Problems of West Bengal Industries

West Bengal's industrial makeup has been undergoing a change. Initiated for the first time during the war; it has continued since then, the move for dispersal was initiated for very different reasons. The present attitude of the Government to managing agency for a necessary corollary of the break-up of managing agency will be centralized in Calcutta, which control the coal and tea industries.

West Bengal, partitioned Bengal, is a small Part A State. But it is still one of the biggest industrial States in this country. If West Bengal, divided Bengal, has become a problem State, its major industries have also become problem industries. Like the State, its industries have not yet succeeded in overcoming the consequences of partition. Two of its major industries, jute and coal, depend, to a large extent, on supply and demand respectively from Eastern Pakistan. Although the tea industry's problems are different, all the three major industries of the State have shown a pronounced tendency to suffer from alternate bouts of booms and depressions. These industries have two common problems. All the three have labour problems. Each is dependent on fluctuating export demands.

**Expansion Discouraged**

During and since the war, this State's industrial make-up has been undergoing a change. Live moves were initiated for the first time during the war, that the location of industries should be away from Calcutta. This was because of this city's proximity to the war zone Kanpur has gained, in consequence, as an industrial centre. The trend towards dispersal has continued ever since, though for very different reasons. The development of new industries in this State has been discouraged. This has some relation to the anti-Bengali feeling of the Bengali. It is partly due also to industry's fears of growing Communism in this State. This raises the question of labour disturbances since partition. All may not have been quiet on the labour front in 1954. But it was a year of relatively smooth relations between labour and capital. Labour trouble may start again in the near future.

Not only industrialists; but New Delhi also seems reluctant to encourage expansion of new industries in West Bengal. There has been an unseemly quarrel between Calcutta and New Delhi about the West Bengal. Government's coke-oven project at Durgapur. Rejection of Durgapur as a location for one of the State sponsored steel plants has caused severe resentment in West Bengal. New Delhi's refusal to allow Birla Brothers to erect a pig iron and a steel plant at Durgapur may be due to a variety of reasons. But there is a feeling in this State that New Delhi is unwilling to encourage development of new industries in West Bengal either because of strategic or of ideological reasons. West Bengal is a border State, with land frontiers with Eastern Pakistan and Burma. Communist influence exists in all these three areas.

**Coal — The Most Controlled Industry**

These are wider problems which do not directly affect the existing major industries. For some years now, the coal industry has been in the doldrums. It complain of two troubles. Many years ago, the transport bottleneck was blasted. But the coal industry still seems to suffer from wagon shortage. This complaint is really a sequel to its major grievance that it is, with the possible exception of the iron and steel industry, the most controlled industry in India. Distribution and price of coal are regulated in details. This affects internal consumption. Exports have been falling in recent years.

An Export Promotion Committee has recently recommended measures to stimulate exports. These suggestions are in the process of being implemented. But exports are not looking up. Internal consumption is stationary at a not unsatisfactory level. But the industry does not expect any appreciable improvement in internal demand. To meet this situation, the industry has been restricting output. Labour is its main problem. About 66 per cent of its production costs are absorbed by labour charges. A Tribunal has been appointed to adjudicate on the dispute between labour and the industry. Its future depends mainly on the Tribunal's verdict.

These problems are undoubtedly important. But an examination of this industry's problems indicates that the industry is diplomatic in not stressing the basic issues involved. Coal is one of the major mineral resources of this country. This seems to be the main reason why it remains the most controlled industry. New Delhi has made no secret that it is determined to ensure conservation of metallurgical coal. New Delhi and some of the States concerned are interested in fuller exploitation of mineral resources in the wider interests of the country. This raises the problem of mineral rights and leases. Colliery owners are apprehensive that their rights and leases may be adjusted at their cost. On wider grounds, no exception can be taken to the Government's policy of ensuring proper conservation and utilisation of a major mineral resource like coal. But there will be surprise that the Government is not yet fully aware of the supreme need for controlled exploitation of such vital strategic materials as mica, manganese and shellac.

