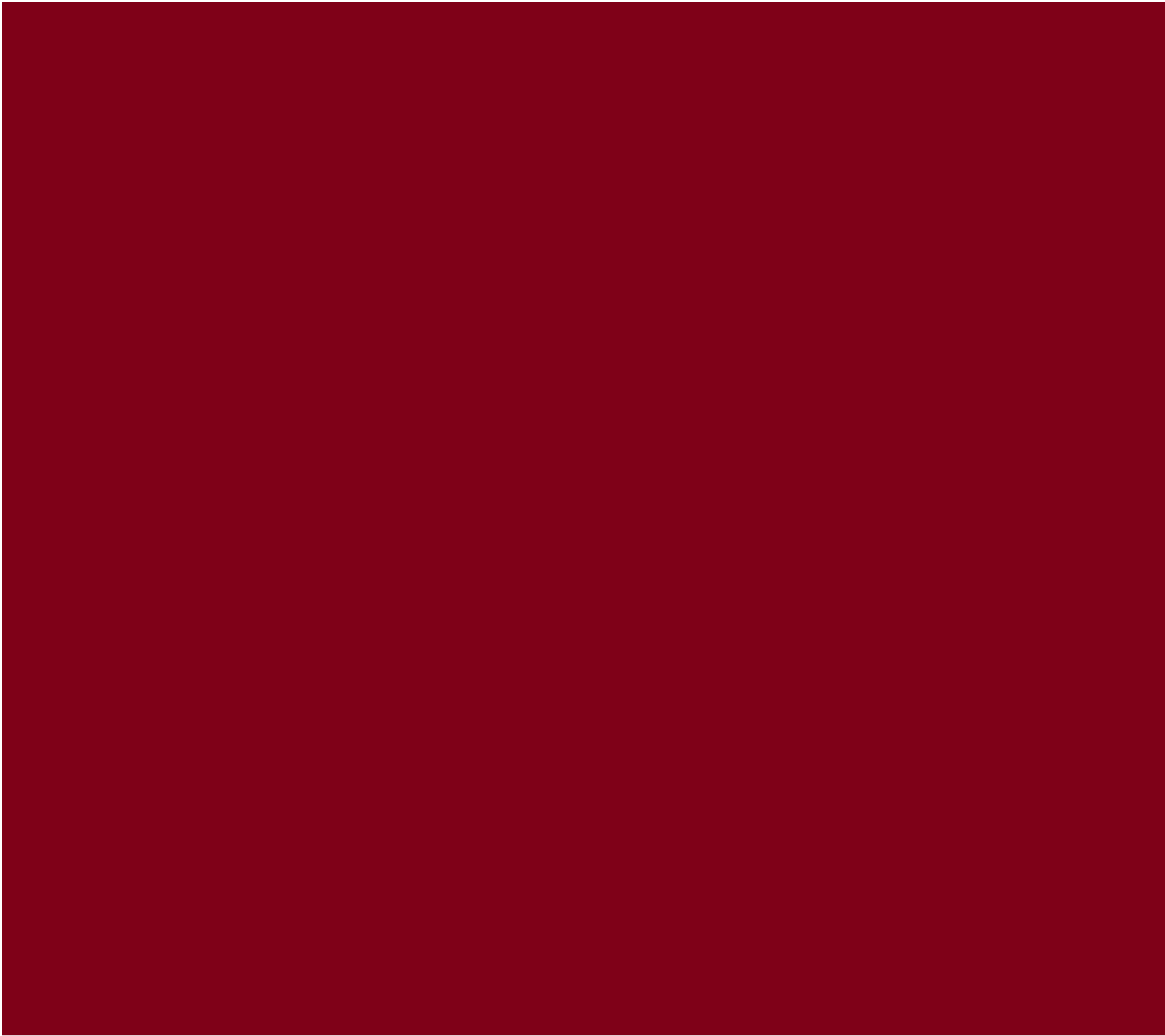


# *Rising Bengal*

The land of opportunities





# Foreword

As Paschim Banga seeks to renew its pledge with destiny and attain its rightful place among the states of the Indian union, it gives us immense pleasure to be a part of this prestigious event. The event has provided us with an opportunity to share our thoughts and perspectives with the help of this background paper, *Rising Bengal: The land of opportunities*.

Led by a new government amidst stagnant finances on the one hand and policy changes on the other, West Bengal is now looking forward to initiatives which will impact the way the state moves ahead. This paper deliberates on the prospects emerging in the national arena that will enable this to happen.

This background paper has involved meetings with stakeholders, including small and medium enterprises (SMEs), policymakers, leading financial intermediaries and technology providers. Many of the recommendations in this paper reflect their collective thinking.

We hope you will find this report insightful and useful.

We welcome your comments on the subject.



**Ambarish Dasgupta**  
Executive Director and Consulting Leader  
PwC India



**Partha Kundu**  
Executive Director, Consulting  
PwC India

# Contents



<b>1. The east</b> A port of entry for trade and commerce	<b>3</b>
<b>2. Key developments in Bengal</b> The last five years	<b>5</b>
<b>3. A more inclusive growth model</b> Key challenges	<b>8</b>
<b>4. Growth enablers</b>	<b>10</b>
<b>5. A roadmap for the next five years</b>	<b>14</b>

# The east

## A port of entry for trade and commerce

The eastern part of India is strategically located and acts as a gateway for South East Asian countries. Since China has overtaken the US as the largest trading partner of India, the east Indian ports have become busy.

