

Investment Climate in West Bengal



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A report by ICRA for IBEF

Executive Summary

'Investment climate' is a broad concept, encompassing all the factors affecting business decisions, including profitability and where to locate plants and other units. A good investment climate provides opportunities and incentives for firms to invest productively and create jobs, thus playing a key role in ensuring sustained growth and poverty reduction.

Factors influencing investment climate include:

- Availability and ease of use of factor inputs such as land and labour;
- Availability of adequate physical and social infrastructure, such as power, telecom, urban infrastructure, water supply, hospitals and educational institutions;
- Governance and regulatory framework in terms of rules and regulations governing entry, operation, and exit of firms, stability in regulation, integrity of public services, law and order and investment facilitation; and
- Provision of incentives and access to credit.

West Bengal, located in the eastern part of India, is one of the most diverse states in terms of culture and ethnicity. It is the 13th largest state in terms of area, but the fourth most populous in the country. West Bengal is bounded on the north by Bhutan and the Sikkim, on the east by Bangladesh and Assam, on the south by the Bay of Bengal, on the south-west by Orissa, and on the west by Nepal and Bihar. Its capital, Kolkata, is one of the largest cities in India.

With a gross state domestic product of \$48 billion, the state leads in production of various goods. Its agricultural output ranks third in India. Being an agrarian state, it offers tremendous potential for agri-business, given its natural endowments of fertile soil and five agro-climatic zones, coupled with aggressive land reform programmes. It is the largest producer of vegetables and fruits in the country. West Bengal is the leading exporter of finished leather goods; around 70 per cent of the country's leather goods are exported from the state. Jute textile manufacturing is another important industry. It is the second largest state in India after Maharashtra in paper production.

The industrial environment in West Bengal is highly conducive for new investments. Infrastructural facilities are being ramped up. Ideal locations for setting up industrial units in the state are the Growth Centres that have been developed, wherein all infrastructure like power, water, sheds and land are available. Growth Centres are planned in such a manner that availability of skilled as well as unskilled labour is assured from the neighbouring towns. The government has also been promoting infrastruc-

ture development by setting up industrial parks, special economic zones (SEZs) and agri-economic zones. The government, through the Department of Land & Land Reforms, has formulated a comprehensive compensation and rehabilitation package for those whose land will be acquired for setting up industries.

The Industrial Policy welcomes foreign technology and investment, private sector investment in power generation and improvement and upgradation of industrial infrastructure. The areas for special attention are petrochemicals and downstream industries, electronics and information technology, iron and steel, metallurgical and engineering, textile, leather and leather products, food processing, medical plants, edible oil, vegetable processing and aquaculture, rubber and tea. The government recognises that development of both physical and social infrastructure across the state is critical to the whole process of industrialisation and has, therefore, put in place a Public Private Partnership (PPP) Policy for improvement of the physical and social infrastructure.

The West Bengal Industrial Development Corporation is the premier state government agency responsible for promotion of industrial and infrastructure investments. The corporation assists in the implementation of projects through its 'Single Window Facility' called the 'State Investment Facilitation Centre' (SIFC).

The state has adopted the "Look East Policy" of the Government of India for attracting foreign direct investment in some areas conducive to industrial growth. With its strong industrial base, geographical location, skilled educated workforce, rapidly developing infrastructure, developed telecommunication facilities, increasing purchasing power of the people and availability of power at competitive rates the state is now moving towards faster development.

West Bengal - Select Indicators

Capital	Kolkata
Land and climate	
Area (sq km)	88,752
Climate	Summer (April to June)
	Rainy season (June to September)
	Winter (October to March)
Rainfall	(in centimetres) 175
number of districts	19
Number of towns (as per 2001 Census)	375
Number of inhabited villages (as per 2001 Census)	40,782
People	
Main religion	Hinduism
State Language	Bengali
Share of urban population	28.03%
State's share in India's population	7.79%
Population (in million) (2001 Census)	80.22
Growth in population between 1991 and 2001	17.84%
Population density (per sq km)	904
Sex ratio (females per 1000 males)	934
Literacy Rate	69.22
Birth rate in 2003 (per thousand persons)	20.6
Death rate in 2003 (per thousand persons)	7
Infant mortality rate (per thousand live births)	49
Human Development Index	All India ranked eight
(Source: UNDP Human Development Report 2004)	

Industry

Key Industries having business potential
 Petrochemicals, Iron and steel, Food processing, Tea, Engineering, Automotive, Chemicals, Pharmaceuticals, Metals, Ceramics, Textiles, Paper, Glass, Leather, IT and ITES, Tourism

Economic Overview of the State

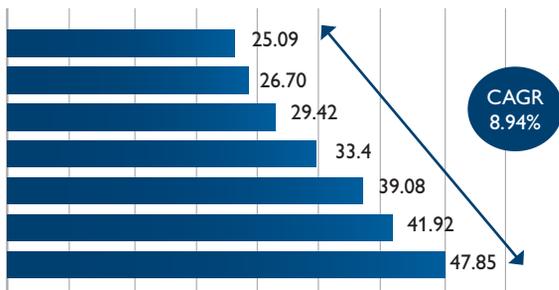
West Bengal offers one of the largest consumer markets in the country. With a gross state domestic product of \$47.85 billion in 2005-06, it is the third largest state economy in India, after Maharashtra and Uttar Pradesh. It is the 13th largest state in terms of area and the fourth most populous. The state has around 83 million inhabitants with a vast majority depending on agriculture for their livelihood. The state's agricultural output ranks third in India. Being an agrarian state, it offers tremendous potential for agri-business, given its natural endowments of fertile soil and five agro-climatic zones, coupled with aggressive land reform programmes. It is the largest producer of fruits and vegetables in the country.

The state has been active on the reforms front and was the first in India to formulate an act on SEZs. Investments in the power sector in the past have ensured that it has surplus electricity generation capacity. The state is in a position to provide high quality power at competitive rates. Proximity to mineral resources, availability of ports, a large talent pool and low cost of operations are some of the other advantages that the state has to offer. West Bengal is a leading exporter of finished goods and around 70 per cent of the country's leather goods are exported from here.

West Bengal's economic performance

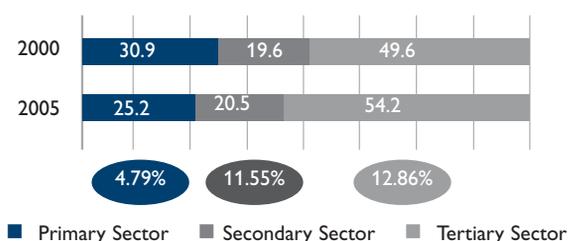
The gross state domestic product (GSDP) of West Bengal stood at \$47.85 billion in 2005-06, with an impressive compound annual growth rate (CAGR) of 8.94 per cent from 1999-00 on-

West Bengal's GSDP US\$ billion



Source: Economic Survey of West Bengal, 2005-06

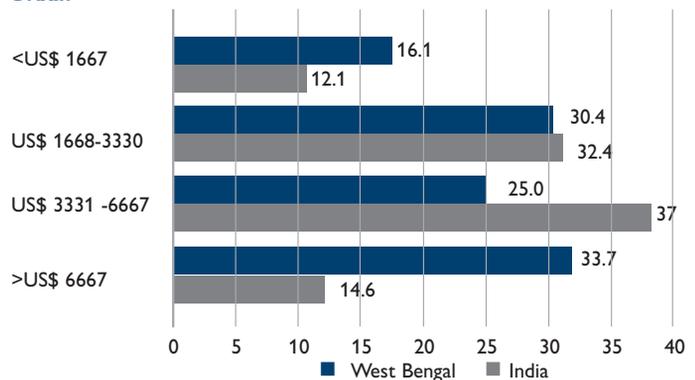
Percentage Distribution of GSDP



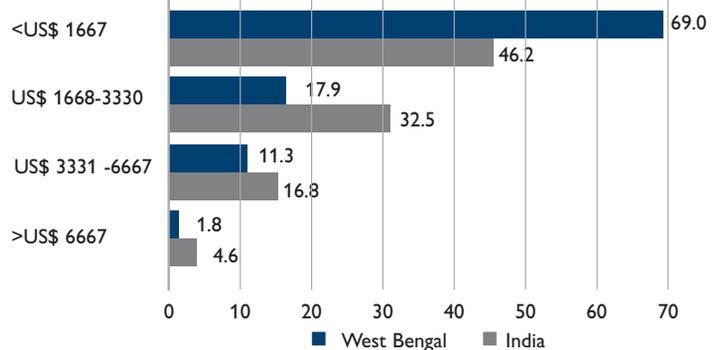
Source: Central Statistical Organisation

wards, when GSDP stood at \$25.09 billion. This growth has been driven mainly by the tertiary sector (comprising trade, hotels and restaurants, transport, storage and communication, financial services, real estate and related services, public administration and other services), followed by the secondary sector (comprising manufacturing, construction and electricity, gas and water supply). The contribution of the primary sector (comprising agriculture and livestock, forestry and logging, fishing, mining and quarrying) has been marginal.

