcels. The LF government has distributed 'patta' rights for 1.3 million acres of land—the bulk of the agricultural land, in fact, of this state. 83% of the agricultural land is in the possession of the poor and marginal kisans. We have won several court cases relating to land. Recently we have got possession of 30,000 acres of land after winning court cases. 800 acres of land have been distributed at Khejuri in Midnapore East amongst 1200 poor farmers.

The process of distribution of 'patta' rights has been accompanied by 'Operation Barga' (recognition of the right of share-croppers)—something that is new and unique, a process that has received high praise from those who are engaged in research in agrarian relations and matters related to agriculture. It is important to recall here that without the surge of kisan struggles, the distribution of barga rights would not have been possible. The administrative efforts would not have been enough to accomplish the task. A part of the process of redistributive land reforms, the recording of barga rights has covered 1.5 million in number.

There was once a debate within the government and the Party as to the viability of small plots of land. Our experience has proved that these plots are viable. Meanwhile, with the three-tier Panchayati system in place, the poor of the rural sector started to become assertive. It is noteworthy that in our state both the bulk of the agricultural land and the majority of the panchayats are in the hands of the rural poor. This is the consequence of the process of land reforms. This will never happen in states where the zamindars own the land and the lathi-wielding *pehelwans* run the Panchayats.

A direct result of the land reforms programme is the increase in agricultural production. Against the disastrous all-India agricultural growth rate of less than 2 per cent, West Bengal has been able maintain a sustainable growth rate of 4 per cent for more than last ten years. With massive *aman* and *boro* paddy production this year, the foodgrain production itself will exceed 15 million metric tonnes (MT). We have been self-sufficient in the production of paddy for the last three years. There have been difficulties in crop diversification. Besides paddy production, we are trying to concentrate on pulses and oil seeds—but not with notable success. We were able to procure 1.7 million MT of paddy last year. This year the target is 2.1 lakh MT. It means that we will be able to ensure supply for the PDS, especially for the Annapurna Antodaya and the BPL schemes.

We have also been successful in producing the highest quantity of vegetables in the country since last year (despite the paucity of land). We could

produce 11.6 million MT of vegetables on 5.4 million hectares of land. Paddy production this year will exceed 11.6 million MT. We also hold the top position in the production of fish. Our fish production is 1.4 million MT. We do lag behind somewhat in deep-sea fishing because we have a shorter coastline compared to Tamil Nadu and Andhra Pradesh. We shall have to initiate different and scientific methods to increase fish production. The fishing folk cannot hold on to sibilng (sprawn) for some years. The sprawns are taken to Andhra Pradesh, made to grow, brought back to Bengal, and sold to consumers in the markets. The fisheries university is being asked to look into the process of how to shorten the usual period.

Our success is reflected in the increased purchasing power of the kisans in the villages. Our kisans possess the highest purchasing power of industrial goods in the whole of the country today in the retail sector, be it cement, radio, cycle, motorcycle, or apparel. No other state has 8 per cent growth rate. Only Punjab and Haryana are slightly ahead of us in terms of productivity. The success has undoubtedly pushed us ahead by one-and-a-half decades, economically and politically. However some problems are developing in the agricultural sector. Agricultural universities have been asked to probe the problems. The special committee of the State Planning Board carried on research on landlessness and the problem of rural indebtedness.

A few negative tendencies were mentioned in the primary report that we received on the eve of the Assembly elections last year. The fragmentation of land in the wake of the land reforms among the successors of the original owners have contributed to the reduction of the produce. This fragmentation of land is a major problem.

Owing to the country's economic policies, the prices of all inputs such as irrigation, water, seeds, pesticide, and fertiliser have increased manifold. It is becoming difficult for farmers to get minimum procurement prices for their products. The question of remunerative prices does not arise. With expenditure rising high, the cost of agricultural production has gone up. There are other specific problems. Because of lack of viable marketing mechanism, many vegetables produced are left to rot in the fields—tomatoes in Coochbehar or cabbage in Murshidabad, for example. Of the total production of 11.6 million MT, 10-15 per cent is spoilt in the field because we do not have adequate means of preservation. Another problem is value addition. Currently, we can fix added value for 3 per cent of the produce only.