Traditionally, ports in the west coast had a significant share in container traffic, at least twice that of the ports in eastern India. However, the trend has shown a reversal as India's merchandise trade with Asian nations is growing faster than that with the West. The eastern ports are closer to where the action in Asia is and are therefore growing.

A study by a consulting firm showed that the share of capacity of western ports is estimated to decline to 66% in 2014 from the current 77%. This indicates that the share of eastern ports is set to rise. Similarly, our trade with countries like Singapore, Japan, Thailand and Indonesia is increasing at a rapid pace. This will lead to increased business opportunities and overall growth for the states on the eastern coast of India.

Bengal is in the forefront of the eastern states that are likely to benefit from the *Look East* policy, initiated in 1991, by the government of Prime Minister P V Narasimha Rao. However, to benefit from this, the state needs to have a long-term strategy in place. One that includes the development of physical and social infrastructure, leverages its position in agriculture, develops manufacturing

excellence and encourages rapid growth in services.

Bengal also acts as a natural corridor to the north eastern states. It can leverage that fact to the fullest by increasing trade with these states. Similarly, it can also coordinate with states like Bihar, Jharkhand and Orissa, which have abundant natural resources, to become a formidable force on the eastern coast.

### *The state of West Bengal's economy*

West Bengal is one of the most densely populated states of India, with a population density of 903 per sq km.

Traditionally an agrarian economy, more than 70% of West Bengal's population lives in rural areas. However, in recent years the service sector has started dominating the state GDP, currently at around US\$ 85 bn. The share of agriculture to GDP has reduced. We have compared key indicators with the leading states to find out the state of West Bengal's economy and how it has changed in the last five years.

*It is evident that the potential for growth in West Bengal remains untapped. The state needs to catch up with the rest of the Indian economy. The share of industry as a percentage of the net state domestic product at factor cost in West Bengal is only 10%, as opposed to 28% in Gujarat.*

Name of the state	Net state domestic product at constant prices (crore)			Agriculture (crore)			Industry (crore)			Services (crore)		
	FY05	FY10	Growth rate	FY05	FY10	Growth rate	FY05	FY10	Growth rate	FY05	FY10	Growth rate
West Bengal	190,072	269,455	7.20%	47295	53,791	2.60%	22,181	27,697	4.50%	120,596	187967	9.20%
Gujarat	172,266	283930	10.50%	30,516	36,950	3.90%	48,762	79121	10.10%	92,988	167,859	12.70%
Maharashtra	368,368	634788	11.50%	40,093	54,413	6.20%	73,774	133,215	12.50%	254501	447160	11.90%
Tamil Nadu	193,927	312,948	10.00%	22,360	27,468	4.20%	36,996	54,533	8.00%	134,571	230,947	11.40%

### State per capita income

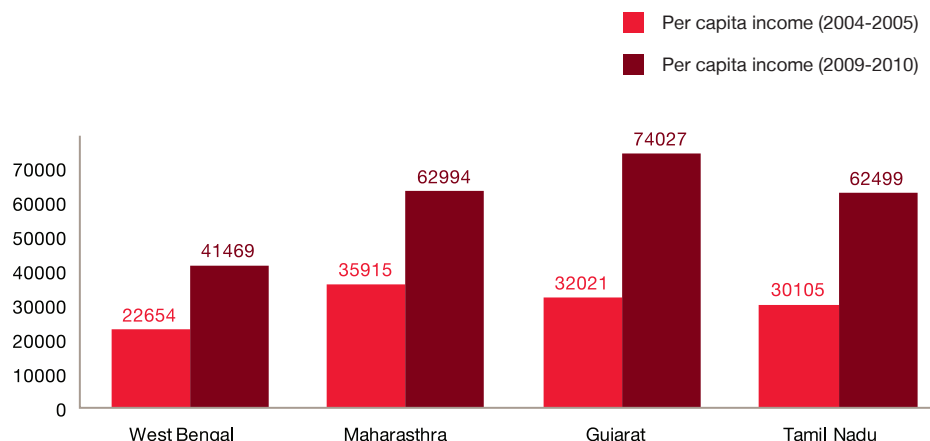
The per capita income of West Bengal in FY10 was lower than the national average of Rs 46,000 and the state was ranked 16th. The contribution of West Bengal to the GDP of India has declined to 6.5% in FY10 from around 7.8% in FY81. On the other hand, the contribution of GDP of states like Tamil Nadu has surged to 7.6% in FY10.

### State of physical infrastructure

**Roads:** Data published by the Ministry of Roadways (2002) shows that Bengal's length of roads was 92,023 km. However, in the last decade, the development of access infrastructure has not kept pace with leading states like Gujarat and Tamil Nadu. Tamil Nadu, as of 2010, had 1,99,040 km of roads and one of the highest road densities in India.