**Problem of Raw Jute Supply**

Before the jute industry's problems can be discussed, it is necessary to refer to an issue which is of common interest to jute and coal industries. Since partition, the supply of raw jute has been a constant problem with the jute industry. It was acute in 1950 and 1951. It was comparatively comfortable in 1952 and 1953. It has again become acute now. Raw jute prices are rising mainly because of restricted imports and of hardening prices of Pakistani raw jute. In Eastern Pakistan, price and export controls are now being more strictly enforced. Exports of kurcha bales are banned. This affects India only. It is only natural that Pakistan will try to exploit the advantage it enjoys in its golden fibre. But should or should not be forgotten that, even as India no longer enjoys a near-monopoly in the manufacture of jute goods, East Pakistan is no longer the only area which produces raw jute.

Both coal and jute interests have a common grievance that New Delhi has never been adroit in using its bargaining counter against Pakistan.
THE

KOHINOOR MILLS CO. LTD.

1898 representing over half a century 1955

of experience in the manufacture of the finest quality threads and fabrics of all descriptions.

Managing Agents: KILLICK INDUSTRIES LTD.

KILLICK BUILDING, HOME STREET, FORT, BOMBAY.
Amicable economic relations between India and Pakistan are necessary for progress of both countries. Neither of the two Bengals can develop without free and unrestricted trade intercourse. Economic warfare is as undesirable as political conflicts. A thin crust of hope, that economic interdependence between the two neighbours will be the urge to political amity. This cannot be over-emphasised. Even so, it is surprising that India has never realised fully that she has a quid pro quo in coal. It should not be impossible for New Delhi to inform Karachi, mildly but firmly, that if the Indian jute industry is to be forced to pay higher prices for supplies of Pakistani raw jute, India is in a position to retaliate by charging correspondingly higher prices for coal supplies to Pakistan.

While both friends and critics of the jute industry are keenly debating its future, it has not shown lack of adaptability. It hastened emphatically recommend rationalisation of their jute mills through trial and error, the jute industry is thinking of curtailing working hours, raising the problem of labour troubles. Prevention of labour troubles has important as implementation of rationalisation. It will require all the combined wisdom and diplomacy of both the industry and Authority to achieve these aims successfully.

**COST FACTORS IN TEA**

Like coal and jute industries, the tea industry faces the problem of labour troubles during the critical shortage of capital in the industry. Not only that, but in view of the urge to political amity. This, unfortunately raises the vexed question of non-national interest and influence in the tea industry but it should not. Tea may be the only industry which is still owned and managed by non-nationals. A couple of years ago, tea labour had representations to the Government that the tea industry should be nationalised. Long ago, New Delhi abandoned any intention of wholesale nationalisation of industries. Although the Government did not consider seriously the demand of tea labour for the nationalisation of the industry, it left it in the mind of the public that it was in favour of rapid Indianisation of the industry. Indianisation of the tea industry's technical and managerial cadre is desirable. But there does not seem to be any reason for nationalisation of the industry. Tea is a valuable foreign exchange earner. But India has no monopoly m tea. Nor is tea a scarce, strategic raw material. There can, therefore, be no justification for utilising public resources for nationalising the industry. Not only that, but in view of the critical shortage of capital in the country and the pressing need for fresh capital formation, the utilisation of private savings for acquiring existing assets—in this case the European-owned tea gardens—would be wasteful in the extreme.

During and since the war, Indian capitalists have purchased ownership or managing agency rights in many of the tea companies formerly owned by non-Indians. As Calcutta was the home of British capital in India, it was inevitable that this process of change of ownership was in-extensive but it did not. As Calcutta was the home of British capital in India, it was inevitable that this process of change of ownership was in-extensive but it did not. As Calcutta was the home of British capital in India, it was inevitable that this process of change of ownership was in-extensive but it did not. As Calcutta was the home of British capital in India, it was inevitable that this process of change of ownership was in-extensive but it did not.

