

Changing nature of economic sectors and its importance on District economy: A case study on Howrah

District, West Bengal

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Abstract

In West Bengal the Howrah district is very much popular mainly for its developed economy as well as heritage of British India. Here this article is mainly dealing with the changes, occurring in different economic sectors of Howrah district in recent years and the effects of such changes on its economy. Various cartographic techniques and calculation have been employed to analyze the trend in economic sectors and its impact on district economy. From the study it is observed that the district has no strong base in primary sector. Mainly the industrial sector dominated the economy up to 1993 but after that the dominancy shifted towards service sector and huge number of employment generated from 1993 to till now through it. Here it is found that such alteration provides a positive outcome to the district economy as well as state economy. Due to colossal contribution of secondary and tertiary sector, Howrah achieves 2nd and 3rd position in case of GDDP and NDDP respectively among the districts of West Bengal during 2004-05 to 2012-13 and also helps to increase the growth rate of Per Capita Income (19.27% per year) of the district in last few years. Though it has good economic background, has been facing some challenges like – low work participation rate, shortage of cultivable land, less improvement of agricultural allied activities, low female work participation in rural areas etc.

Keywords: MSME Unit, GDDP, NDDP, Per Capita Income

Introduction

Nature and pattern of economic activities of a region depicts its level of economic development as well as economic potentialities. The district Howrah has gained its importance from the opening of railways from Howrah since 1854. After independence to till now this district has showed a changing pattern in the dominancy of economic sectors. Basically this district has known as an industrial district from the establishment of rail ways because the individual heritage of the district has achieved enviable successes and plays an important role in the economy of both state and country as a whole. After independence the rapid growth in service sector has been observed along with the industrial sector as transport communication, construction, trade, hotel- restaurant, banking, educational institution and public administration etc. Basically the literacy rate of the district is very high about 83.85% and concentration of urban population is around 63.3% that is why people more and more trying to engage with several activities related to service sector. And in recent few years the dominancy in economic sectors shifted from secondary to tertiary sector. This alteration provides positive economic outcome to the district and leads this district as one of the important economically developed district of West Bengal.

Study area

The study area is Howrah district in West Bengal. The district is situated between 22°46'55" to 22°12'30" North latitude and between 88°22'10" to 87°50'45" East longitude. The total geographical area of this district is 1467 square km. The district is situated in the Ganga Delta plain where the tributaries and

distributaries of Ganga as Hooghly, Rupnarayan and Damodar rivers play a vital role for its economic development.

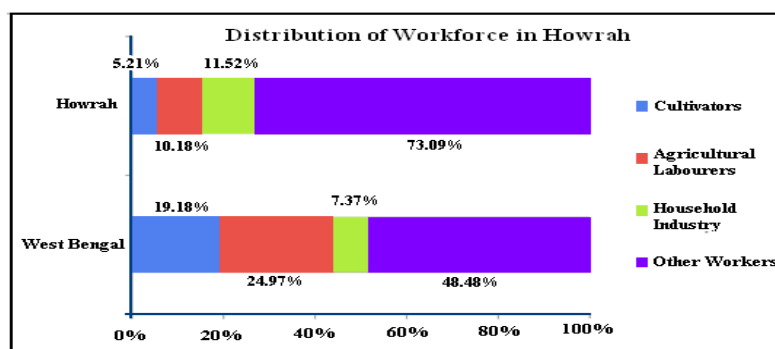
Objectives of the Study

- ❖ To study the present characteristics of economic sectors in Howrah district.
- ❖ To analyze the trend of work participation in different sectors of economy in Howrah.
- ❖ To examine the contribution of different sectors to the district economy.
- ❖ To find out the hindrances in the way of economic development of Howrah district.
- ❖ To provide some possible solution to carve down those problems.

Methodology

Methodologically the work is based on secondary data. Various secondary data have been collected from different offices, E sources, books etc. As District Statistical Hand Book has been collected from the office of Bureau of Applied economics & Statistics, various state Government and central Government report on Howrah district have collected from E-sources etc. After that data have been tabulated and represented through suitable cartographic techniques. From these cartographic techniques it becomes easy to analyze and interpret.