Distribution of households by income per cent Urban



Distribution of households by income per cent Rural



Source: The Market Skylilne of India 2006 by Indicus Analytics

The structural composition of the state's economy has witnessed a transformation over the years. The share of the primary sector has declined from 30.9 per cent in 2000-01 to 25.2 per cent in 2004-05. Within the primary sector, agriculture continues to be a major contributor with 79 per cent share, followed by fishing with 14 per cent. The secondary sector's share in GSDP has increased marginally from 19.6 per cent in 2000-01 to 20.5 per cent in 2004-05. The CAGR of 11.55 per cent between 2000-01 and 2004-05 is, however, impressive and has been driven mostly by the manufacturing sector and construction activities, the latter having grown at a CAGR of 18.02 per cent in this period.

The growth in the tertiary sector has been the highest – a CAGR of nearly 13 per cent between 2000-01 and 2004-05. The sector accounted for 54.2 per cent share in GSDP in 2004-05, up from 49.5 per cent in 2000-01. Its growth has been driven by increased activity in sub-sectors like hotels and restaurants, financial services and real estate activities.

People - Economic prosperity

The per capita income of people in West Bengal has improved in the last few years. Having grown from \$318 in 1999-00 to \$561 in 2005-06, it is slightly lower than the all-India per capita income of \$573. The proportion of population below poverty line in West Bengal has come down from 27.02 per cent in 1999-2000 to 20.5 per cent in 2004-05, though still higher as compared to the all-India percentage of 19.34 per cent.

The annual income of households is also an important indicator of the economic prosperity of the people. A comparison of distribution of households by various income categories in West Bengal vis-à-vis the all-India figures shows that the share of households in West Bengal in the highest income category of \$6,667 and above is more in urban areas, with 33.7 per cent of urban households, as compared to only 14.6 per cent for all-India. However the situation is the reverse in rural areas, where 69 per cent of West Bengal's households figure in the lowest income category, as compared to only 46.2 of all-India rural households. In the highest income category, only 1.8 per cent of West Bengal's rural households are present. This is an indicator of the disparity in incomes in urban and rural areas.

Another factor that points towards the economic well being of the people is the ownership of physical assets like vehicles and consumer electronics. Assets like four-wheelers, two-wheelers and television are indicators of the consumer aspirations. A comparison of asset ownership by households indicates a lower ownership of these assets in West Bengal vis-à-vis all-India as the purchasing power of people is not as high as in other developed states. As income of people rises, there is significant growth potential in these product segments.

Industrial performance in West Bengal

West Bengal is known for its position amongst the leading industrialised states. India's Fifth Economic Census Report, published in May 2006, ranks West Bengal in the top five states in India in terms of number of industrial units. There are over 10,000 registered factories in the state and the government has opened 'Shilpa Bandhu', a single window agency for providing investors with all kinds of assistance in setting up industrial units.

By the end of calendar year 2005, a total of 1,218 large and medium industrial units with a realised investment of \$649 million were present in the state. A year later, this grew to 1,391 units, with a total realised investment of \$718 million.

Industrial centres in West Bengal

The main industrial centres in West Bengal are Kolkata, Salt Lake, Haldia, Asansol-Durgapur and Kharagpur.

The districts of 24 Parganas (South and North combined) have attracted the highest number of units (6,277) in the state, generating employment of around 0.4 million, followed by Howrah with 2,774 units. A district-wise breakup of industrial units in the state is as follows:

Districtwise share of registered factories in West Bengal and number of workers Employed therein (2005)

District	Units (in per cent)	Average Daily Employment (in Per cent)
24-Parganas (South & North Combined)	46.62%	45.04%
Howrah	20.60%	17.47%
Kolkata	7.14%	2.15%
Burdwan	6.65%	10.57%
Hooghly	4.50%	10.89%
Jalpaiguri	3.74%	3.15%
Midnapore	2.32%	3.89%
Darjeeling	2.15%	1.53%
Bankura	1.37%	0.78%
Nadia	1.36%	1.61%
Birbhum	1.17%	0.70%
Others	2.38%	2.24%
West Bengal	100.00%	100.00%

District-wise number of registered factories in West Bengal and number of workers -- 2005

Source: Economic Survey of West Bengal (2005-06)

Kolkata, the state capital, is a major hub for manufacturing industries like jute, steel, leather and textiles as well as services like IT, real estate, financial consultancies and travel and tourism. Several

renowned companies like Bata India, Berger Paints, Birla Corporation, Coal India, ITC and Orient Fans have their headquarters located here. It is well connected to other parts of the country by road and rail and has an international airport.

Haldia, a port city, has several large national and international companies such as the Indian Oil Corporation, Haldia Petrochemicals Ltd, Mitsubishi Chemical Corporation, Hindustan Fertilizer Corporation Ltd, Tata Chemicals and Exide Industries. Its existing industrial base, social infrastructure and transport linkages make it a good choice for further growth of industries. A mega petrochemical industrial estate, spread over 10,000 acres, is coming up in Haldia, which will add a new dimension to the upstream and downstream oil industries. Another mega project in Haldia is the Purified Terephthalic Acid (PTA) project being implemented by Mitsubishi Chemical Corporation of Japan at an estimated cost of \$400 million. The region, with its existing and proposed manufacturing base and oil refineries, is ideally suited for petrochemical products, fertilisers, oil refineries, heavy chemicals, ship building and breaking and light and heavy engineering industries.

The Asansol-Durgapur Planning Area is located in the western part of Burdwan district. It spreads across an area of 1,616 sq km and abounds in mining resources. The region is fairly strong in the fields of metalwork, mining, iron and steel, engineering, petrochemicals, agro-based and forest industries as well as services like IT, logistics, retail, education, tourism and telecommunications. Large companies such as Stollberg India Ltd. and Supreme Industries already have their units in this region. Under the Jawaharlal Nehru National Urban Renewal Mission (JN-NURM), the Asansol Urban Area has proposed infrastructure investments totalling \$331 million, including basic facilities such as provision of water supply, sewerage and drainage, which is expected to substantially upgrade and modernise the operating environment and facilitate further industrial development.

Kharagpur, a prime railway junction in West Bengal and situated about 120 km from Kolkata on National Highway 6 is home to a large number of engineering industries such as Tata Mettals and Flender Mcneil. A Biotech Park on 300 acres of land is proposed in Kharagpur, with the assistance of the Indian Institute of Technology, Kharagpur. Other projects such as the proposed Iron and Steel Parks at Kharagpur and Guptamani as well as the auto components and IT SEZs will add significantly to the industrial prominence of this region.

Investments in West Bengal

According to estimates by the Centre for Monitoring Indian Economy (CMIE), as of quarter-ended March 2007, the outstanding investments in the state was \$50 billion, up by 133.66 per cent over the same quarter in 2006. This growth was driven mainly by an exceptional 608 per cent rise in investment in the construction sector, coupled with buoyant investment growth in manufacturing and electricity. The manufacturing sector has witnessed investments of \$20.37 billion coming to sectors like textiles, paper, paper products and pulp and chemicals. Investments in Information Technology (IT) and Information Technology Enabled Services (ITES) have also been significant.

During the quarter ended January 2007, 122 new projects were announced in the state. Haldia Multi Product SEZ entailing an investment of \$1.56 billion was the major project in terms of cost. The other major projects were the \$2 billion Salanpur Greenfield Steel Project by Bhushan Steel and Haldia Petrochemicals' second plant project worth \$1 billion. Ambuja Realty Development also announced plans to invest \$222 million to set up Neotia Elbit Healthcity Hospital Project at Chakgheria on the outskirts of Kolkata.

Major investment projects in West Bengal

Name	Capacity	Unit	Cost USD Million	Status	Location
Sonar Bangla Cement Project	1.50	million tonnes	111	Announcement	Sagardighi
Mejia Cement Project	3.50	lakh Tonnes	111	Announcement	Mejia
Cotton Yarn Project	500.00	tonnes/day	9	Announcement	North 24 Paragans
Haldia Slag Cement Project	1.00	million tonnes	44	Announcement	Haldia
Slag Cement Project	3.00	thousand tonnes	3	Under Implementation	Dhasl
Kolaghat cement Project	1.00	million tonnes	26	Proposed	Kolaghat
Farakka Cement Project	10.00	lakh Tonnes	26	Under Implementation	Farakka
Siliguri Tea Project	5.00	lakh Kgs.	1	Under Implementation	Siliguri
Darjeeling Tea Project	7.00	lakh Kgs		Announcement	Darjeeling
Total Investment			331		