Another problem concerns the society and the mind-set. The members of a kisan family till the land through generations. The first generation, despite having received education, may yet be willing to accompany the father to the field. The second generation does not. They are not willing to go back to the fields after passing out from schools and colleges. We must ponder whether this is a progressive or a regressive frame of mind. We must preserve the success of the agricultural production and ensure our food security. Any deviation will

harm us. Then if the success in vegetable production can be conserved through a marketing mechanism and value is added to the produce, the scope for employment in the food processing industry will increase.

A few important facts need to be mentioned at this point. The greatest amount of investment in the state is in the iron and steel sector. The next in line are chemicals, petrochemicals, and food processing. Among the big companies, Frito-lay, Dabur in North Bengal are functioning. Dabur went for processing mangoes and pineapple. Later, they are going to undertake processing of tomatoes. In the food processing industry, (China could add value upto 40 per cent), employment will go up. We have to increase the production condiments. This will further guarantee our food security. Horticulture is another important area where development can take place further. Flower markets in the Netherlands sell roses and lotuses from Kolkata. If the trend can be expanded, our flowers will fetch ten times the price that they do here.

The basic issue that involves the attitude of the opposition and of some others is that we need not proceed any further and stay in place. We do believe that if we try to stay in place and enjoy the success we have achieved we will stagnate and drift backwards. What then is the alternative? We have to note certain facts before dealing with the issue of industrialisation. In the economy of West Bengal, the share of agriculture is 26 per cent, industry 24 per cent, and services 50 per cent. This is better than the situation in other states. The service sector includes education, health, entertainment, hotel, tourism, telecom, software, call centres, etc. The trend of the service sector occupying a 50 per cent share of the economy is in keeping with that in the rest of the world.

Look at the relative figures of the agricultural sector and the industrial sector. It is not correct to hold that this is the end of the road and the end of history. We must bring about changes gradually, and I use the word with deliberation. We must maintain food security but increase the share of the industrial sector, *gradually reducing that of agriculture*. This is the general trend of the economy. Marxists hold that development is from agriculture to industry. We reiterate that we do not have a model to follow. In China, the share of agriculture in the GDP is just 14 per cent. We do not say that the Chinese model is our model. They had to struggle when they were ushering in change. Wage differential between urban and rural areas is a fact. The migration of population from the rural to the urban areas has been a problem. However, the transition from agriculture to industry is an inevitable phenomenon both in capitalism and in socialism.

A few facts can be cited to bolster this line of argument. 65 per cent of the population of this state is involved with economic activities. They are involved with agriculture and allied activities like animal resources and fisheries. Is this a picture depicting high standards? We cannot agree with the postulate that agriculture is the last and final stage of development and that we have to stay at the place that we have reached. 63 per cent of land in this state is agricultural.

This includes, as in Purulia and Bankura, 4 per cent rain-fed land where agriculture depends on rainfall for irrigation. Fallow land amounts to just 1 per cent. The all-India figure here is 17 per cent. We have started to experiment in fallow land to grow plants and a variety of fruits. 13 per cent of land is under forest cover, which we are trying to increase further to improve the environment, keeping in view the issue of global warming. Thus, we are left with 23 per cent of land that is urban and industrial. The opposition asks us not to go beyond that 23 per cent and stay in place with 126 municipalities and corporations—and with no more urbanisation and industrialisation. This is a position which is not acceptable.

Under capitalism, in India, the expropriation of the land of the peasantry is taking place in a brutal manner. In our drive for industrialisation in West Bengal, we will not proceed this way. We are committed to protect the interests of the farmers. If land needs to be taken, it will be done by providing those owning and dependent on land a fair deal, without coercion.