**Power:** West Bengal is considered a power surplus state. However, this has more to do with the declining industries in the state. As of 2008, it had 8,400 MW of installed capacity of electricity. The state has recognised that this might not be enough in the future, and has therefore taken steps to increase this. However, the state utilities are poorly managed in terms of finances and operations leading to losses and putting a burden on the state's fiscal situation.

**Ports:** The state has two major ports-, in Kolkata and Haldia. Both the ports are being modernised to handle the increased cargo. Similarly, the state has only two prominent airports in Kolkata and Bagdogra. The construction of the first privately owned airport, is being promoted in Andal by Changi Airports Singapore. It has not yet started due to land acquisition issues.



### Other economic and social indicators

West Bengal has a lower average ownership of household goods and basic amenities such as electricity as compared with other Indian states.

The state has also fared poorly in education, particularly primary education. According to the data provided by the Planning Commission, it is currently 26th among all states in the composite index for education. The drop-out rates in primary and elementary education (2007-2008) was 35.87% and 63.87% respectively, as compared to the national average of 25.55% and 43.03% respectively. The expenditure under Sarba Shiksha Abhiyan is relatively poor too.

As per the Planning Commission, West Bengal has a deficit in the number of engineering colleges and vocational training institutes thus limiting the supply of skilled labour. The number of engineering colleges in the state is around 90 with 100 ITIs and polytechnics. In comparison, states like Andhra Pradesh and Tamil Nadu have around 500 and

450 engineering colleges respectively. However, West Bengal does house some of the finest institutes in the country in engineering and management, an IIT and IIM, Jadavpur University, Indian Association for the Cultivation of Science, School of Tropical Science among others

In healthcare, the performance is relatively better. Yet, the inter-district disparity is high giving rise to a need for a robust healthcare infrastructure.

# Key developments in West Bengal

The last five years

Due to the significant progress in land distribution, Bengal has been in the forefront of agricultural growth. However, in the process, industrial development slowed down and the then government had to formulate policies focussed on this shift. Policies for bio-technology, IT, ITeS, mines and minerals, public private partnership, housing, tourism, export and incentives were formulated to attract investments.

These were designed to give fiscal and tax benefits to investors to invigorate industrial growth. Even though the state has been able to attract sizeable investment proposals, implementation has left a lot to be desired. The state government had created a single-window facility for industrial growth called Shilpa Bandhu which has not been able to actively engage investors and became more of an information bureau. As opposed to this, in states like Gujarat, all levels are working in tandem to attract investments.

Problems in land acquisition are yet another reason behind the failure of the industrial policy. However, the implementation of projects has increased significantly in the last few years. This still signals optimism.

According to a study by the Associated Chambers of Commerce and Industry of India (ASSOCHAM), Bengal has attracted about 1,000 live investment projects worth

	Number of units	Investment (Cr.)
2005	227	2516
2006	221	3436
2007	291	5073
2008	217	4434
2009	262	8493

Source: WBIDC

Rs 5.81 lakh crore as of September 2010, out of which 50,000 crore of investment proposals were received in the last one year. The manufacturing sector acquired the lion's share of 39.3% in the total live investments followed by power (33.5%), services (20.2%) and real estate (5.5%). The investment in the implementation phase has improved to 24.5%, a substantial jump. However, Bengal does not figure in the top five states, which had attracted 50% of over 105 lakh crore proposals, led by Gujarat, which had a staggering 12 lakh crore worth of investment proposals.

**Growth of the IT-ITeS sector:** West Bengal has been one of the fastest growing states with regard to the IT sector. Around 500 IT and ITeS companies are operating in the state and they employ more than 60,000 professionals.

**e-Governance initiatives:** The West Bengal government was a little late to take off, but it has initiated and completed several e-Governance initiatives. They include West Bengal State Wide Area Network (WBSWAN), E-district initiatives, Common Service Centre (CSC), State Portal and Service Delivery Gateway etc.

Some of the departmental e-Initiatives included the following:

- **Agriculture:** AGMARKET, DACNET, AGRISNET, Matir Katha, AIMS and FAIS
- **Transport:** VAHAN, SARATHI and TIS
- **Finance:** DPPG, pension information system
- **Panchayat and rural development:** Mgov, DRISTI, e-Compendium and e-Procurement
- **Land and land reforms:** BHUCHITRA, land acquisition information system

However, there is a long way to go in institutionalising e-Governance initiatives.

# A more inclusive growth model

## Key challenges

The economy of West Bengal has been performing below par for long. The state was once a forerunner in the manufacture of products such as steel, textile, jute, tea and so on. However, over the years, the focus of the erstwhile government shifted to agriculture and factors like trade unionism forced investors to shift base from the state. West Bengal thus lagged behind in the development of physical and social infrastructure which has given rise to many of its challenges today.

**Poor fiscal situation:** Public finances of the state paint an alarming picture. It leads in per capita debt. It is Rs 2,00,000 crore in debt and the expenditure on salaries, pensions and interest payments on past loans, is around 97% of revenues in the current financial year. The brunt of this has been borne by lack of investments in infrastructure or the delivery of social services—areas, where spending levels are more discretionary.