Present distribution of workforce and future requirements in Howrah District (2009)

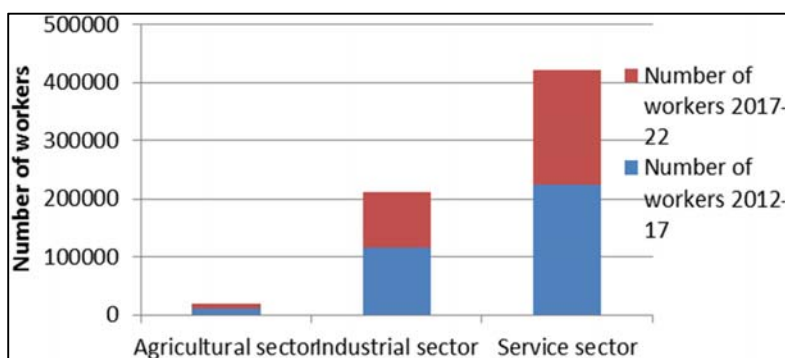


Source: NSDC West Bengal (2012-17, 2017-22)

Fig 1

This diagram clearly shows that at present more than three fourth of total working population in Howrah is relying on other than primary activities like industrial and service sectoral activities. And the sectoral dominancy is captured by service sector where as in West Bengal almost half of the total working population is under primary sector. So there is a big difference in the structure of working population between district level and

state level. This is occur because of Howrah being a hub of industrial as well as commercial activity, providing varied employment opportunity, which attracts many jobseekers ranging from labourers to white collar workers. In case of unorganized rural sectors it is observed that there is a significant influx of adult and child workers from nearest states like Jharkhand, Orissa and Bihar.



Source: NSDC West Bengal (2012-17, 2017-22)

Fig 2: Future workforce requirements in Howrah district from 2012 to 2022

This incremental manpower requirement for future in the district has estimated on the basis of investment into various sectors, employment generation potentials, national level benchmarks etc. Here for agricultural sector only two sectors as Animal Husbandry and Pisciculture have been included. Normally we can find that the future work force requirement in service sector is higher than other sectors. There is no good sign of employment generation in primary sector. Another thing is that the estimated rate of potential employment generation in 2017-22 is slightly down than the year 2012-17.

Present nature of Primary sector (Agriculture & Allied activities) in Howrah district

This district has no significant amount of mineral resources. There is limited scope for agricultural activities because

insufficient availability of cultivable land, transformation of agricultural land to homestead land, fragmented agricultural land, low level utilization of modern agricultural machineries, insufficient storage capacity and increasing scope in industrial and service sectors lead a significance reduction in cultivation. There are so many factors control the agricultural production. One of the most important natural calamities is flooding which causes huge loss to the farmer. Udaynarayanpur, Amta, not getting sufficient profit from agriculture due to flood prone condition. According to 2009-10 only 57.44% of total geographical area is under cultivation. Rice is the dominant agricultural crops and accounted 72.02% of the net sown area.

Tab 1: Area under principal crops in the Howrah district

Crop	Area in 000 hectare					% growth rate from 1999-2004	% growth rate per year
	1999-00	2000-01	2001-02	2002-03	2003-04		
Total Food grains	135	114.7	123.6	132	142.1	5.18	1.036
Total Oil seeds	4	5.3	4.4	2.6	5.8	45	9
Total Fiber	4.2	6.8	4.7	4.1	7.1	69.04	13.8
Total Miscellaneous crops	9.8	9.6	7.7	11.2	7.1	-27.55	-5.51
Flower & Fruits	0	3.86	4.21	4.53	4.59	18.91	4.73

Source: District Statistical Handbook 2004 Howrah

In the table it can be see that the area under food grains increases insignificantly from 1999 to 2004 as 1.036% per year where as the area under oil seeds, fibre (mainly jute) and fruit & flower are increasing significantly. The recent changes which are finding in agricultural sector are - people are interested more with the flower, oil seeds and fibre production (mainly jute) than food grains. The land under principal crops gradually transform into oilseeds and floricultural crops in recent few years. The growth rate of food grain production during 1991 to

2006 was 1.3% and ranked 16th among the districts in West Bengal. In case of agricultural allied sectors like Animal Husbandry, Forestry & Mining, there are no significant progresses but in case of Pisciculture a sign of relatively good progress has been observed though this is relatively low in comparison to other districts. The district has a serious concern about its forestry because it does not have any reported forest area. According to the year 2009-10 around 86000 people are engaged in primary sector of economy in Howrah district.