We have ascertained facts through a land survey, and I have kept the Left Front informed. We have received detailed report of vested land, and non-agricultural land district-wise, mouza-wise, block-wise. This is needed for the purposes of a land bank. Urbanisation cannot be stopped. When we assumed office, there were only 80 urban local bodies, and now the figure is 126. There is a long pending list of areas that want to urbanise and become municipalities. How can we tell them to remain in the Panchayat areas and in villages? We can tell investors and entrepreneurs about the locational alternatives that are there and they can choose. In a market economy, we can hardly ignore their priorities. The priorities have a practical basis. Iron and steel industries cannot be set up away from coal mines. IT industries require airport facilities. The IT investors would be reluctant to move out of urban areas. However, we will try our best to keep them within certain circles.

Now I would like to concentrate my discussion on some specific industries. The State Government's industrial policy was declared by former Chief Minister Jyoti Basu in 1994. During visits abroad, the attempt was made to convince investors about the investment-friendly role of our government. It was stressed that investment would be made on the basis of mutually advantageous terms. They would earn profits and at the same time create employment opportunities. They would come here for the purposes of capitalist development. The opposition accuses us of having agreed to capitalist development. Is it possible to talk of socialist development in one state of our country? What we can do at the most in this structure is to bring in some alternative Left policies. This comprises land reforms, protecting public sector, some initiatives in education and health, and so on. The Party Congress and the Central Committee have said that this means there is no need for foreign investment where we have the technology. We are not to allow FDI in retail trade. Do we need foreign

entrepreneurs to sell our agricultural products as one Indian entrepreneur told us some time back?

IBM, Cognizant, and GE Capital have evinced interest in investing in the IT sector and we need their units. We will await the final denouement of the software debate. We must do something about our young men and women who are computer-literate and know English. Mitsubishi Chemicals invested Rs 1.7 billion at Haldia, and they are willing to open a second unit there—we really cannot refuse them. Videocon is willing to set up a TV factory in North Bengal. Shall we dissuade them? Jindals have chosen to set up a Rs 35.5 billion steel plant at Salboni in Midnapore West. The message that we would like to send to entrepreneurs abroad is that we need private capital. The Party Programme has been changed. Earlier it talked about state takeover of all monopoly and foreign capital. We do not really hold that position now. The last Party Congress resolved that there would be no FDI in the retail trade. West Bengal has not moved an inch outside the assessment of the Party on the issue.

The opposition is of the view (and a few Left Front partners) that the foreign capitalists are rushing in on their own to exploit us. The actual picture is different. There is tough competition all around. We cannot discourage investment. Had there been an alternative to the present form of investment we would have opted for it. The idea is that we do need private capital, with limits set, and not everywhere.

The electoral success in the seventh Assembly elections with our majority increasing from two-thirds to three-fourths of the seats has sent a message to the corporate houses that the people's verdict is with the Left Front government. The year we set up the Haldia unit, there was total investment of Rs 60 billion. In 2006–07, the figure stands at 300 billion. The corporate houses prefer West Bengal because of natural resources, human resources, and skilled labour. The skill of the labour in West Bengal has found international recognition. The young men and women of West Bengal are also at the forefront of IT. We have 68,000 primary schools, 16,000 secondary schools, 450 colleges, 68 engineering colleges and 18 universities. Agriculture and villages are important but they alone cannot comprise the Left alternative for the torch-bearers of the 21st century.