**TEA AUCTION AND PLANTATION COMMITTEES**

Even as the future policy of the Government to plantation industries, including tea, is under investigation by an expert committee, the prospects of selling a larger proportion of India's tea output through the Calcutta and Cochin auctions are under examination by another committee. Even today, more than fifty per cent of India's crop is sold within the country. Those who are in favour of continuing sales of Indian tea through London auctions argue that such sales fetch better prices. Assuming that expansion of sales through internal markets will not raise the earnings of the producers, but it will improve the earnings of middlemen and people engaged in the trade, this will, of course, augment the income of the country. Today most of the tea brokers and auctioneers are non-Indians. The situation will change as Calcutta auctions develop and expansion of sales through internal auctions will also augment the country's invisible exports in the shape of shipping, freight and insurance earnings.

This, unfortunately raises the vexed question of non-national interest and influence in the tea industry but it should not. Tea may be the only industry which is still owned and managed by non-nationals. A couple of years ago, tea labour had representations to the Government that the tea industry should be nationalised. Long ago, New Delhi abandoned any intention of wholesale nationalisation of industries. Although the Government did not consider seriously the demand of tea labour for the nationalisation of the industry, it left it in the mind of the public that it was in favour of rapid Indianisation of the industry. Indianisation of the tea industry's technical and managerial cadre is desirable. But there does not seem to be any reason for nationalisation of the industry. Tea is a valuable foreign exchange earner. But India has no monopoly m tea. Nor is tea a scarce, strategic raw material. There can, therefore, be no justification for utilising public resources for nationalising the industry. Not only that, but in view of the critical shortage of capital in the country and the pressing need for fresh capital formation, the utilisation of private savings for acquiring existing assets—in this case the European-owned tea gardens—would be wasteful in the extreme.

During and since the war, Indian capitalists have purchased ownership or managing agency rights in many of the tea companies formerly owned by non-Indians. As Calcutta was the home of British capital in India, it was inevitable that this process of change of ownership was in-extensive but it did not. As Calcutta was the home of British capital in India, it was inevitable that this process of change of ownership was in-extensive but it did not. As Calcutta was the home of British capital in India, it was inevitable that this process of change of ownership was in-extensive but it did not. As Calcutta was the home of British capital in India, it was inevitable that this process of change of ownership was in-extensive but it did not.
steadily progress. It is now enjoying boom conditions. Tea prices are soaring. So also are the industry's earnings and profits. These developments are reflected in rising quotations for tea shares, and in higher dividend payments by tea companies.

**BREAK UP OF MANAGING AGENCY?**

An examination of recent trends and developments in West Bengal's major industries will be incomplete without a reference to the Government's change in attitude to the managing agency system. This was the main topic in the speech of the outgoing President of the Associated Chambers, in his reply to the President's criticism of the Government's hardening attitude to the managing agency system, the Finance Minister emphasised that what was of importance in the private sector was the "dynamism of private enterprise and not static adherence to traditional forms or institutions". Although the Finance Minister was not prepared to discuss an issue which was under reference to a select committee, he as-tired the British business community that the Government was contemplating only to clothe itself with discretionary powers.

**DISPERAL AS COROLLARY**

Despite this assurance, apprehensions prevail that the Government has already decided to introduce substantial adjustments in the managing agency system. Here, the question is not whether the managing agents perform any useful function, or whether the principle of inheritance should be allowed to continue in the system without certain restrictions. But the effects of the Government's decision to introduce adjustments in the managing agency system on West Bengal's industrial development may be emphasised. There are reports that the Government's new policy to the managing agency system has some reference to the respective locations of managing agency houses and the managed industries. There are many managing agency houses in Dalhousie Square which manage tea gardens in Assam, collieries in Bihar and, to take a few other examples, light railway and electrical undertakings and various forms of business enterprises in areas outside Calcutta or West Bengal. If current reports are true, the managing agency houses of Dalhousie Square will have to undergo a complete transformation in their make-up and location. Its repercussions on West Bengal's industrial status will be far-reaching and Calcutta will no longer be the controlling centre of Assam's tea industry, or of Bihar's coal industry. Calcutta will then be the controlling centre of the jute industry alone. And this will be the only major industry in which West Bengal will remain interested. This is a dismal, but not, perhaps, an inaccurate description of the shape of things to come.