Tab 2:

Classification of land utilization statistics in the district of Howrah (Area in '000 ha)										
Year	Reporting Area	Forest Area	Area under Non-agricultural use	Barren & unculturable land	Permanent pastures & other grazing land	Land under misc. tree groves not included in Net area sown	Culturable waste land	Fallow land other than current fallow	Current fallow	Net area sown
2001-02	136.01	-	45.41	0.11	0.04	1.68	0.22	0.39	8.02	80.14
2002-03	138.68	-	46.26	0.24	0.49	1.39	0.14	0.55	6.48	83.13
2003-04	138.68	-	43.77	0.75	0.14	0.74	0.14	1.11	4.92	87.11
2004-05	138.68	-	46.87	0.19	0.03	0.94	0.15	1.01	4.59	84.90
2005-06	138.68	-	49.89	0.01	0.00	1.97	0.08	0.80	4.27	81.65

Source : Directorate of Agriculture (Evaluation), Govt of WB

In the table it is observed that from the year 2001-02 to 2005-06 the net sown area is increases very insignificantly as 0.376% per year and during that year up & down in net sown area also found and in the same period the area under nonagricultural use increased at rate of 2.01% per year. It get clear that the development of primary sector is lag behind in Howrah.

Present status of Secondary sector (industrial) in Howrah district

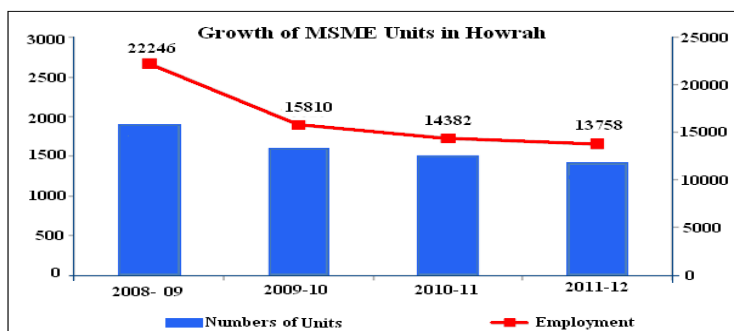
The district of Howrah once occupied the prime position and was considered to be one of the highly industrialized districts in West Bengal. Different industries like engineering, consumer goods industries, casting steel fabrication, ship building, construction, forging, electric installation, manufacturing of

industrial electrical goods accessories etc have a good concentration in the district. The present industrial areas of Howrah district are – Howrah I.E (maidan), Baltikuri I.E, Bauria I.E, Shibpur I.E Ph-I, Shibpur I.E Ph-II, Uluberia Ph-I, Foundry Park at Domjur, Food park at Sankrail, PolyPark, Sankrail, Foundry Park, Rubber Park, Sankrail etc. All of these major industrial area of Howrah are located its north eastern part and very close to Kolkata. That is why few blocks in north eastern part have higher concentration of urban population. As per 2011 estimation there are 3181 registered factories operating in Howrah district providing daily employment of 174696.

Tab 3: Year wise trend of units registered and employment generation

Year	Number of registered units	Employment	Investment (lakh Rs.)
2006-07	725	7944	7987
2007-08	2788	29589	33882
2008-09	1893	22246	21170
2009-10	1601	15810	23297
2010-11	1510	14381	13473
2011-12	1418	13758	19254
Total	9935	98728	118563

Source: Dte. Of M&SSE, WB



Source: NSDC West Bengal (2012-17, 2017-22)

Fig 3

From the table it can be observed that between 2006-07 and 2011-12 (march) the medium and small scale enterprises (MSME) has witnessed growth of 9935 units generating employment over 98728 during that period but the growth of employment and registered units per year gradually reduces. This is occurring because of urban industrial employment generation rate gets slowed down in most recent period. The big decline of employment in organized sector occurs not only in Howrah but North 24 paraganas and Barddhaman also. The poor performance of organized industry has prevented

employment expansion in recent few years. Several situations like non availability of land, lack of proper policies, non attracting schemes and gradual shutdown of several industries. Besides these factors conflict between owner and labour, reduction in capital flow, interrupted flow of raw materials hampered the production of this district. The effects of Globalization provide a momentum in economic development but the big industries are benefited through it. But the small industries were facing tremendous pressure in market. The effect can be seen from the data mention below.

Tab 4: Year wise share of different sectors in district domestic product of Howrah

District	Sector	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-2000
Howrah	Primary	9.9	11.6	11.6	15.8	15.8	14	13.8	14.1	13	13
	Secondary	50.7	49.2	48.7	31	30.7	32.4	33.9	32.3	32.1	32.4
	Tertiary	39.4	39.2	39.7	53.2	53.5	53.6	52.3	53.6	54.9	54.6

Source: Government of West Bengal. District Statistical Hand Book. Bureau of Applied Economics & Statistics.