Source: Monthly Review of States of India, Centre for Monitoring Indian Economy

District Key Industries

District	Key industries
Burdwan	Iron & steel industries, fertilizers industries, mining industries, equipment manufacturing and cement industry
North 24 Parganas	Printing and bookbinding, cement manufacturing, oilseed milling and general electrical works
South 24 Parganas	Cement industry, agro-industry, chemical industry, equipment manufacturing industry and FMCG industry
Hooghly	Rice mills, rubber factories and chemical factories
Howrah	Foundry, re-rolling mills, basic metal & metal products, electrical & electronic, transport equipments & spares, rubber moulded goods and misc. manufacturing industry
Bardhaman	Rice and oilseed mills, cutlery, and tool manufacturing
Burdwan	Iron & Steel industries, fertilizers industries, mining industries, equipment manufacturing and cement industry
Darjeeling	Tea industries and tourism industry
Bankura	Food and Food-processing industries, textile product, ply-wood industry and veneer mills, paper industry and particle board
Nadia	Food & Fruit processing, jute diversified ,pipes & tubes and electronic/computer peripherals
North Dinajpur	Agriculture & Allied industries, food products, hosiery & garments, chemical industry, engineering & fabrication
Purulia	Spong iron industry and non-metallic mineral product industry
Cooch Behar	Fertilizer industries, jute twine & weaving industry, electrical casing industry, mustard oil mill and fruit processing
South Dinajpur	Agro Food-based, mineral and forest-based ,chemical based, handicrafts, engineering automobiles servicing and it based service

Source: District Website

West Bengal is a leading foreign exchange earning state with exports of items like tea, rice, floriculture products, processed foods, shellac, jute goods, silk yarn and fabrics, readymade garments, silk carpet, leather and leather products, rubber manufactured products, paints, varnishes and enamels, drugs and pharmaceuticals, agro-chemicals, gems and Jewellery, iron and steel, machinery, transport equipment, computer software and sports goods.

Labour Force

During the period 1991-2006, about 180,000 direct jobs were created in the organised industries, out of which 23,918 were in 2006. Roughly 2.1 million people are employed in small-scale industrial (SSI) units. The sericulture sector employs around 300,000 people.

According to the National Sample Survey (NSS) 59th Round (2003), employment generation in the state between 1999 and 2003 outstripped growth in the labour force, thus easing out the unemployment situation in both urban and rural West Bengal. For example, the rural labour force grew at a CAGR of 2.28 per cent between 1999 and 2003, while employment grew at 2.52 per cent. Similarly, the urban labour force grew at 1.78 per cent, while urban employment opportunities grew at 2.52 per cent. Manufacturing employment in the private organised sector declined over the period 1990 to 2005 as competitive pressures in the liberalised era either shut down a large number of labour intensive units or forced the old units to slash costs by reducing their labour force. On the other hand, new units coming up are capital intensive with low employment potential. This has adversely affected industrial employment. Employment in the tertiary sector (in shops, commercial establishments, cinemas and theatres) is significant and has been rising.

The number of people registering themselves in the Employment Exchanges declined to 339,000 in 2004 from 386,000 in 2003.

Infrastructure in West Bengal

Industrial Infrastructure

With a view to accelerate the pace of growth and rapid industrialisation, the state has focused on building industrial infrastructure.

- **INDUSTRIAL ESTATES:** The West Bengal Industrial Infrastructure Development Corporation (WBIIDC) has developed 12 growth centres (industrial estates) located at Kalyani (Phase-I, II & III), Falta, Uluberia, Bishnupur, Raninagar, Cooch Behar, Malda, Dabgram, Haldia and Kharagpur. Four more growth centres are coming up at Jalpaiguri, Malda (Phase-II), Bolpur and Falta (Phase-II). Infrastructure at these centres would be the best available in the country.
- **SOFTWARE TECHNOLOGY PARKS:** The Government of West Bengal has adopted measures to spread IT infrastructure in collaboration with Software Technology Parks of India (STPI) under the Department of Information Technology, Government of India. The state has four STPI units - at Bidhannagar in Durgapur, Nimpura in Kharagpur and two in Kolkata. The development of these parks is in line with the government's policies to make West Bengal an IT hub and capture 15 per cent of the country's software exports market by 2010.
- **IT PARKS:** Technopolis, Kolkata, has been built at a cost of \$28 million and offers 775,000 sq ft of built-up office space. Delhi-based DLF group will develop an IT Park in Kolkata with a built-up space of about 10 million sq ft. Godrej Properties is slated to launch Godrej Waterside, a 1.7 million sq ft IT Park in Sector V of Salt Lake City in Kolkata. Rolta India Ltd has announced the setting up of an IT Park at Kolkata with facilities for delivery of IT-based geo spatial services, engineering design services, software development and ERP implementation services worldwide. This facility will be set-up in phases with a total investment of about \$556 million.
- **SEZs:** There are three SEZs operational in the state: Manikanchan at Salt Lake (for gems and jewellery), IT SEZ of Wipro at Salt Lake and Falta SEZ.
 - The SEZ at Manikanchan is the first green field sector-specific SEZ in the country, spread over 5 acres and developed at an investment of \$6 million. Phase-I of the SEZ was completed in November 2003. Twenty-five companies have moved in. WBIDC has taken measures to expand Manikanchan.
 - Falta SEZ has 84 operational units and 44 units under implementation in the area of textiles, engineering, plastic/rubber/synthetic materials, food and agro products, gems and jewellery, chemicals and petrochemical, leather and sports. Exports from Falta SEZ were \$249 million in 2004-05.
 - The 16-acre Salt Lake Electronic City-SEZ developed by Wipro Ltd for software development and IT enabled services at Kolkata with an investment of \$27.78 million commenced operation in 2005.
- **AGRI-ECONOMIC ZONES (AEZs):** The government has set up five AEZs for specific crops - pineapple, mango, lychee, vegetables and potatoes. A sixth AEZ for tea located in Darjeeling district is expected to come up soon. There are 22 multi purpose cold storages coming up in the five AEZs, with investments from the private sector. The state government has funded the construction of cold rooms in 13 municipal markets within the AEZs, of which 10 are ready for operation. A packing house is being set up at Malda. Funds have also been sanctioned for the construction of a perishable goods cargo-handling centre at Kolkata airport.
 - **AEZ-PINEAPPLES:** This is spread over Jalpaiguri, Darjeeling, Cooch Behar and North Dinajpur. The state is the largest producer of pineapples in the country and the fruit is available eight months in a year. Several companies are investing in this AEZ. Calypso Bengal Foods is setting up a state-of-art pineapple processing unit at Bidhan Nagar, Siliguri, with an estimated project cost of \$2 million in the first phase. Dabur Pvt Ltd has completed its multi-fruit (mainly pineapple) processing unit at Jalpaiguri to process 160 metric tonnes of pineapples daily with an investment of around \$4.1 million. The unit is likely to produce 2,300 MTs of fruit-pulp and concentrate with a revenue generation of \$3.33 million annually. Poddar Fruits and Vegetables Products has set up a canned fruits processing unit at Cooch Behar with an investment of \$0.48 million.
 - **AEZ-LYCHEES:** This is spread over Malda, Murshidabad, North and South 24-Paraganas. West Bengal is the second largest producer as of lychees in the country, with an average annual production of 65,000 tonnes. Pataka Food Products is setting up a mango and lychee processing unit at Jangipur, Murshidabad with a projected investment of \$11 million.
 - **AEZ-POTATOES:** This is spread over Howrah, Hoogly, Burdwan and Midnapur. West Bengal is the highest producer of potatoes in the country. Potatoes are available throughout the year, with annual production of roughly 8 million tonnes. Frito Lay India is setting up a unit at Howrah for chips. Potato King Pvt. Ltd., located in Howrah, is producing potato powder and is presently working on establishing a new unit for production of potato cubes. Agrani International Pvt. Ltd., a 100 per cent export oriented unit, is setting up a unit

at Garbeta, Midnapore, for producing potato starch with a projected investment of \$9 million. Amazon Agro is setting up a potato flakes unit at Burdwan with an investment of \$3 million.

- o **AEZ-MANGOES:** Mango is the most important fruit of West Bengal, with the Malda region being the largest producer. West Bengal ranks fourth in terms of area and seventh in terms of production of mangoes, producing more than two dozen varieties of the fruit. The AEZ covers the districts of Malda and Murshidabad and entails an investment of around \$6.93 million, out of which \$1.17 million will come from Central Government agencies, \$1.71 million from state government agencies and the remaining from the private sector. In the next five years, it is expected that exports of \$20.7 million would be made from this zone. Around 10,000 farmers are also likely to benefit from the setting up of this zone.
- o **AEZ-VEGETABLES:** This is spread over North Parganas, Nadia and Murshidabad. West Bengal is the leading producer of vegetables contributing to 19 per cent of the country's production with annual production in excess of 10 million tonnes. Some of the major investors in this AEZ include Keventor Biotech Pvt. Ltd., which has set up a unit near Barasat, North 24-Parganas, with an estimated investment of \$0.17 million. Elque & Co. has set up its unit at North 24-Parganas with an investment of \$1.56 million. Srisidh Agro Farm Pvt. Ltd. is setting up a unit for vegetable processing near Siliguri, with an investment of \$2.72 million.

Besides the above infrastructure, the state is also in the process of building sector specific infrastructure.