Some key indicators of comparison with other states are below:

### Revenue deficits and debt

Name of the state	Revenue deficit/GSDP	Gross fiscal deficit/GSDP	Revenue receipt/GSDP	Debt/GSDP
West Bengal	4.20%	3.80%	10.40%	40.80%
Gujarat	0.00%	3.10%	11.40%	31.40%
Maharashtra	-0.80%	2.00%	10.60%	26.70%
Tamil Nadu	-0.40%	2.50%	14.30%	25.10%

### Expenditure pattern of state governments

Name of the state	Dev/GSDP	SSE/GSDP	Capital outlay/GSDP
West Bengal	9.8%	5.5%	1.0%
Gujarat	10.6%	5.4%	3.0%
Maharashtra	9.7%	5.3%	2.7%
Tamil Nadu	12.6%	7.9%	2.7%

The above data clearly shows that while West Bengal is almost at par with other leading states in terms of development and social sector expenditure, capital outlay has suffered. The main challenge of the government is to increase revenue receipt and improve capital outlay to develop spending on infrastructure.

Source: RBI data for 2008-09  
Dev: Development Expenditure  
SSE: Social Sector Expenditure  
GSDP: Gross State Domestic Product



*Decelerating agricultural growth:*

Agricultural growth in West Bengal was one of the key drivers of its economy and data shows that in the 8th Five Year Plan, agriculture in West Bengal grew by a record 6.2%, more than double the growth clocked by major states as a whole. However, the agricultural growth slipped sharply to 2.4% in the Ninth Plan and stagnated at 2.6% in the Tenth Plan, even while the agriculture performance of some of the other states improved. The focus of the erstwhile government on industrial development and lack of improvement in agricultural productivity has taken its toll on the economy of West Bengal. The state government has a major challenge in reviving the agriculture sector and lead it back to its glory days.

*Land acquisition for industry and*

*infrastructure:* Land is a key driver for industrialisations large industries require vast tracts of land. However, as the majority of land in West Bengal is agricultural, its acquisition is an issue. The challenge for the government is to address the issue from a holistic perspective, striking a balance between agriculture and industry.

*Skilled labour:* West Bengal has fallen behind a number of other states in terms of vocational education. Bengal may have skilled professionals with advanced degrees in engineering and management but the state lags behind in vocational skills. Also, due to the industrial decline and migration of corporates, the best brains of the state have moved to other states like Maharashtra (manufacturing & finance) and Karnataka (IT & ITeS) for better opportunities. The challenge for the state is to build capacity to reduce the skill gap and also try to create opportunities so that there is a reverse brain drain in favour of the state.

*Improving physical and social*

*infrastructure:* The road density of Bengal is 1.04, below the national average of 1.1. There is an urgent need to improve road infrastructure. Also, the state faces the challenge of reviving the ailing Haldia port. In terms of social infrastructure, the state needs to pay attention to improve healthcare services and education infrastructure.



# Growth enablers

## Infrastructure development

The role of infrastructure in the country's economic development is paramount. India has envisaged an increase in investment in physical infrastructure from about 5% of the GDP during the Tenth Plan to about 9% of the GDP by 2011–12. Physical infrastructure development is the key enabler to attract investors to the state as it reduces the cost of transportation and in turn, the cost of trade. Similarly, the development of social infrastructure like education and health leads to more inclusive growth.

This was recognised by the erstwhile government of West Bengal and was considered a prerequisite to speed industrial growth. West Bengal has been lagging behind in the development of physical and social infrastructure vis-à-vis states like Gujarat, Maharashtra and Tamil Nadu in the last decade. Here too, land acquisition is a key factor. Several projects in Bengal are stalled due to land acquisition issues. The government needs to improve its efforts to develop the physical infrastructure of the state.

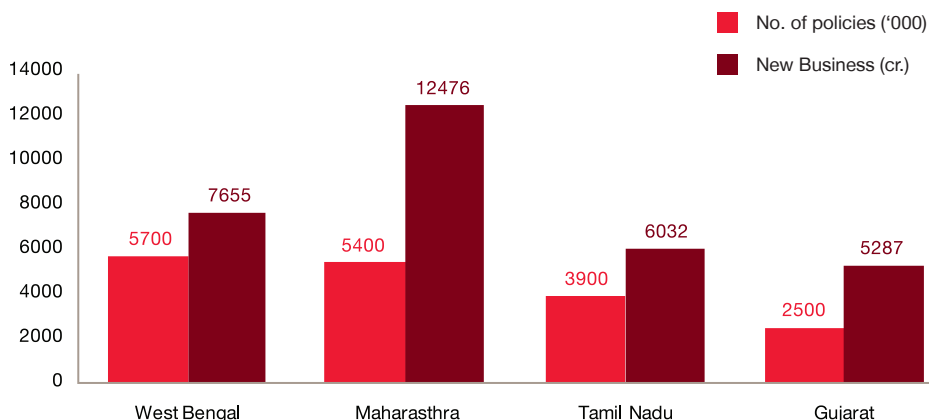
*Connectivity is one of the most important considerations with regard to investment and overall development. However, data shows that in February 2009, 56.2% of West Bengal's habitations (areas with population of 1000 & above) were not connected by road.*