From the table it gets clear that from 1990 to 2000 the share of secondary sector to DDP decreases from 50.7% to 32.4% which shows the effect of downfall of industrial sector. If we analyze the data then we can easily found that from 1990-91 to 1992-93 the share of industrial sector reduces gradually but after 1993 the share reduces abruptly (i.e. 48.7% in 1992-93 to 31% in 1993-94).

Present trend of Service sector in Howrah district

From the year 1993 the rapid increase in share of workforce has been observed in tertiary sector. The stagnation condition of primary sector and not significant growth of secondary sectors is the main key to shifting human force to the services like transport- communication, construction, banking, trade, hotel &

restaurant and others. In the earlier diagram it has seen that the total work force in service sector is 73.01% according to 2009-10. This is the huge portion of workforce engage in service sector. At present the major service sectors in Howrah are Retail, construction and transport & communication. The future labour requirements from 2012 to 2022 in these three sectors are 156049, 99176 & 75468 respectively and also showing a gradual increasing of labour requirements. These three sectors ranked 1st 2nd and 4th among the other service sectors in Howrah in respect of labour requirements. Recently the hotel and restaurant, hospitality, security services & financial services are newly emerging service sectors in Howrah. An example is cited below to state the trend of service sector.

Tab 5

Year	Goods vehicles	Motor car	Taxi & contact carriage	Auto rickshaw	Mini bus	State carriage	Total
2000	16552	6892	1270	1455	783	1623	30575
2001	16922	7918	1359	1470	811	1651	32132
2002	17445	8968	1479	1491	829	1661	33875
2003	18491	10724	2642	2042	684	1294	37880
2004	19072	11235	2964	2046	700	1297	39318
Growth percentage per year							5.71%

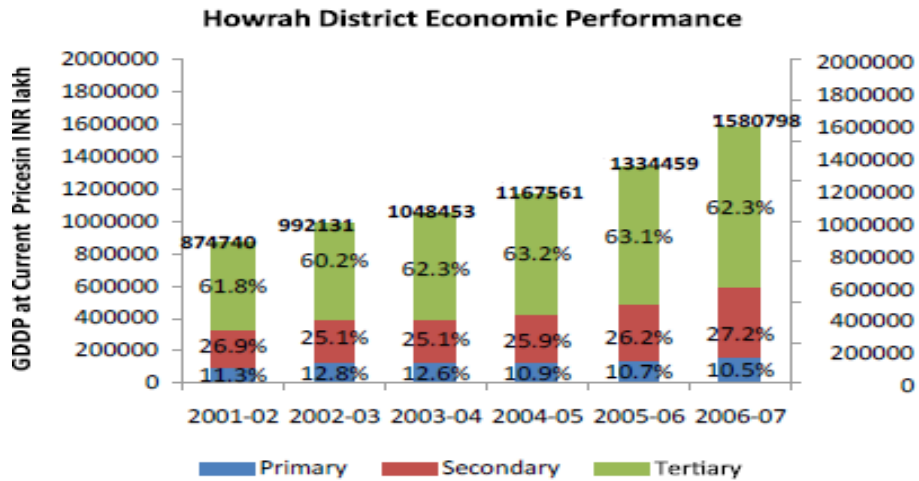
Source: District Statistical Handbook 2004 Howrah

In recent few years a well-connected transport system has developed in Howrah due expansion of State way, national highway, railways etc and this expansion generate a good amount of employment opportunity in Howrah. Not only transport but also with the increasing literacy rate, the educational institutions also increase and consume a good number of employees. The real-estate economy is one of the fastest growing economies, having a great potentiality to generate employment in cities and city region in Howrah,

provides daily basis income which makes people more interested on it.

Importance on District economy as well as State

In the earlier discussion the service sector (Tertiary Sector) consumes the bigger workforce in Howrah district and next is industrial sector (secondary Sector). These three sectors played an important role to accelerate the rate of NDDP, GDDP, and Per capita income in the district as well as in state economy.