- **TOY PARK-LIGHT ENGINEERING PARK:** West Bengal Industrial Development Corporation has set up Shilpangan (Toy Park-Light Engineering Park) with a total investment of \$2 million for units manufacturing toys and light engineering products on 2.28 acres at Salt Lake, Kolkata. Shilpangan is equipped with common facilities like design centres, nodal marketing agencies and shops for supply of raw materials. Twenty-four companies producing toys, sports goods and other light engineering products have occupied modules at Shilpangan.
- **CALCUTTA LEATHER COMPLEX:** The state government has set up the Calcutta Leather Complex on an area of 1,100 acres on the eastern flank of the Metropolitan Bye-Pass, Kolkata, jointly with a private company on BOT basis. It became operational in 2005 and provides all modern infrastructural facilities for relocating tanneries scattered in the eastern part of Kolkata. The complex also accommodates many new leather units.
- **BIOTECHNOLOGY PARK:** WBIDC and Indian Institute of Technology, Kharagpur, are jointly planning to set up a Biotechnology Park at Dewanmara in West Midnapur district. Sixty acres of land at Dewanmara have been identified. The Park will have modern facilities to set up biotech projects. IIT Kharagpur, will be responsible for providing technologies to support investors for setting up and operating projects. A high-tech green city to provide social infrastructure for the Biotechnology Park has also been envisaged. A project advisory committee has been formed with the Minister of Commerce and Industry as its chairman.
- **FOOD PARK AND POLY PARK:** WBIDC has set up a Food Park at Sankrail, Howrah - 98 acres have been allotted to 16 units. Four units have commenced project work and two have started commercial operation. About \$27.5 million has been invested in the first phase. About 32 acres has been earmarked for Food Park and the balance land for Poly Park. Expected investment in second phase of Food Park is \$25 million and that for Poly Park \$50 million.
- **PLASTO STEEL PARK:** Situated at Borjora in Bankura District, 12 km from Durgapur railway station, the park is being developed to set up steel (ferro alloys and induction furnace) and plastic manufacturing units. In the first phase, 190.07 acres of land was acquired and distributed to 19 industrial units; the second phase covers 205 acres. A total of 42 units have taken possession and 14 units have already commenced project work. One of the major investments is that of Damodar Valley Corporation for installation of a power substation at an investment of \$11 million.
- **APPAREL EXPORT PARK:** WBIDC is in the process of setting up a 150-acre Apparel Export Park at an estimated project cost of \$12.5 million at Uluberia in Howrah district. It will feature industrial and commercial plots, common facilities centre and warehouse and would focus on garment manufacturing units, ancillary units for manufacturing buttons and specialised units like processing or washing units. About 40 units are likely to come up.
- **IRON & STEEL PARK:** WBIDC has initiated steps to set up Iron & Steel Parks at Kharagpur and Guptamoni in West Midnapur district. WBIDC has identified 300 acres of land at Kharagpur and is in the process of acquiring it. It has also identified 2,500 acres of land at Guptamoni to set up a Mega Iron and Steel Park. The site is adjacent to NH-6.

- **EXPORT PROMOTION INDUSTRIAL PARK:** This is being set up at Durgapur over an area of 147 acres under a Central Government Sponsored Scheme, with a Central Grant of \$2.22 million and a state grant of \$0.89 million. The park aims to develop high quality infrastructure to attract export related industries. The industries intending to set up units in this complex will have to export a minimum of 33.33 per cent of their production..The total project cost as per the current estimate is \$5.56 million. The Asansol Durgapur Development Authority (ADDA) is the implementing agency and will lease out the developed plots and built up facilities like flatted factory floors, industrial sheds and warehousing spaces.
- **FOUNDRY PARK:** WBIDC in association with Indian Foundry Association is setting up a modern Foundry Park at Hawli Bagan in Howrah district. Out of 924 acres of land identified, 300 acres have been purchased. A Special Purpose Vehicle, called Foundry Cluster Development Association, has been incorporated. The project cost has been estimated at \$32.5 million. About 200 units are expected to come up in the Park with investment of about \$400 million.
- **GARMENT PARK:** WBIDC is setting up a nine-acre Garment Park at the closed National Tannery on Canal-South Road. It will have a Common Facility Building, three Standard Design Factory Buildings, working women's hostel, and truckers' amenity centre.
- **CHEMICAL PARK:** Indian Chemical Merchants' and Manufacturing Association (ICMMA) is setting up a Chemical Park at Mouzas – Islampur, Shyamchak and Majukhetra in Howrah district. ICMMA has identified 150 acres of land to set up the Park. WBIDC is assisting ICMMA in the acquisition of land as well as in obtaining NOC for the site from West Bengal Pollution Control Board.
- **RUBBER PARK:** The All India Rubber Association (AIRA) is in the process of setting up a modern Rubber Park at Sankrail in Howrah District. About 35 acres of land is under process of direct purchase by a committee formed by the State Government. A special purpose vehicle (SPV) called South Asia Rubber & Polymers Park Ltd. has been incorporated. The Government of India has sanctioned \$3.8 million as grant for infrastructure facilities, while WBIDC has sanctioned a term loan of \$0.75 million. Member units of AIRA will contribute \$2.78 million. About 250 units are expected to come up in the Rubber Park for manufacturing rubber footwear, rubber hoses, tubes, micro cellular sheets, hawai chappals and automotive rubber products.

Educational and Training Infrastructure

West Bengal ranks sixth in India in terms of literacy rate, which is at 69.22 per cent as against the national average of 65 per cent. West Bengal's educational network comprises over 66,925 primary schools, 3,159 secondary schools and 9,659 high schools and higher secondary schools.

The state is home to some of the country's premier institutions like the Indian Institute of Technology (IIT), Kharagpur, Indian Institute of Management, Calcutta, Indian Statistical Institute and Presidency College. Three ITIs in West Bengal are being developed into Centres of Excellence under the Government of India scheme and six more ITIs are expected to be taken up in the future. The state also has eminent research institutes such as the Saha Institute, the Bose Institute, the Indian Association for Cultivation of Science and the Indian Institute of Chemical Biology.

Status of Educational Institutes

18 universities
53 Engineering colleges, including Indian Institute of Technology (IIT), Kharagpur
450 Degree College
43 Polytechnics
50 ITIs and ITCs
23 Management Institutes
9 Medical College

Source: India Stats and Economic survey

The state government is setting up an elaborate structure for imparting vocational training. Short Term Vocational Training (STVT) Programme is being undertaken through 109 STVT centres providing training on 150 approved courses.

Medical & Health Care Facilities

The state government has taken various measures for strengthening health infrastructure and for improving the efficiency of the health delivery system. A medium-term Health Sector Reform Programme has been initiated to provide efficient, affordable and equitable health system to all, especially, the poor. The reforms encompass a wide gamut of interventions ranging from upgradation of physical infrastructure in the primary, secondary and tertiary sector to manpower planning and rationalisation of the District and Block Health and family welfare Samitis and grant of functional autonomy to hospitals through formation of Rogi Kalyan Samiti (patient welfare committees). The reform process under the World Bank assisted State Health System Development Project (1997-2004) is now being extended to the

Health indicators

	West Bengal	All-India
Population covered per medical institution	12,057	26,536
Birth rate*	20.6	24.8
Death rate*	6.6	8.1
Infant mortality rate**	49	63
Life expectancy at birth (years)		
Male	67.4	64.1
Female	71.1	65.4

* Per thousand persons

** Per thousand live births

Source: India Stats and Economic survey

primary sector. Apart from the support from the state budget and national programmes, the Government of West Bengal received financial and technical support from external sources. DFID funded Health Systems Development Initiative (HSDI) programme was launched by the government in 2005. It also launched the National Rural Health Mission in the same year.

The state's network of health care facilities comprises 12,057 health units, including 433 government and non-government hospitals. The total number of health centres remained stagnant. However, the number of sub-centres has increased substantially.

Health Facilities in West Bengal

Year	Hospitals (Govt. & Non - Govt.)	Health Centres (Rural hospitals, Block Primary Health Centres, Primary Health Centres)		Sub- Centres		Total health units	
		No.	Beds	No.	Beds	No.	Bed
2001-02	429	58,721	1,266	12,353	8,126	9,821	71,074
2002-03	434	59,110	1,268	12,218	8,126	9,828	71,328
2003-04	434	59,110	1,268	12,218	10,356	12,058	71,328
2004-05	433	58,312	1,268	12,207	10,356	12,057	70,519

Source: Department of Health and Family Welfare, Government of West Bengal

Health facilities are delivered in inaccessible areas through Mobile Health Care Services (MHCS) and mobile clinics, operated by NGOs. As a result of these measures, total patients attending the mobile clinics rose substantially to reach 1.47 million in 2005-06.

Infrastructure for savings and borrowings

Outstanding deposits in the state reached \$32.1 billion by the end of financial year 2006-07, from \$26.08 billion in the previous year. Outstanding loans and advances as on March 31, 2007 were \$21.07 billion as against \$15.77 billion in the previous year. The credit-deposit ratio of commercial banks was 61 per cent, of regional rural banks 45 per cent and co-operatives 59 per cent as on March 31, 2006. The average population covered per bank branch is 19,000 in West Bengal, higher than the average population of 16,150 per bank branch at the all-India level.