*([www.slideshare.net/.../transforming-west-bengal-changing-the-agenda-for-an-agenda-for-change](http://www.slideshare.net/.../transforming-west-bengal-changing-the-agenda-for-an-agenda-for-change))*



## Growth in financial services: Improving banking penetration

India's soaring economic growth has resulted in the rise in disposable incomes leading to a surge in demand for both corporate and consumer financial services. This surge has manifested itself in dramatic growth in almost all sectors of the Indian financial services industry. Banking has always been a key driver in the growth of the Indian economy. It has been one of the strongest performing sectors with the demand for credit growing at the rate of more than 20% in the last few years. However, the benefits of the banking sector are yet to reach the poorest of the poor.



Although, Bengal is behind Maharashtra in terms of insurance penetration, it fares better than other states (in terms of new premium collected).

Two key initiatives for the financial services sector are as follows:

- Improving loan deposit ratio:** Financial inclusion has been a major issue in India. Yet data reveals that a large part of the deposits mobilised in West Bengal are not invested in the state. Leaning on three decades of discouraging experience, such as labour unrest, lockouts and dishonest industrialists, bankers have adopted a conservative lending approach and opportunities for project finance were few.

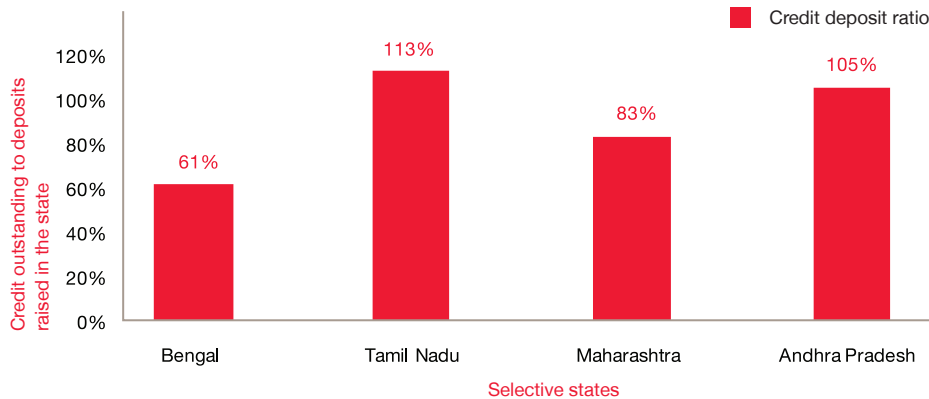
In the last decade, things have improved, with the government taking proactive steps towards industrialisation. However, data shows that the state's loan deposit ratio for FY10 was around 61%, while states like Tamil Nadu had a credit deposit ratio of more than 100%. As of now, the state government needs to work on bringing back confidence

in the state's banking system. Close working with the central government is required to encourage nationalised banks in increasing the loan deposit ratio, while ensuring strict action against errant borrowers. The three major commercial banks headquartered in Kolkata, UCO Bank, Allahabad Bank & United Bank of India have got their act together and adopted many initiatives through technology and business process engineering.

- Improving financial inclusion:** This can be a key enabler for economic development in the state. Financial inclusion encourages inclusive growth and can increase GDP by more than a percentage point.

A recent study by Sadhan Kumar Chattopadhyay, assistant adviser, DEPR and RBI demonstrates how far behind Bengal is in financial inclusion as compared to states like Kerala, Maharashtra and Tamil Nadu. The study based on parameters like penetration, availability and use, ranks Bengal low in the list. Except for Kolkata, all other cities in West Bengal have a low rate of financial inclusion.





While the outreach of banking services, measured in terms of the number of accounts per branch in the state, has increased from 5,046 in 1980-81 to 9,866 in 2009-10, only five districts have achieved above average numbers. The case is similar for the number of accounts per 100 adults which has increased from 40 to 77. Although, the state has undertaken various steps to increase financial inclusion, including identification of districts for 100% inclusion, implementing them remains a challenge.

The National Bank for Agriculture and Rural Development (NABARD) has collaborated with the Indian Institute of Banking and Finance (IIBF) to build capacity for business correspondents (BC) and facilitators (BF) for banks in the state. Currently, the state's aim to achieve 100% financial inclusion seems unattainable as the financial inclusion fund and financial inclusion technology funds have found few takers.

According to the same study, the primary reasons for this financial exclusion are lack of awareness and low per capita income in some districts to maintain a bank account. Moneylenders charging high rates of interest are the major source of rural finance. Banks are also reluctant to approve loans as business borrowers do not have substantial income and viable business plans.

The government can encourage micro finance initiatives by engaging with banks to implement innovative schemes for small borrowers. Focussed efforts should be made to create information networks for individual borrowers to impact loan repayments.

The demand for banking services has not been great. They face supply constraints, the prime reason being that the rural population is still unaware of the benefits of banking facilities. An effective BC model can tackle problems of supply and demand, educate the rural population on the benefits of banking.