Source: NSDC West Bengal (2012-17, 2017-22)

Fig 4

In the diagram it is observed that the contribution of primary sector in GDDP was going down from the financial year 2002-03 to 2006-07 where as in case of secondary the contribution is slightly increases during above mention time period. During the year 2001-02 to 2002-03 the contributive growth rate of primary sector was positive because in the devastating flood of 2000 the production of crop was hampered and due to this percentage of contribution to GDDP of primary sector became lower in 2001-02 but in 2002-03 financial year the hindrances had reduced than previous year and that's why the percentage of contribution to GDDP of primary sector boost up to 12.8%. In that time the contribution from other sector was going down

negatively but after that the growth rate continue increases and primary sector again lag behind. The continuous decries of primary sector in the share in GDDP after 2003-04 shows that the workers engage with primary sector are getting economically depressed. It is also fact that due to stagnation of production and lowering the net sown area and not popularity of allied activities etc. But it is clear that the tertiary sector most dominating sector contributing one third of Gross District Domestic Product in Howrah at present. In the past the secondary sector contributed the greater part of GDDP. At present it going down but also plays an important role to district economy.

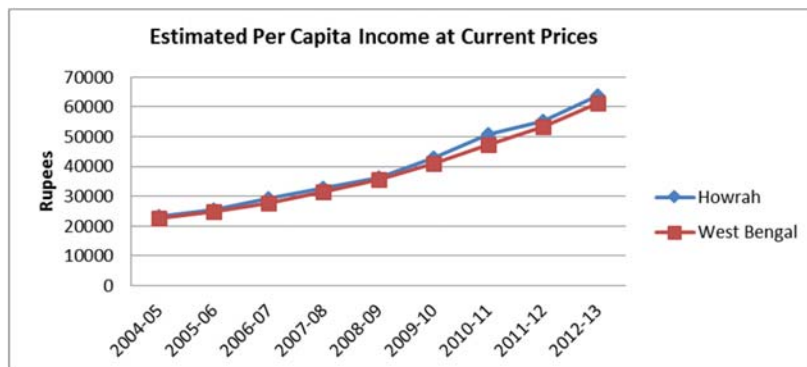
Tab 6

Estimates of Gross District Domestic Product at current price (Rs. Crore)									
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Howrah	11614.02	12913.95	15046.05	17037.49	19186.92	23055.62	27690.25	30582.39	35872.54
West Bengal	208656.36	230244.95	261681.87	299482.75	341942.48	398880.38	460958.94	528315.74	612700.96
Estimates of Net District Domestic Product at current price (Rs. Crore)									
Howrah	10459.69	11579.87	13569.65	15380.77	17164.44	20616.65	24801.31	27193.27	31891.68
West Bengal	190028.88	209726.06	238629.48	273556.69	310530.02	362516.74	421231.31	480375.84	557091.63

Source: State Domestic product and District Domestic Product of West Bengal 2013-14

If we want to compare with the state level then we find that the growth rate of Howrah in GDDP was 23.20% per year where as in West Bengal it was 21.51% during 2004-05 to 2012-13 and the growth rate was also higher in case of Net District Domestic

Product (NDDP). During that period the growth rate of district Howrah and West Bengal (state) was 22.77% and 21.46% per year respectively.



Source: State Domestic product and District Domestic Product of West Bengal 2013-14

Fig 5

In case of Per Capita Income the registered growth rate was 19.27% per year during 2004-05 to 2012-13 for Howrah district. During that period Per Capita Income of Howrah district always higher than of State level. In comparison to other district for contributive growth rates of Gross District

Domestic Product and Net District Domestic Product of West Bengal at Constant Price (2004-05) Howrah ranked 2nd and 3rd respectively during the year 2004-05 to 2012-13. This is a great achievement for Howrah where as some of major district has showed the negative growth rate. The table is given below.

