



# Aspiration Bengal Foundation

Promotion of West  
Bengal as an  
Investment Destination

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# About Aspiration Bengal Foundation

## FOUNDED BY ALUMNI OF IIT KHARAGPUR

Pioneering effort from alumni of a state-based, institute of eminence to altruistically work for the state.

## MAIN OBJECTIVES

- Participate in the socio-economic development of the state
- Support human development, other welfare measures

## POSITIONING

- Credible, non-partisan, independent “think-tank”
- Facilitate implementation of initiatives, as needed

## FUNDING SOURCE

Alumni-network, no dependency on any institution



# Initiatives Launched

(Partner: Government of West Bengal institutions)

**Initiative 1:** Promoting WB as an investment destination: ABF funded study undertaken by IIT-KGP faculty (Partner: WBIDC)

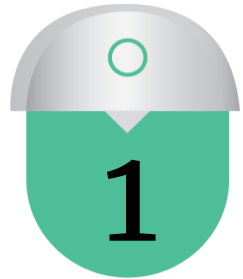
**Initiative 2:** Strengthening of University-Industry-Linkages (UIL) in Bengal for selected institutions\*: started with Round Table of VCs and Deans on 16<sup>th</sup> March 2022 (Partner: WBIDC)

**Initiative 3:** (in the pipeline): work with GoWB to facilitate further growth of MSMEs in the state (Potential Partner: D/o MSME&T)



\* Ten (10) institutions: Jadavpur Univ. (Faculty of Engg), IEST Shibpur, MAKAUT, Kalyani Govt. Engg College, Jalpaiguri Govt. Engg. College, Sreerampore Textile Engg. College, Ceramics Engg. College, Agri-Univ (BCKV, UBKV, WBUAFS)

# State Advantages\*



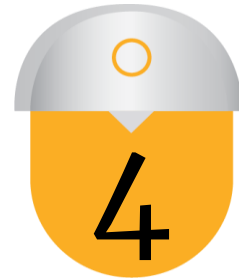
Ease of Doing Business: Best State in 2021



Cost of doing business among the lowest.



No industrial strikes/lockouts in the State in the last decade



Highest / One of the highest producers in agriculture and horticulture (paddy, vegetables, fruits, jute), fisheries and animal husbandry (highest cattle population in the country).



Tourism potential: hills, forests, tea gardens, river cruises, sea beaches, heritage-tourism (more conservation initiatives are in progress), cultural circuits like Durga Puja.



## Five Year Trend of Economic Growth

Net state value added (%YoY growth)	FY17	FY18	FY19	FY20	FY21
India (GDP at current prices)	11.8%	11.0%	10.5%	7.8%	-3.0%
India (GDP at constant prices)	8.3%	6.8%	6.5%	4.0%	-7.3%
India (GVA at current prices)		11%	11%	8%	-3%
Gujarat		14%	13%	9%	NA
Haryana		13%	11%	11%	-2%
Karnataka		10%	11%	9%	2%
Maharashtra		8%	10%	10%	NA
Tamil Nadu		12%	12%	10%	6%
Uttar Pradesh		10%	11%	6%	0%
West Bengal		12%	12%	10%	8%

Shown resilience during the pandemic



## Findings from our study (1 of 2)\*

Comparative between Maharashtra, Tamil Nadu, West Bengal using last 15 years data compiled from Reserve Bank of India sources

State	Gross Value Added (2004-05)	Gross Value Added (2018-19)	Expansion in the size of state's economy	Invested capital (2018-19)
Maharashtra	INR 603.9 bn (USD 8.6 bn**)	INR 2,323.8 bn (USD 33.2 bn)	3.8 times in 15 years	INR 6,243.8 bn (USD 89.2 bn)
Tamil Nadu	INR 269.4 bn (USD 3.8 bn)	INR 1,682.8 bn (USD 24.0 bn)	6.2 times in 15 years	INR 4,223.3 bn (USD 60.3 bn)
West Bengal	INR 126.9 bn (USD 1.8 bn)	INR 509.9 bn (USD 7.3 bn)	4.0 times in 15 years	INR 1,793.3 bn (USD 25.6 bn)

- Maharashtra 38,131 factories, Tamil Nadu 25,972 factories, WB 9,420 factories. MH, TN has seen a jump in number of factories since 2009-10
- Percentage national industrial employment: MH 12%, TN 16%, WB 5%

\* Findings from ABF commissioned study, undertaken by faculty of IIT Kharagpur (period: Feb – June 2022)

\*\* US Dollar values computed using exchange rates prevailing on March 31, 2019 (1 USD = 70 INR)