Physical Infrastructure

Transport

Roads

The total length of roads in West Bengal is over 92,023 km, of which national highways represent 2,377 km and state highways 2,393 km. The road density of 1.04 km per sq km in West Bengal is much higher than the all-India average of 0.75 km. The work of improvement of 3,080 km of roads will be taken up during the Eleventh Five Year Plan.

Under the Jawaharlal Nehru National Urban Renewal Mission, the state government has taken the initiative to come up with a \$597 million Action Plan, which includes extension and widening of arterial roads, widening and strengthening of secondary roads, construction of pedestrian underpasses, bridges, flyovers, elevated roads, traffic and transportation systems, including modern passenger dispersal systems. Several foreign companies are already in the fray to partner the Government of West Bengal in its efforts for improvement of roads. They include the Indonesia based Salim Group which would be constructing the Eastern Link Highway from Barasat to Raichak, and two four lane road bridges across the Hooghly and Haldi rivers, facilitating connectivity between Kolkata and the port city of Haldia as well as better connectivity to new industrial areas such as Nandigram.

Bridges and Flyovers

Construction of 116 bridges and flyovers had been taken up during the Tenth Plan period through the Public Works (Roads) Department. Out of this, 90 bridges and flyovers have already been completed, 10 will be completed in 2008 and the remaining ones will be completed in 2009. In addition, construction of 96 more bridges and flyovers will be taken up during the Eleventh Plan.

Railways

West Bengal has a strong railway infrastructure and is ranked number four in the country in terms of rail route density. The total railway route length in the state is 3,931 km of broad gauge, 280 km of metre gauge and 220 km of narrow gauge. Howrah, Asansol, Sealdah, Bandel, Bardhaman, Kharagpur and New Jalpaiguri are the main junctions in West Bengal. The Kolkata metro is the country's first underground railway.

Civil aviation

The state has an international airport, the Netaji Subhash Chandra Bose International Airport at Dum Dum, Kolkata, connecting it to all major countries. Bagdogra airport near Siliguri is an important domestic airport. The importance of Bagdogra airport has increased with Siliguri becoming the gateway to North Eastern states and a vital trade and logistics hub for the entire region. The Government of India recently sanctioned \$0.68 million to set up a perishable cargo complex at Bagdogra airport. The state government has been actively pursuing for an effective set up of an air traffic base in North Bengal and for this purpose the existing default airport at Cooch Behar was made operational in 2006 with the help of the Government of India and Airport Authority of India. Efforts are also on for revitalisation of the Behala Flying Training Institute in Kolkata with appropriate private participation.

Upcoming Aviation Projects

Name	Cost (USD million)	Status	Location
Kolkata Airport Upgradation Project	44	Proposed	Kolkata
Kolkata Terminal Bldg. Phase 2 Project	20	Under Implementation	Kolkata
Air Taxi Project	09	Announcement	West Bengal
Total Investment	73		

Source: Monthly Review of State of India, Centre for Monitoring Indian Economy

Ports

West Bengal has two modern ports located at Kolkata and Haldia. Between 2002 and 2006, Kolkata port increased its cargo volume by 22.74 million tonnes, which was the highest amongst all major ports. Its share in total traffic handled by all major ports increased to 12.55 per cent in 2005-06, from 10.6 per cent in 2001-02. Kolkata Port is India's only riverine port with two dock systems - Kolkata Dock System at Kolkata with the oil wharves at Baj Baj and a deep-water dock system at Haldia Dock Complex, Haldia, for sea borne trade. Haldia Dock Complex was the first modern port project taken up in India having the facilities to handle all types of traffic and bulk cargo. It is also the first dock system in India to provide full-fledged container handling facilities.

There are several other land ports for carrying out trade.

Land Ports in West Bengal

Name of Land Port	District
Jaigaon	Jalpaiguri
Changrabandha	Cooch Behar
Fulbari	Jalpaiguri
Panitanki	Darjeeling
Radhikapur	Uttar Dinajpur
Hili	Dakshin Dinajpur
Mahedipur	Malda
Petrapole	North 24-Pgns.
Ranaghat	Nadia
Khidirpur (TT Shed)	Kolkata
FEPZ (Falta)	South 24-Pgns.

The West Bengal government will construct a \$265 million container port at Kulpi. The new port will handle 1 million tonnes of cargo per annum initially, which will be expanded to 4.5 million tonnes per annum in due course. Port facilities will be spread over 1,500 hectares. A SEZ spread over 4,400 acre is likely to be set up around the port. BPL is also one of the promoters of the SEZ project.

The Ruia Group has submitted a proposal to the West Bengal Government for setting up an integrated ship building, repairing and recycling facility with an estimated investment of \$667 million. This project would come up at Jellingham on the river Hugli in East Medinipur. The company has already approached Kolkata Port Trust for 1,500 acres at Jellingham.

Power

West Bengal is amongst the key states in India that have a surplus power situation. NASSCOM–Gartner ranks West Bengal's power infrastructure amongst the best in the country. Power in West Bengal is currently generated by state agencies like West Bengal Power Development Corporation Ltd (WBPDCL), West Bengal State Electricity Board (WBSEB), Calcutta Electricity Supply Corporation (CESC), Durgapur Project Ltd (DPL) and Disergarh Power Supply Corporation (DPSC) as well as central agencies like NTPC and DVC. The total installed capacity in the state was 7,616 MW (as on November 2005), an addition of 517 MW since 2000-01.

Electricity generation has gone up from 29,445 MU in 2000-01 to 40,821 MU in 2004-05 and 29,255 for the period April 2005 to November 2005. Of the 40,821 MU power generation in 2004-05, 24,902 MU was generated by state agencies. As on November 2005, 86 per cent of West Bengal's villages were electrified.

Installed power capacity and generation in West Bengal

Year	Installed Capacity (MW)	Generation (MU)
2000-01	7,099	29,455
2001-02	7,309	27,808
2002-03	7,316	34,615
2003-04	7,330	37,406
2004-05	7,616	40,821
2005-06 (up to November 2005)	7,616	29,255

Source: Department of Power, Government of West Bengal

The state government has constituted an independent power Regulatory Commission. Among the state owned power utilities, thermal generation has been disaggregated from the WBSEB and entrusted to the WBPDCL. Several initiatives have been taken for improving plant load factor (PLF) and reducing auxiliary and specific oil consumption in the generation sector by WBSEB and DPL. A wide range of interventions have been made to increase revenue collections to a significant extent and to reduce the T & D/AT & C losses by the WBSEB and DPL. These include 100 per cent metering of all feeders up to 11 KV, strengthening of transmission and distribution networks and almost 100 per cent consumer metering. Stringent actions for implementing anti-power theft measures have been initiated. As a result, cash surplus has been recorded by all three state owned power utilities with DPL and WBPDCL earning net profits.

West Bengal Renewable Energy Development Agency (WBREDA) is setting up 4 MW tidal power plant at Durgaduani Creek near Gosaba in South 24-Parganas at an estimated cost of \$8.9 million. In March 2007, two power projects were announced in Bardhaman district in West Bengal. One was a 1,215 MW thermal power project announced by Jas Infrastructure and the other was an Integrated Renewable Energy project. Besides, Balavpur (Raniganj) Power Project worth \$44 million was announced by Himachal Emta Power in February 2007. DPSC Ltd, located in the Asansol-Raniganj coal and industrial belt is planning to invest \$244 million to step up its generating capacity. The company has already appointed Power Finance Corporation to source resources.

Major Upcoming Power Projects in West Bengal

Name	Capacity Value	Unit	Cost (USD million)	Status	Location
Greenfield Nuclear Power Project	2,000.00	Mw	2222	Announcement	Haripur
Thermal Power Project	1,215.00	Mw	1333	Announcement	Baraboni
Raghunathpur Power Project	1,000.00	Mw	1000	Announcement	Raghunathpur
Durgapur Power Project	1,000.00	Mw	932	Proposed	Durgapur
Haldia Power Project	1,500.00	Mw	889	Proposed	Haldia
Sarardighi Power Project Stage 2	1,000.00	Mw	889	Under implementation	Sagardighi
Katwa Gas -Based Power Project	1,000.00	Mw	778	Announcement	Katwa
Puruliya Hydel Power Project	900.00	Mw	709	Under implementation	Ayodhya Hills
Turga Hydel Power Project	600.00	Mw	569	Announcement	Ayodhya Hills
Sarardighi Power Project Stage 1	600.00	Mw	527	Under implementation	Sagardighi
Mejia Unit 5 & 6 Thermal Power Project	500.00	Mw	492	Under implementation	Mejia
Murshidabad Power Project	500.00	Mw	444	Announcement	Murshidabad
Ballavpur (Ranigunj) Power Project	500.00	Mw	444	Under implementation	Raniganj
Bakreswar Power Project Stage 4 & 5	420.00	Mw	394	Announcement	Bakreswar
Bakreswar Power Project Stage 2	420.00	Mw	338	Under implementation	Bakreswar
Santaldih Thermal Power Project	250.00	Mw	304	Under implementation	Santaldih
Dishergarh Power Project	240.00	Mw	244	Announcement	Dishergarh
Thermal Power Project (Unit 7)	300.00	Mw	240	Under implementation	Durgapur
Teesta Low Dam Stage 4 Power Project	160.00	Mw	236	Under implementation	Teesta River
Budge Budge 3 Power Project	250.00	Mw	222	Under implementation	Budge Budge
Total of the above			13206		
Total Investment			14987		

Source: Monthly Review of States of India, CMIE

Telecommunication

West Bengal was the first Indian state to adopt mobile telephony and will soon boast of a 1,600 km optical fibre based information super highway. Kolkata offers more than 580 Mbps of international satellite connectivity through VSNL and STPI and 2 satellite Earth Stations at Kharagpur and Durgapur. Cable connectivity is provided through leased BSNL lines to Mumbai and onward connectivity through submarine cables. Besides BSNL, private players like Reliance Infocomm, Hutchison and Bharti Telesonic also connect Kolkata to the rest of the world. A submarine cable landing station at Haldia is also under active consideration of the government.