Tab 7

Distribution of Gross District Domestic Product of top districts in West Bengal at Constant (2004-05) Prices (%)										% of Growth rate
Districts	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2004-13
24 Paraganas (N)	11.70	12.24	12.15	12.47	12.86	12.57	12.63	12.78	12.95	10.68%
Burdwan	10.71	10.35	10.66	10.38	10.16	11.03	10.88	10.79	10.64	-0.65%
Kolkata	9.45	9.83	9.89	9.88	10.05	9.31	9.19	9.43	9.49	0.42%
Midnapore (E)	8.02	7.52	7.57	7.44	7.56	7.20	7.81	7.49	7.48	-6.73%
Hoogly	6.52	6.62	6.26	6.45	6.47	6.75	6.72	6.56	6.56	0.61%
Howrah	5.57	5.54	5.68	5.66	5.64	5.89	6.29	6.15	6.17	10.77%
Darjeeling	2.38	2.44	2.43	2.39	2.58	2.77	2.77	2.83	2.89	21.43%
Distribution of Net District Domestic Product of top districts in West Bengal at Constant (2004-05) Prices (%)										
24 Paraganas (N)	11.64	12.09	12.04	12.37	12.69	12.50	12.55	12.72	12.90	10.82%
Burdwan	10.39	10.09	10.35	10.08	9.88	10.66	10.66	10.33	10.09	-2.89%
Kolkata	9.37	9.74	9.83	9.84	10.05	9.35	9.22	9.53	9.62	2.67%
Midnapore (E)	7.82	7.38	7.48	7.31	7.43	7.07	7.67	7.32	7.29	-6.78%
Hoogly	6.51	6.58	6.26	6.46	6.43	6.71	6.71	6.55	6.55	0.61%
Howrah	5.50	5.45	5.62	5.59	5.56	5.79	6.17	6.02	6.03	9.64%
Darjeeling	2.41	2.46	2.45	2.42	2.59	2.79	2.79	2.87	2.93	21.58%

Source: State Domestic product and District Domestic Product of West Bengal 2013-14

Identified Problems

- ❖ The work participation rate in the district (33.67%) is marginally lower than the state average of 36.77%.
- ❖ The female participation rate of Howrah district is uniformly low in both urban and rural regions.
- ❖ In recent few years the rate of develop or establish of new large or medium industry are very negligible in this district.
- ❖ Percentage of area under cultivation is not increases significantly.
- ❖ Farmers of rice cultivation losing interest to cultivate rice because not getting the minimum support price (MSP) though the rice is the main field crop in this district.
- ❖ The district has a strong industrial base but still requires basic and modern infrastructural facilities and also improvement needed to power supply.

Suggested Remedial Measures

- For increasing profit, the farmers should cultivate flower along with main field crops. In recent few years the farmers have already started to cultivate flowers, vegetable with their main field crops. This crop diversification is the suitable method for enhancing good revenue from land. And also there is a good potential of flower cultivation in the district.
- For development of agricultural allied activities like livestock ranching, dairy farming, fishery Government should encourage and simplified the loan system.
- For increasing female work participation various types of economic activities are needed. Local governing body such as Panchayet in rural area and municipality in urban area should create some employment scheme. Special attention is needed to the local art, sculpture and Co-operative societies and Self help group are very significant in this regard for job creation.
- Government should emphasize on wide ranges of small scale industries/ services because it has a bright future to

develop the rural infrastructure as well as increasing work participation rate.

- A single window clearance system for the MSE sector has to be initiated by the state Government and Government should simplified their rules and schemes. So that the entrepreneurs willing to take interest to establish an industry in the district as well as in the state.

Conclusion

From last few decades it was observed that in Howrah district the growth rate of service sector is gradually increasing and from the year 1993-94 the contribution of service sector to the DDP had exceed than the contribution of secondary sector. At present the growth in Percapita Income, DDP, NDDP and GDDP of Howrah district are successfully increasing. The important thing is that all the sectors of economy are closely related to each other. As the growth of one sector leads to the growth of next one so the development in one sector is depended upon another one. Another thing is that the development in the other sector except primary sector (base of all economic sectors) can not continue for a longer period. As one independent region (means economically not connected to other region) can not develop their economy except strong primary base. If the primary base is strong enough then there will be good opportunity for other sectors to grow. But Howrah district is not an independent one because economically it connected with its neighbor districts, other states and foreign also so there is a good flow of capital which enhancing the purchasing power capacity of the people. That is why having stagnancy in primary sector and recently decreasing value of secondary sector, the service sector continue maintaining its growth till now. Another cause is that recently in Howrah district several settlements transformed into municipalities and urban population continues to grow and this leads to growth of various services.

But there is a good scope for agriculture and its allied activities because though the amount of cultivable land in the district is low but almost 98.7% cultivable land is multi cropping and in recent the growth of oil seeds, jute and flower production can play a major role for development of primary sector. Other activities like animal husbandry and small scale industry have a great potential for increasing female work participation rate in rural area. Another thing is that Howrah district is industrially well developed, all the infrastructure which are needed to develop a new industry are in there. So there is need to establish new industries (medium/ small scale) and up gradation of existing industries. This will help to generate a huge employment as well as development both primary and secondary sector along with tertiary sector. It is clear that future employment generation has to be the major focus of future policy in the state. So what may be needed is a change in the nature of such growth which would make these activities not only more dynamic but also more labour intensive than they are at present.

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