## Findings from our study (2 of 2)\*

- Analysis of ten years (2008-09 to 2018-19) Government of India unit-level industries data, grouped by states, and industrial sectors.
- Comparative between Maharashtra, Tamil Nadu, West Bengal

Competitive landscape: comparator between states	Higher profitability / cluster possibilities in West Bengal	Other attractive sectors in West Bengal
High competition (investors can be attracted)	Food products (also analysed as the most efficient sector)	Basic metals (also analysed as efficient sector)
Moderate competition (can be potential investor groups)	Possibility of a plastics park in Kharagpur area (downstream of Haldia Petrochemicals)	<ul style="list-style-type: none"><li>• Textiles</li><li>• Fabricated metal products</li><li>• Light machinery &amp; equip.</li><li>• Chemical products,</li><li>• Other non-metallic prod.</li></ul>
Low competition (low forward and backward linkages)	<ul style="list-style-type: none"><li>• Electrical equipment</li><li>• Wearing Apparels</li><li>• Products of wood and cork, except furniture</li><li>• Pharma, medicinal chemical, botanical prod.</li></ul>	<ul style="list-style-type: none"><li>• Leather products</li><li>• Paper products</li><li>• Computer, electronics and optical products</li></ul>

\* Findings from ABF commissioned study, undertaken by faculty of IIT Kharagpur (period: Feb – June 2022)



# Ease of Doing Business: recent improvements

Lesser number of documents from enterprises are now required\*

Documentation | **The Lesser, The Better**

Services	Number of documents needed earlier	Number of documents needed now
Mutation of land for setting up Industries	8	5
Conversion of land for setting up industries	10	5
Registration of Deed	11	6
Factory License	10	7
Factory Plan Approval	5	3
Registration for Property Tax	3	0
CoE & CoO for Green Category industries with Capital investment up to 5 Cr exception tanneries in CLC	7	2
Trade License	9	2
New Electrical Connection	9	2

\* Source: Ease of Doing Business, Government of West Bengal





# Ease of Doing Business: recent improvements

## Easing of inspection procedures\*

#	Procedure	Earlier	Now
1	<b>Inspection process and documents</b>	Discretion of the visiting inspector	Pre-defined and checklist of documents in public domain
2	<b>Selection of inspectors</b>	Manual and arbitrary	Computerized and Randomized
3	<b>Consecutive inspection</b>	No restriction by same inspector	No consecutive visits by same inspector
4	<b>Surprise inspections</b>	Discretion of the inspectors	Not without Department's permission
5	<b>Inspection Report</b>	Manual, at least 7 days	Online, within 48 hours

\* Source: Ease of Doing Business, Government of West Bengal



# Findings from study of one industrial park

## Advantages

- Process of land lease is smooth and simple
- Procurement process of required licenses is prompt and increasingly getting simplified
- Lease rates are relatively lower than other states
- Infrastructure in the park is reasonably good
- Access is good, specific to the park studied

## Areas of Improvement

- Electricity tariffs: there may be a scope for reduction
- Leasing of land (presently leased for 99 years) may be more flexible. Flexibility linked to mergers and acquisitions
- Enhancing business culture and professionalism
- Industrial relations (labour union interface) can improve
- Government officials, can be even more responsive

# Findings From in-state Entrepreneurs



1 Proximity to raw materials, inputs: depends on industry

Availability of labour at comparatively lower cost, and lower attrition levels, compared to some other states

2

3 Relatively lower overall cost of production, but industrial power tariffs are quite high.

None of the interviewees faced serious labour activism. However, issues with politically-affiliated workers remain.

4

5 Logistically easier to meet Eastern and North Eastern demand, export advantage to East-Asian countries



## Why entrepreneurs invest outside the state\*

- Tax benefits in some other states, and proximity to raw material
- Higher degree of professional approach and conducive business climate
- Land acquisition may be relatively easier in other states
- Availability of higher skilled workforce, technical and vocational training centres in some other states
- Existence of large units, thereby an existing vibrant ecosystem, in states with the more robust manufacturing base
- Achieving compliances by units in SEZs of other states are less onerous

\* Source: discussions with entrepreneurs, findings are indicative, points to the need for a larger state-wide study

# Areas Where Further Focus is Required

Imperative to draw large investments: helps build an ecosystem of ancillary units, facilitates growth of the industrial economy in the state, and creates quality jobs

Spatial dispersion of industrial clusters: growth needed in areas other than Kolkata-Howrah and Haldia.

Land acquisition process can be simplified, attention needed to improve Industrial Parks (public and private)

Availability of high-skilled techno-managerial personnel, technical leads is increasingly becoming a challenge



## Contribution Acknowledgement:

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