Additional satellite earth stations are being set up in Haldia and Siliguri. The Reliance Group has set up a well spread out Optical Fibre Cable network in the state, which is a part of their National Broadband Access Project. The BSNL optical fibre network extends over 15,000 route km and has ensured connectivity on demand even at the block level. This has facilitated e-governance, telemedicine, and wide connectivity throughout the state.

Upcoming Telecommunication Projects in West Bengal

Name	Cost (USD million)	Status
WB Cellular Services Project	211	Announcement
Cellular Network Expansion Project	84	Announcement
Telecommunication Expansion Project	31	Announcement
Telecommunication Expansion Project (Kolkata Circle)	24	Announcement
Forth Cellular Services Project		Under Implementation
Total Investment	350	

Source: Monthly Review of States of India, Centre for Monitoring Indian Economy

Nodal Agencies

West Bengal Industrial Development Corporation (WBIDC)

WBIDC was formed in 1967 and is the premier agency of the state's Commerce and Industrial Department. It is responsible for facilitation of investment in West Bengal and performs functions, which include providing financing to medium and large-scale industries, providing escort services and facilitating investment proposals through the single-window agency 'Shilpa Bandhu' or State Investment Facilitation Centre, promoting joint sector and assisted sector units in important industry segments, developing business and trade links with domestic as well as foreign companies, conceptualising new projects and operating the state's Incentive Schemes and developing various sector-specific industrial parks.

State Investment Facilitation Centre (SIFC) or 'Shilpa Bandhu'

WBIDC provides escort services and carries on co-ordination for various clearances concerning other state government departments through a special cell viz., 'Shilpa Bandhu' or State Industries Facilitation Centre (SIFC).

SIFC at WBIDC provides services that include

- Guidance in identification, allotment, conversion of land and other infrastructural facilities (WBIDC acts as the Requiring Body in land acquisition cases for industry purposes depending on the merit of the cases; SIFC directly deals with the job in coordination with district land authorities);
- Guidance to entrepreneurs on investment prospects;
- Approvals from the Secretariat for Industrial assistance, obtaining Industrial Licenses and approval of Foreign Investment Promotion Board (FIPB), Government of India, wherever necessary;
- Registration by Directorate of Industries at the State level;
- Environmental clearance from the WBPCB;
- Clearance from State Water Investigation Directorate for requirement of water;
- Coordination with other facilitating state level institutions/agencies in sorting out delays in obtaining approvals towards smooth implementation of the projects.

A High Level Cabinet Committee on industry takes decision on special package of incentives on special category projects with investments above \$25 million considering the importance and overall economic development.

West Bengal Electronics Industry Development Corporation Limited (WEBEL)

WEBEL is the nodal agency of the Government of West Bengal for developing IT and ITES industries. It acts as the single window support centre for all services required by investors. WEBEL facilitates growth of the industry by a host of measures such as developing infrastructure in the form of land and buildings, facilitating processes of clearances that are required to set up business, ensuring last mile connectivity and assisting the government in all its e-governance projects.

West Bengal Rural Energy Development Corporation (WBREDC)

WBREDC has been set up for the exclusive work of rural electrification through conventional and non-conventional sources of energy.

West Bengal Tourism Development Corporation Limited (WBTDC)

WBTDC runs 26 tourist lodges in various parts of the state. It also runs luxury vessels as well as inter-state and intra-state conducted tours for budget tourists. It is developing several tourist spots, with special emphasis on the Sunderban area.

West Bengal Financial Corporation (WBFC)

WBFC, established under the State Financial Corporation Act, 1951, provides loans and term finance to small and medium scale industries. Some thrust areas where the corporation invests are industries based on locally available materials and export oriented units. It has continued its efforts to extend its assistance under the special schemes of IDBI/SIDBI viz. Single Window Schemes, National Equity Fund Scheme and scheme for setting up of Nursing Homes and for acquisition of electro-medical equipment.

Policy Framework

IT Policy

The state has identified IT as a priority focus sector to be developed into a growth engine. In 2003, the state adopted a comprehensive IT Policy which aims at:

- Taking West Bengal to rank among the top three IT states in India by 2010 and contribute 15-20 per cent of the country's total IT revenues;

- Simplifying existing labour laws and consider ITES companies as 'Public Utility Service'(24 X 7) providers;
- Offering incentives that can greatly reduce the one-time and recurring expenditure of IT companies;
- Undertaking an aggressive e-Governance policy to connect almost 3,600 local self-governments (Gram Panchayats) and all the municipalities in the state.

Some of the ongoing state sponsored IT projects in the state are:

- An ASP (Application Service Provider) service to act as enabler of e-Governance applications through an effective Government-Citizen interface
- Embarked on an aggressive IT literacy programme in schools and colleges in collaboration with industry leaders such as IBM, Wipro and NIIT
- Government to actively promote IT usage, thereby improve its services.

In the last three years, the state has made significant progress in these initiatives. Today, WBSWAN (West Bengal State-wide WAN), developed by WEBEL and Tata Infotech, connects Kolkata to over 19 district headquarters and nine other important townships in the state.

Several investment incentives are offered under the IT Policy:

A. Supportive regulatory framework set-up for investors

1. Procedures under existing labour laws are simplified to ensure smooth operations.
2. Self-certification allowed for IT companies on various acts.
3. IT companies are awarded special status under various acts to improve infrastructure availability.
4. Structural policy changes to boost the growth of IT.

B. Fiscal Incentive for IT investors

1. One time fiscal incentives
 - Exemption from consumption tax
 - Quality linked incentives
2. Recurring incentives
 - Converting interest subsidy into training subsidy.
 - Preference to West Bengal units in award of e-governance projects.
 - Special incentives for mega projects.

Special Economic Zone Policy

The state government is focused on developing SEZs. Investment incentives under the SEZ Policy include:

- Exemption from customs duty on import of capital goods, raw materials, consumables, spares;
- SEZ units are permitted to take job work abroad and export goods from there only;
- SEZ units will have access to international finance at international rates through Offshore Banking Units (OBU) to be set up within the zone;
- Entitlement of duty free imports of samples enhanced to \$6,000;
- Exemptions from stamp duty and registration fees;
- Exemptions from all state and local taxes on transaction with the SEZs. This is also applicable with reference to supply from domestic tariff areas to the SEZ;
- Single window mechanism that deals with the grant of labour and environment related permits and approvals;
- Permissions to generate power for the SEZ's own consumption.

Bio-Technology Policy

The strengths of West Bengal lie in its highly diverse agricultural sector. Focusing on these strengths, a Biotechnology Policy has been developed to ensure scientific and technological empowerment of the state's human resources and create a strong infrastructure both for research and commercialisation. The aims of the Biotechnology Policy are:

- To conserve bio-diversity through mapping and sustainable use of bio-resources;
- To encourage and facilitate introduction of biotechnology at the grass-root level to strengthen agricultural economy and promote village level industries;
- To support all employment generating activities in the field of biotechnology industry;
- To create a "Centre of Excellence for Biotechnology" as a high quality support service to biotech industries;
- To create or to act as a catalyst for creating high quality infrastructure for biotech industries, or example, Biotechnology Parks;
- To facilitate development of human resources at different levels in the field of biotechnology;
- To attract private investment for perceptible growth in the industry;
- To extend fiscal incentives and concessions to the industry.

Mineral Policy

The basic objectives of Mineral Policy are:

- To explore the state's mineral wealth and exploit mineral resources;
- To review the existing state monopolies over mineral exploitation and, wherever required, go in for selective de-reservation;
- To encourage mineral PSUs to concentrate on specific sectors to ensure better economics;
- To invite private capital, resources and technology, both foreign and domestic in mineral exploitation;
- To promote research and development activities in the mineral sector;
- To ensure establishment of appropriate educational and training facilities for human resource development to meet the manpower requirements of the mineral industry;
- To minimise the adverse effect of mineral development on the forest, environment and ecology through appropriate protective measures;
- To ensure conduct of mining operations with due regard to safety and health of all concerned;
- To ensure proper vigilance and supervision of mining activities with particular emphasis on simplification of procedures and greater generation of revenues from mineral resources;
- To create a database on mineral resources of the state;
- To develop industry friendly facilitators in specific minerals like coal, granite and china clay and in natural gas like coal bed methane.