Name of district/state	No of accounts per branch		Per capita deposits(INR)		Per capita credit (INR)	
	2000-01	2009-10	2000	2009	2000	2009
West Bengal	8,095	8,966	13,190	34,336	5,858	22,876
Kolkata	10,348	10,064	97,946	317,005	67,276	276,363
Howrah	10,331	10,430	10,227	27,532	1,758	7,961
Hoogly	9,251	10,371	7,741	21,517	1,297	5,209
North 24 Parganas	11,373	11,662	6,101	5,018	783	4,213
North Dinajpur	3,952	6,306	2,421	7,620	737	3,932
South Dinajpur	3,714	5,846				
Puruliya	5,702	6,808	4,475	12,115	841	2,618
Cooch Bihar	4,387	6,782	2,756	7,711	900	4,215



## Information and communications technology (ICT): Driving growth

Technology can be a key enabler in not only improving government initiatives, but also in improving transparency, reducing corruption and lowering the cost of operations for providing such services. In India, government agencies have been using ICT with varying levels of success in order to improve internal operations as well as services offered to businesses and citizens. Apart from this, the success of government policies depend on companies engaged in ICT.

**e-Governance initiatives:** Taking a cue from states like Karnataka and Andhra Pradesh, the early adaptors of e-Governance, West Bengal is pushing for the implementation of such initiatives. The National e-Governance Programme (NGEP) has a vision to make all government services accessible to common people through affordable service delivery outlets, thereby increasing efficiency and transparency. This includes e-infrastructure, common service centres and 27 mission mode projects to be completed by 2014. This will significantly improve service delivery of the state. However, the success of e-Governance projects lies in well conceptualised business process re-engineering with clearly defined roles and responsibilities, including the political will to implement it. Sustenance of the e-Governance model is only possible if the benefits are real and substantial.

One of the key projects under the NGEP is the e-biz project for developing and maintaining a one-stop portal to allow entrepreneurs to obtain central, state and even municipal clearances, licences and permits online. Implementation will include streamlining the processes in all state departments. This will help West Bengal in its objective to woo investors as it will reduce the time to start a business.

### Case studies

#### e-Procurement in Andhra Pradesh

##### Objectives

- To reduce the time and cost of doing business for vendors and government
- To realise better value for money through increased competition and prevention of cartel formation
- To standardise procurement processes across government departments and agencies
- To increase buying power through demand aggregation
- To provide a single-stop shop for all procurements
- To allow equal opportunity to all vendors

##### Benefits

- **Reduce- tender cycle time:** Post e-procurement, the tender cycle time has reduced to 35 days from 90 days for the finalisation of high-value tenders.
- **Reduce corrupt practices:** The e-procurement process has been designed to eliminate human interface to reduce the chances of corruption.
- **Save costs:** Cartels have been eliminated and departments have made significant cost savings. During 2003-04, costs for procurement transactions reduces by 20%, while 12% reduction was registered in 2004-05 due to a competitive environment.
- **Reduce advertisement costs:** Advertisement costs for the press media reduced substantially, as e-procurement tender notices contained only basic information such as the name of work, estimated costs and the URL of the e-procurement site.
- **Evaluate fairly:** Transparency in the bidding process and in the system of automated tender evaluation through smart forms with parameterised qualification criteria has reduced subjectivity in awarding tenders. This has also reduced corruption.



### ***Bhoomi project***

It is a self-sustainable e-Governance project for the computerised delivery of 20 million rural land records to 6.7 million farmers through 177 government-owned kiosks in Karnataka.

#### ***Objectives***

- To reduce manipulation and favouritism through public scrutiny of land records
- To reduce process time for the transfer of title, prevent illegal transfer of government lands, procure, collate and analyse data from manually maintained records
- To create awareness in rural areas on the benefits of e-Governance.

A number of benefits were attached to the successful implementation of such projects. For example, the sanction of crop loans became easier, since banks now access land records more easily. It also reduced the delay in the disposal of court litigation due to non-availability of records. The success of the Bhoomi project led to the Union Ministry of Communications and Information Technology declaring that Bhoomi be made a national model for computerisation of land records and be replicated throughout the country.

West Bengal needs to customise the above models to suit its needs. The state government should focus on implementing ICT initiatives and providing quality services through the above models.

## Key enablers to attract more investments

**Pro-industry policy framework:** The policies for attracting investments in the state need to be in tune with market realities and tailored to the needs of the state.

**Simplification of administrative processes:** Red-tapism has been a big challenge in West Bengal. The administrative process must be conducive and simplified to cut down on the number of days required to start a business. Kolkata was ranked 12th among 17 major cities in India, in terms of conducting business. (Doing Business in India, 2009: World Bank).



# A roadmap for the next five years

A proactive and sustainable drive mentored by the government of West Bengal, with the support of all stakeholders, needs to be implemented to attract investments across sectors. The state's strategic location needs to be used to advantage in driving industrial growth. Over the years, especially in the last decade, Bengal has lagged in terms of growth due to a variety of reasons. While India has grown at an impressive pace of 8% plus, the state has grown at around 6%. To reap the benefits of economic growth, investments in the state need to be encouraged keeping ground realities in mind.

