

State Business Relations in West Bengal

May 24, 2010, Kolkata, India

The workshop on state business relations in West Bengal was organised by CUTS in conjunction with IPPG and held in Floatel Hotel in Kolkata on 24 May. There were 30 participants altogether, including 6 from the media.

Opening remarks were made by Suresh Singh of CUTS International, Mr S N Menon, ex Commerce Secretary, Government of India and Professor Kunal Sen of the University of Manchester, and Joint Director of IPPG. Mr Menon provided a succinct view of state business relations in West Bengal, borne from his experience both in the economic bureaucracy and as a member of various boards in the corporate sector. Professor Sen stated that while state business relations had improved in India overall, there was a lot that had to be done, and India could learn from the collaborative relations between the public and the private sector observed in Japan, Korea and Taiwan.

The first presentation was made by Dr Rajesh Raj S.N. of CMDR, Dharwad, who described the findings of the research on measuring state business relations and quantifying their effects on growth. The attempt to measure the essence of state business relations in the Indian context was commented on favourably by the audience.

The second presentation was by Dr Deepita Chakravarti of CESS, Hyderabad, and Dr Indranil Bose of St Xavier's College, Kolkata, on the evolution of state business relations in West Bengal.

The session was chaired by Mr Nilachal Ray, formerly a top official in the Ministry of Industry and member of the Policy Reference Group of the state business relations research programme. The discussant was Dr Jyotish Basu of West Bengal State University, Barasat.

The path-dependency of the institutions that govern state business relations have also been found in the case of the state of West Bengal. a coastal state in Eastern India, and unique among Indian states not only by virtue of being ruled by an uninterrupted Leftist regime for the last thirty-two years, but also by having witnessed a turnaround in its outlook towards private capital by the state government from being out rightly hostile in the 1980s to a more positive one in the early 1990s.

Chakravarti and Bose showed that this change in policy by the state government towards the private sector did not have desired outcomes in bringing about an increase in the rate of growth of the formal manufacturing sector, with most manufacturing activity remaining in the exploitative and low productivity informal sector. They attributed this to 'sticky' political institutions such the existing attitudes towards the private sector among lower level functionaries of the ruling party which has been resistant to change. The audience remarked that the findings of the research were very important for the understanding of industrialisation in West Bengal.

The workshop concluded with a vote of thanks by Mr. N. K. Sinha, Calcutta Resource Centre.