Key Industries

West Bengal has several inherent natural advantages because of the existence of raw material sources like diverse agricultural output and existence of coal and iron ore belts. This has given an impetus to industries like food processing and metals. Policy initiatives have been taken to provide a thrust to industries like IT and ITES.

Petroleum and Petrochemicals

West Bengal accounts for almost four per cent of India's production of petroleum products and 13 per cent of polymer production. The petroleum, petrochemicals and chemicals investment region is clustered around Haldia. Crude throughput at Haldia refinery increased to 5,502 million tones and its capacity utilisation increased to 91.7 per cent during 2005-06. After the refinery, the next large investment in Haldia came when Mitsubishi Chemicals Corporation selected it as the site to set up its manufacturing facility in India. Other plants that are present

in the region are those of Hindustan Lever (now taken over by Tata Chemicals), Exide, South Asia Petrochem, Indianoil Petronas, Electro Steel, Ural India and Ruchi Soya. Indian Oil Corporation (IOC) signed a memorandum of agreement (MoA) with WBIDC for setting up a petrochemical hub in Haldia at an investment of around \$3.2 billion.

Reliance Industries Limited (RIL)

RIL has a wide range of products from petroleum products, petrochemicals, to garments (under the brand name of Vimal). The company plans to invest in two projects in West Bengal – developing agri-hubs and setting up a grocery retail chain, and supply of piped natural gas from the Krishna-Godavari Coast and the Orissa coast. Reliance may invest up to \$1.7 billion in the proposed 1,100-km gas pipeline from Kakinada in Andhra Pradesh to Howrah in West Bengal.

Indian Oil Corporation (IOC)

IOC is India's largest company by sales with a turnover of \$41 billion and profits of \$1.1 billion in fiscal 2005. For the year 2005-06, IOC sold 54.6 million tonnes of petroleum products, including 2.09 million tonnes through exports. The company owns and operates 10 of India's 18 refineries with a combined refining capacity of 60.2 million tonnes per annum (1.2 million barrels per day).

Haldia refinery had an original crude oil processing capacity of 2.5 MMTPA. Petroleum products from this refinery are supplied mainly to eastern India through two product pipelines. IOC has signed a MoA with the WBIDC for setting up a chemical hub in Haldia at an investment of \$3.3 billion. IOC would be the role anchor investor for the hub. The chemical hub would include a 15 million tonne greenfield refinery and a downstream petrochemical facility to produce paraxylene, polyester, polymer and benzene. The hub would come in the Petrochemical and Petroleum Investment Region (PCPIR) and would be a part of the SEZ being set up by Indonesia based Salim Group, Unitech and Universal Success.

Haldia Petrochemicals

Haldia Petrochemicals has a 1,025-acre naphtha based petrochemical complex, 125 km from Kolkata. It is jointly promoted by the WBIDC, The Chatterjee Petrochem (Mauritius) Co. Ltd. and the Tata Group with an investment of \$1.2 billion. The complex consists of a naphtha cracker unit and associated plants, which manufacture linear low density polyethylene (LLDPE), high density polyethylene (HDPE), polypropylene (PP) and chemicals.

Mitsubishi Chemicals Corporation

Mitsubishi Chemicals Corporation, one of the world's top 10 chemical companies, set up its 350,000-tonne purified terephthalic acid (PTA) plant at Haldia in 2000. The company is now planning to expand the capacity to 800,000 tons with an investment of \$370 million.

South Asian Petrochem Ltd (SAPL)

SAPL promoted by the Dhunseri Group of Kolkata and an export-oriented unit, has set up a Bottle Grade PET Resin continuous process plant at Haldia. The PET resin, ASPET, produced by it is used for packaging of drinking water, carbonated soft drinks, edible oil and pharmaceuticals. The 140,000 tonnes per annum plant is amongst the largest and the most modern in the region and has been set up in collaboration with Zimmer AG, Germany.

Iron and Steel Industries

The growth of the iron and steel industry in the state has been due to its proximity to raw materials, skilled manpower, port facilities, sufficient availability of power and a huge market for steel products in the country. From 1991 to 2004, 243 new iron and steel units were set up in the state with a capital investment of \$1.86 billion. The products include steel ingots, sponge iron, pig iron, billets, bars and plates. Though most of the iron and steel factories are located in the Asansol-Durgapur region due to its proximity to the coal and iron ore belts, many new units have come up in the districts of Hooghly, Howrah, Bankura and Purulia. In the past four years, 108 projects have been implemented.

Some of the major players are Steel Authority of India Ltd., Electro Steel Casting, Gontermann Peipers, Bhushan Ltd., Vesuvius India and JSW Steel.

Steel Authority of India Ltd (SAIL)

SAIL, government of India owned company, is the leading steel maker in India. It had a turnover of \$8.7 billion in financial year 2006-07, with a production of 12.6 million tonnes of steel. In West Bengal it has an integrated steel plant in Durgapur.

The erstwhile Indian Iron & Steel Company (IISCO), which was a 100 per cent subsidiary of SAIL, has been amalgamated with the parent company and an investment of \$2.2 billion has been made for the modernisation of its Burnpur unit. It has a capacity to produce 426,000 tonnes of saleable steel and 254,000 tonnes of pig iron annually. The plant is set to undergo capacity expansion. The company is also upgrading its blast furnace.

JSW Steel

JSW Steel plans to set up a 10 million tonne steel plant at Guptamuni near Kharagpur over an area of 5,000 acres with an investment of \$2.2 billion. In the first phase, it would install a 4 million tonne plant along with a 1,000 MW thermal power unit. The capacity of the steel plant would be raised to 10 million tonnes in the second phase.

JSW Steel Ltd is planning a special purpose vehicle (SPV) for coal mining with the West Bengal Mineral Development and Trading Corporation (WBMDTC) for its steel plant in the state.

Automotive Industry

The automotive industry in West Bengal predominantly consists of original equipment manufacturers (OEM) like Hindustan Motors. West Bengal has realised the huge potential in this sector and has geared up with appropriate plans and policies. It has also got certain inherent competitive advantages since the state is home to India's steel manufacturing cluster.

Hindustan Motors Ltd (HML)

HML, India's pioneering automobile manufacturing company and flagship of the C.K. Birla Group, has its automobile division at Uttarpara, near Kolkata. It is engaged in the manufacture of passenger cars (Ambassador, Contessa) and multi utility vehicles (Trekker, Porter and Pushpak). Its vehicles are sold through a network of over 130 dealers and are supported by a nationwide service network and 55 exclusive spare part dealers. The company has entered into an arrangement with Shriram Properties Ltd of Bangalore for the development of 314 acres of land near its Uttarpara plant to set up a township comprising residential, IT Parks and auto-ancillary parks.

Food Processing

Agriculture plays a pivotal role in the state's income, and nearly three out of four persons are directly or indirectly involved in agriculture. West Bengal is the largest producer of rice and the second largest producer of potato in the country. It also produces around 0.25 million tonnes of fruits and over 10 million tonnes of vegetables annually. The state accounts for 10 per cent of the country's edible oil production and is the largest producer of fish. The state government has taken up crop-diversification programme to encourage horticulture and floriculture. This gives a strong raw material base to the food processing industry. Some of the key investors in this industry are Dabur, Frito-Lay and Arambagh Hatcheries. Unilever and Nestle have also ex-

pressed interest in setting up food processing units in the state.

Frito Lay India

Frito-Lay, the foods division of PepsiCo was in 2006 working with 4,000 farmers in West Bengal, including 1,700 under 10 cooperatives for potato cultivation, with its area of influence spread across 2,100 acres. The state recorded the highest potato yield in India of 23 tonnes per hectare under the Frito-Lay-assisted potato cultivation projects. The company has a processing plant at the Sankrail Food Park in Howrah district. The plant has a capacity to handle 30,000 tonnes of potatoes, and based on its recent successes, Frito-Lay has already announced expansion plans.

Dabur Foods

Dabur Foods Ltd, a wholly owned subsidiary of Dabur India, has a product portfolio consisting mainly of packaged fruit juices, cooking pastes, sauces and items for institutional food purchases. Dabur has strong brands like Real, Real Active, Coolers and Homemade in its portfolio. Its Siliguri multi fruit processing facility is spread over 11 acres and is geared to process 150 tonnes of fruit per day. It has the capacity to produce 192 metric tones of pulp/concentrate (estimated) from fruits like pineapple, litchi, guava, mango and grapes.

Tea

West Bengal is the second largest tea growing state in India, accounting for 21 per cent of the total production. Darjeeling and Jalpaiguri are two northern districts of West Bengal where most of the tea gardens are located. There are three tea growing zones – Darjeeling, Terai and Dooars. There are 343 tea gardens in West Bengal covering 103,950 hectares of planted area. The Kolkata port is the biggest tea-handling port in India. Kolkata is also the biggest tea auction market in India. Many new small tea gardens have been set-up in Cooch Behar and North Dinajpur.