The aim is to create a facilitating environment for a broad-based and diversified industrial sector, similar to China or as witnessed in more successful East Asian countries. For this, a responsive structure with the government setting in place the most appropriate set of policies and playing the role of a mentor and guide is required. We believe successful implementation of e-Governance initiatives can help tangibly in this regard.

We would like to highlight some initiatives that the state can adopt in order to achieve a more inclusive growth:

- Rejuvenate agriculture and improve agricultural productivity.
- Initiate measures to develop manufacturing excellence through the creation of manufacturing hubs.
- Revitalise industries.
- Maintain accelerated growth in the service sector.
- Develop a 'Bengal forum' as a dynamic think-tank.

## *The 'Bengal forum'*

**Improve state finances:** The key challenge facing the state government is the health of its finances. While costs are surging, West Bengal is not generating enough revenue. This has resulted from the lack of manufacturing-based industries and tax exemptions on service-related industries. Also, leakages in revenue collections have compounded the problem. Structural changes are required as there are no immediate or short-term fixes for this problem. In the short term, the state government needs to broaden the base for indirect tax collection and restrict the revenue leakage with the help of fast-tracking e-Governance initiatives. In the long term, the government needs to facilitate industrial development to boost revenue collection.

**Build investor confidence:** The government needs to underline the importance of West Bengal as the natural corridor for the eastern states and East Asia, through brand-building initiatives highlighting the state's core strengths and geographical and logistical advantages. The government also needs to build confidence through a pro-industry outlook, ensure transparency and speed up the decision-making process.

**Adopt the hub-and-spoke model:** West Bengal is one of the leaders in agricultural produce. To encourage effective distribution of agro-commodities, initiatives should be taken to create a hub-and-spoke model where districts or towns are identified to act as a hub and the villages surrounding it can act as its spokes. This will ensure efficient distribution, reduce transportation costs, increase competition and benefit farmers. The hub-and-spoke model can be effectively used for food processing units across the state taking care of issues around supply chain management.



**Create industrial clusters:** The state also has one of the largest small and medium enterprises (SMEs) sectors in the country. To facilitate growth in the SME and micro, small and medium enterprises (MSMEs) sector, industrial clusters need to be created to ensure common facilities, thereby reducing operating costs, increasing competitiveness and developing skills for the sector. There are some good practices that can be emulated from Gujarat, currently touted as one of the front-runners in economic development, for its successful industrial clusters for SMEs.

However, the creation of the hub-and-spoke model and industrial clusters should be done with care based on the needs of the industry. As we have seen, Kolkata and some key districts like Midnapore, Burdwan and north and south 24 Parganas are ahead in terms of economic development. The real focus of the government should be towards strengthening these centres and helping backward districts, particularly in north Bengal, to accelerate growth.

Once the sectors have been identified and industrial hubs created, the government should be proactive in building capacity, upgrading technology and improving product quality.

**Form pro-growth land policies:** Acquisition of land will drive both infrastructure and industrial development. It has remained a contentious issue over the last few years with protection of farmer's interest vis-à-vis industrial growth being a key focus area. The state government has taken steps to create a new land acquisition bill which puts the onus on industrial promoters to directly acquire land from the farmers.

The bill has considered that 62% of the area in West Bengal is used for agriculture, making it difficult to acquire for industrial purposes. For infrastructure development, the state needs to acquire huge tracts of land. We believe a constructive dialogue with local panchayats can help. The state government needs to demonstrate the benefits of infrastructure and industrial development to take farmers on board. There is substantial land which cannot be cultivated, but falls in backward districts. The state needs to join hands with private industrial players to develop infrastructure in those places, by providing fiscal and tax incentives, to encourage them to conduct business.

#### **Develop social and physical infrastructure:**

In the next five years, development of physical and social infrastructure will drive and sustain economic growth. Even the best of policies will not lead to accelerated growth, without infrastructure and economic development. We need to look at China, which built enormous infrastructure before inviting foreign investments. However, the state may not have enough finances to develop infrastructure on its own, which builds a good case for public-private partnership (PPP) initiatives involving multilateral institutions like the ADB, the World Bank, etc.

#### **Key steps for physical infrastructure**

**Roads:** The best way to look forward in this direction is PPP on a build-operate-transfer model. While the physical infrastructure is being built, the e-district initiative will help the government link districts with big towns. Improving operational efficiency of state roadways can play the role of a catalyst.

**Ports:** The government needs to also look at developing ports to de-congest existing ports with potential maritime trade in view. It also needs to anticipate increased trade relations with East Asian nations.

**Power:** Capacity building needs to be done in the power sector. The whole value chain of generation, transmission and distribution needs to be revisited and a framework devised to help the state electricity board improve efficiency in this sector.

#### **Key improvements in social infrastructure**

PPP needs to be encouraged to develop village community centres. Private players can be encouraged to form healthcare centres of excellence and hospitals with suitable incentives. They also need to help the state government improve healthcare in rural West Bengal and backward districts.

The government needs to encourage private participation for vocational training centres, take up more ICT initiatives and open agro-business related institutes in key agricultural hubs.