We cannot deny the viability of IT and bio-technology. We have set up a bio-technology park in association with Kharagpur IIT. The emphasis is on small, medium, and manufacturing industry. The chemical hub once set up will produce employment in the ancillary and downstream units as they have done at Haldia. We are also going in for clusters—foundries in Howrah for example, and also plastic manufacturing clusters and apparel manufacturing clusters. The manufacturing and IT industries would absorb vocationally trained students and science graduates. We have also spread the industrial units around the state. 50 jute and plastic industrial units have come up in Coochbehar. IT would be set up in Siliguri. Food processing will be done in Siliguri and in Malda. There will be more sponge iron units at Bankura and Purulia besides the ones that we already

have in Durgapur and in Asansol. The environmental issue will be tackled for the sponge iron units.

Then there is the Singur issue. Tata Group almost decided to set up the motor car factory project at Uttarakhand. The Union government offers full tax concessions to investor for setting up units in north-east Indian states, Sikkim and Uttarakhand (the Union Government bypasses North Bengal in this respect). These concessions include sales tax, income tax and excise duties. For the small car project the Tatas would get a concession of Rs 18,000 per 0.1 million rupees. First, we had to persuade the Tatas to come to West Bengal with the small car project. They were shown locations in Kharagpur and in some other places. They preferred Singur because of several reasons. Important among them were the Durgapur expressway and Singur's proximity to Kolkata. We have no modern automobile manufacturing unit in West Bengal except the sick Hindustan Motors. The alternative was to tell the Tatas to go away to Uttarakhand. The unit once set up will create many employment opportunities in the ancillary and downstream sectors.

The land that was identified for the production unit at Singur was single-crop and double-crop. We calculated and found that the motor car factory at Singur would create large job opportunities and improve the quality of life there. Mandays produced will be much more. The work of setting up the boundary wall for the factory itself has created jobs for 3,000 people. By 2008, the production will take off. The Tatas will set up primary schools and health services and they have started training local people. The Singur Company has commenced training of women in tailoring. A canteen run by women has started to function. It is the moral responsibility of the government to ensure that the affected people benefit from the economic opportunities, which will be created by the motor car factory.

There has been a kind of unbalanced zeal about Special Economic Zones (SEZs) in Delhi. In states like Maharashtra, 25,000 to 40,000 acres of prime land are being given away for real estate development. Is the SEZ for industry or is it for real estate development? This is a crucial question. Proposals for SEZs are coming. Tamil Nadu alone has submitted proposals for 86 SEZs. In China SEZs have been set up for technology-transfer in which the people of China are very efficient. They started with six SEZs. We have started with 450 in India. The Left has sent important amendments to the SEZ Act and rules.

In this background, I may state that the decision to set up a chemical hub in Nandigram in Midnapore East was not taken by us. The Union government preferred our proposal for a chemical hub over all others. (The Union government called for the hub to be set up in Haldia. Haldia alone we realised would not do, as we needed another sea port. Kolkata and Kulpi would be ancillary ports.) There was a mistake on the part of the local authority, for it initiated steps without informing the local people. The local people were not aware of the alternative. We have decided not to proceed further here. There is

no need to hurry. Let the debate over SEZ come to a conclusion and then we can look at the project again. I have asked the Party to see that the SEZ debate is brought to a conclusion. We do need the chemical hub where the Indian Oil Corporation is the primary investor. The downstream units will produce textiles from polymer, and rubber from butadiene. This is needed for economic development of the area and the state.

The opposition has brought hoodlums from outside of Nandigram and engaged in sheer violence. We did commit the initial error and we need to proceed with great caution. The land issue is a very sensitive issue. The unrecorded bargadars of Nandigram and Singur feel deprived and they have turned violent. They are poor people. We must carry them with us. If we fail to do that, the distinction between us and the governments in states like Maharashtra and Gujarat will be gone. The Left always looks after the interests of the poor. The effort should also be on to develop industries. We feel that we are at a crucial phase of development. With agriculture as the basis, we shall build industry. This process must be well-planned and the interests of the poor must be safeguarded. There can be no development without the poor. We have to take due note of criticism, which is legitimate in a democracy. We have to convince our people from the ideological and theoretical point of view based on our programme. We must not move away from our class outlook.