Tata Tea

Tata Tea, part of the Tata Group, represents the world's second largest global branded tea operations with product and brand presence in 40 countries. The company is headquartered in Kolkata and has 51 tea estates in the states of Assam, West Bengal, Tamil Nadu and Kerala and one coffee estate in Tamil Nadu. It has five major brands in the Indian market - Tata Tea, Tetley, Kanan Devan, Chakra Gold and Gemini.

Goodricke Group Ltd

Goodricke Group Ltd, a part of Camellia Plc. UK, cultivates, manufactures and sells tea in India. The company sells bulk tea and instant tea. It has 30 gardens, including eight in Darjeeling, 10 in Assam, and 12 in Dooars. The company is based in Kolkata. Goodricke Group reported a turnover of \$49.2 million for 2006 on a total crop production of 19.3 million kg of tea.

Leather

West Bengal is one of the leading states in the export of finished leather goods, accounting for almost 25 per cent of the country's leather exports. It is next only to Tamil Nadu in the leather industry. The Calcutta Leather Complex, spread over 1,100 acres, at Bantala and the adjacent leather goods park, have given a boost to the leather industry. The major players in this sector are Bata and Khadim.

Bata India Ltd

Bata India, incorporated at Kolkata, is an affiliate of the Toronto based Bata Shoes. It is the largest shoe manufacturer in India and manufactures and markets all types of footwear, footwear components and leather products allied to footwear trade. It sells over 60 million pairs of shoes every year and has an annual turnover of more than \$178 million. A township construction has begun to modernise the Batanagar factory complex (near Kolkata) and is expected to be completed by 2011, with 2,500 housing units for employees, a hospital, a school, an IT park, a hotel and residential flats along the riverside.

Khadim Group

Khadim has a significant presence in the footwear segment. The company has more than 250 exclusive retail outlets in 38 cities. It is among the top three national players in terms of organised footwear retailing. It has a production base in Kolkata that contributes 25 per cent to its total produce. The company plans to set up a central distribution centre in Kolkata and intends to open stores in Asansol, Burdwan, Siliguri and Kolkata in the near future.

IT and IT Enabled Services

West Bengal is among the fastest growing states in the IT sector. Currently, over 180 IT companies and 55 ITES firms are operating in the state, together employing more than 35,000 professionals. The IT sector is expected to generate employment for about 250,000 people by 2011. By 2010, the projected contribution of IT and ITES sectors to the state's economy is expected to be 15-20 per cent, compared to the current three per cent. The state will soon have an advanced IT Park specially dedicated for VLSI and chip related design firms.

Genpact

Genpact is a world-class remote processing operation that services its clients from around the world through its IT-enabled services. Its revenue is projected to grow from about \$500 million in 2005 to \$1.1 billion revenue in 2008. It employs more than 13,000 people delivering over 450 processes to 30 different businesses. It has an 80,000 square feet facility in Kolkata. The company has approached the West Bengal government to set up an IT SEZ in Kolkata and has set aside over \$22.2 million for the facility.

Cognizant Technology Solutions

Cognizant Technology Solutions is global e-business and application development company. It became the first company in the world to be certified for CMMI-Level5 as per latest model and also the first IT offshore firm to be included in the NASDAQ-100 Index. At its Kolkata facility, the company services several large clients in banking, restaurant, healthcare, financial, airline and information-driven sectors of the global market. The unit's core competencies include mainframe and client server systems, web-centric applications, CRM, data warehousing and component-based development. Kolkata is the company's second-largest establishment after Chennai.

HSBC Electronic Data Processing (India) Pvt Ltd

The HSBC Group is one of the world's largest banking and financial services institutions, which has an international network of about 10,000 offices located in 82 countries and territories spread across Asia Pacific, Europe, the Americas, Middle East and Africa. Global Resourcing is an important component of its business strategy, playing a key role in delivering shareholder value and helping HSBC remain competitive in the global financial services market. HSBC Electronic Data Processing (India) Pvt Ltd, a subsidiary of HSBC, provides data processing / customer service facilities for the HSBC Group's overseas operations. It

has established Group Service Centres in 10 locations across five countries. In India, it is present in Hyderabad, Bangalore, Vizag and Kolkata with over 13,000 employees.

Wipro

With a team of over 42,000 people, Wipro has operations in 35 countries and caters to 421 clients spread across USA, Europe and Japan. Its clients operate in diverse verticals that include Financial Services, Government, Insurance, Media & Entertainment, Utilities, Manufacturing, Telecom & Internet and Embedded Technologies. It set up its Kolkata Development Centre in 2004 over a 16-acre campus at Salt Lake City. This centre is a world class facility featuring intelligent buildings and comprehensive infrastructure.

Tourism

West Bengal's share in domestic and international tourists in India stands at 2.9 per cent and 11 per cent respectively. In 2004 the state attracted 12.38 million domestic tourists (up from 8.8 million in 2002) and more than 775,000 foreign tourists (up from 530,000 in 2002). West Bengal, with its heritage and geographical diversity, offers significant potential for the tourism industry.

Tourists arriving in West Bengal

Year	No. of Tourists	
	Domestic	Foreign
2002	8,844,232	529,366
2003	11,300,763	705,457
2004	12,380,389	775,674

Source: State government website

Retail and Real Estate

Real Estate is a booming sector in West Bengal with several companies investing heavily. The retail business is also in an expansion phase. The state is likely to have at least 20 malls over the next 18-20 months, according to Retailers Association of India (RAI). Of the proposed 20 malls, nearly 10 would be developed in Kolkata and in the new town Rajarhat. Malls are expected to cover nearly six million square feet of space in several cities. Currently, West Bengal has about eight operational malls, including five in Kolkata. Besides Kolkata, malls are also planned in Siliguri, Durgapur, Howrah and Bardhaman. According to experts, the proposed malls are likely to attract an investment of around \$1,111 million.



The RPG group is planning to set up a shopping mall in Park Circus, Kolkata, in collaboration with Adi Godrej group. The RPG group will have 60 per cent stake in the joint venture, while the Godrej group will hold the balance equity. RPG will spend \$44 million on the 400,000 sq ft mall. Haute Street, a first-of-its-kind shopping mall with an investment of \$11 million, will have all the high-end brands - both national and international.

Ambuja Realty

Ambuja Realty Development Ltd (ARDL) is a joint venture between WBHB and Ambuja Housing & Urban Infrastructure Company Ltd. It plans to invest \$222 million to develop four “high-end luxury” hotels with a combined capacity of 1,000 rooms in West Bengal over the next three years. ARDL, which has partnered the Radisson Group for its existing hotel property in Raichak, Kolkata, is scouting for partners for its proposed ventures. Kolkata is likely to have 12-15 star hotels in the next three to four years with international majors including the Intercontinental Group, Hilton Hotels and Marriott Hotels and Resorts planning to set foot in the region.

Godrej Properties

Godrej Properties, a real estate arm of the \$1.4 billion Godrej Group, has lined up real estate projects worth \$66 to \$88 million in and around Kolkata. This includes two IT parks comprising 3.5 million sq ft and a 400,000 sq ft retail mall. The company is in talks with private equity investors to raise \$44 million for its two realty projects in Hyderabad and Kolkata. Godrej Properties began construction of its \$38 million shopping mall in Kolkata, in a joint venture with CESC, a RPG Group company.

Doing Business

West Bengal's single-window clearance facility under the "Shilpa Bandhu" or State Investment Facilitation Centre (SIFC) is offered by West Bengal Industrial Development Corporation Ltd.

'Shilpa Bandhu' acts as the single-window agency of the government for setting up industries. SIFC offers assistance in the following areas:

- Approvals from the Secretariat for Industrial Assistance and Foreign investment Promotional Board.
- Registration by Directorate of Industries.
- Clearance from the Pollution Control Board.
- All clearances related to Power.
- Identification, allotment, mutation / conversion of land and other infrastructural facilities.
- Guidance to entrepreneurs on investment prospects in more than 200 ready projects developed by WBIDC.

Cost Estimates

This gives an insight into various cost estimates for doing business in West Bengal.

Cost Parameter	Cost Estimates
Cost of Land**	US\$ 40 to US\$ 133 (per sq feet)
Hotel costs*	US\$ 95 per day for 4-5 Star hotels
Cost of Office space*	US\$ 16.5 (Rent/sq ft per annum)
Cost of Residential space*	US\$ 10-11.5 (Rent/sq ft per annum)
Power cost***	Commercial & Industrial use: 7 cents per kWh
Cost of Water****	Commercial & Industrial: US\$ 5 to US\$ 62 per month depending upon the Ferrule size (with effect from 1st July 2006)

Source: * Jones Lang LaSalle

Source: ** India Realities

Source: *** India Stat

Source: **** Municipal Corporation

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Appendix

Exchanges rates

Year	One USD is equivalent to Rs.
2000	46.6
2001	48.3
2002	48.04
2003	45.6
2004	43.7
2005	45.2
2006	45
2007	42

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