#### **Develop Kolkata as the financial hub**

**and knowledge capital:** The past legacy of Kolkata when it used to be a major financial centre needs to be revived. The government needs to invite financial institutions to set up offices in Kolkata, like it happens in Mumbai in the west. It should also create 'centres of excellence' through PPP to develop Kolkata as a knowledge centre. The number of vocational training institutes needs to be increased along with the state education centres.

**The 'Bengal forum':** The forum will be a networking body, acting as a think-tank to support all strategic initiatives in the state and attracting all-round talent from within the country and abroad. It will actively support the West Bengal government in attracting foreign investment and helping build a new Paschim Banga and resurrect the glory days of the state.

# *About ASSOCHAM*

ASSOCHAM is one of the oldest Chambers of Commerce which started in 1920. ASSOCHAM is known as the “knowledge chamber” for its ability to gather and disseminate knowledge. Its vision is to empower industry with knowledge so that they become strong and powerful global competitors with world class management, technology and quality standards.

ASSOCHAM is also a “pillar of democracy” as it reflects diverse views and sometimes opposing ideas in industry group. This important facet puts us ahead of countries like China and will strengthen our foundations of a democratic debate and better solution for the future. ASSOCHAM is also the “voice of industry” – it reflects the “pain” of industry as well as its “success” to the government. The chamber is a “change agent” that helps to create the environment for positive and constructive policy changes and solutions by the government for the progress of India.

The road is long. It has many hills and valleys – yet the vision before us of a new resurgent India is strong and powerful. The light of knowledge and banishment of ignorance and poverty beckons us calling each member of the chamber to serve the nation and make a difference.

ASSOCHAM derives its strength from the following Promoter Chambers: Bombay Chamber of Commerce and Industry, Mumbai; Cochin Chamber of Commerce and Industry, Cochin; Indian Merchant’s Chamber, Mumbai; The Madras Chamber of Commerce and Industry, Chennai; PHD Chamber of Commerce and Industry, New Delhi and has over 3 lakh members.

Together, we can make a significant difference to the burden that our nation carries and bring in a bright, new tomorrow for our nation.

## **Contacts**

*The Associated Chambers of Commerce and Industry of India*

ASSOCHAM Corporate office, 1, Community Centre,  
Zamrudpur , Kailash Colony,  
New Delhi 110 048,  
Email: [assochem@nic.in](mailto:assochem@nic.in),  
Web : [www.assochem.org](http://www.assochem.org)

# About PwC

PwC firms provide industry-focused assurance, tax and advisory services to enhance value for their clients. More than 161,000 people in 154 countries in firms across the PwC network share their thinking, experience and solutions to develop fresh perspectives and practical advice. See [pwc.com](http://pwc.com) for more information.

At PwC, we push ourselves - and our clients - to think harder, to understand the consequences of every action and to consider new perspectives. Our goal is to deliver a distinctive experience to our clients and people around the world.

In India, PwC ([www.pwc.com/India](http://www.pwc.com/India)) offers a comprehensive portfolio of Advisory and Tax & Regulatory services; each, in turn, presents a basket of finely defined deliverables. Network firms of PwC in India also provide services in Assurance as per the relevant rules and regulations in India.

Complementing our depth of industry expertise and breadth of skills is our sound knowledge of the local business environment in India. We are committed to working with our clients in India and beyond to deliver the solutions that help them take on the challenges of the ever-changing business environment.

PwC has offices in Ahmedabad, Bangalore, Bhubaneswar, Chennai, Delhi NCR, Hyderabad, Kolkata, Mumbai and Pune.

## Contacts

### *Harsh Bisht*

Executive Director  
Leader – Banking & Capital Markets  
Phone: +91 22 6669 1282  
E-mail: [harsh.bisht@in.pwc.com](mailto:harsh.bisht@in.pwc.com)

### *Robin Roy*

Associate Director  
Phone: +91 22 6669 1360  
E-mail: [robin.roy@in.pwc.com](mailto:robin.roy@in.pwc.com)

### *Partha Kundu*

Executive Director, Advisory - Consulting  
Phone: +91 33 44044298  
Email [partha.kundu@in.pwc.com](mailto:partha.kundu@in.pwc.com)

This publication does not constitute professional advice. The information in this publication has been obtained or derived from sources believed by PricewaterhouseCoopers Private Limited (PwCPL) to be reliable but PwCPL does not represent that this information is accurate or complete. Any opinions or estimates contained in this publication represent the judgment of PwCPL at this time and are subject to change without notice. Readers of this publication are advised to seek their own professional advice before taking any course of action or decision, for which they are entirely responsible, based on the contents of this publication. PwCPL neither accepts or assumes any responsibility or liability to any reader of this publication in respect of the information contained within it or for any decisions readers may take or decide not to or fail to take.

© 2011 PricewaterhouseCoopers Private Limited. All rights reserved. In this document, "PwC" refers to PricewaterhouseCoopers Private Limited (a limited liability company in India), which is a member firm of PricewaterhouseCoopers International Limited (PwCIL), each member firm of which is a separate legal entity.