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INDIAN STATES  
Economy and Business

# West Bengal



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INDIA BRAND EQUITY FOUNDATION  
c/o Confederation of Indian Industry



INDIAN STATES  
Economy and Business

# West Bengal



ସୁରକ୍ଷାରେ ସର୍ବ କାମ କରୁ ପୁଣି, ଘରୁ ବାହୁଡ଼ିବା ଦୃଷ୍ଟି ସୁଖେ  
WORK SAFELY ALL THE WHILE , GO HOME WITH A SMILE

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পূর্বস্বাস্থ্যে ভরসা করুন কর্মে পূর্বস্বাস্থ্যে  
WORK SAFETY HEALTH

## Executive Summary

West Bengal is the third largest economy in India. Between 1994 and 2004, the economy of the state grew at an average rate of 8 per cent per annum. The state's key areas of strength include petrochemicals, steel, food processing and leather. With around 8 per cent of India's population, West Bengal is one of the largest consumer markets in the country.

West Bengal is one of the few Indian states with surplus electricity generation capacity. The state

is the largest producer of vegetables and fruits in the country and offers significant opportunities for the food processing industry.

Proximity to mineral resources and availability of ports gives it a competitive advantage particularly in sectors such as steel.

A large talent pool and low cost of operations has also helped Kolkata, the state capital, to emerge as an IT/ITES destination.

## ■ Industrial Centres in West Bengal



## An Economic Snapshot

<i>Capital</i>	Kolkata
<i>Area (sq km)</i>	89,000
<i>Population (Census 2001, million)</i>	80.2
<i>Literacy Rate (%)</i>	68.6
<i>Human Development Index</i>	0.472 (All India Rank 8th)
<i>NSDP (US\$ billion)</i>	21.5
<i>NSDP Growth (10 years) (%)</i>	8
<i>Per Capita Income (US\$)</i>	395
<i>Exports (2001, US\$ million)</i>	2,800
<i>National Highways Length (km)</i>	2,325
<i>Rail Length (km)</i>	3,681
<i>International Airport</i>	Kolkata
<i>Domestic Airport</i>	Bagdogra
<i>Key Industries</i>	Petroleum and petrochemicals Iron and steel Agro-based Leather
<i>Industries with Growth Potential</i>	IT and ITES Tourism



## Advantage West Bengal

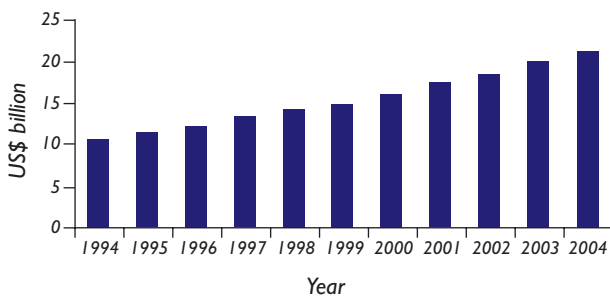
- Third largest economy in India
- State with surplus electricity generation capacity
- Largest producer of vegetables and fruits, second largest producer of tea and paper in India
- Proximity to mineral resources and international markets through ports
- Large talent pool and low cost of operations

## THE STATE ECONOMY

West Bengal is the third largest economy in the country with a Net State Domestic Product (NSDP) of US\$ 21.5 billion (2004). West Bengal lies in the mineral rich eastern region of India and has rich reserves of coal, limestone, dolomite and granite. The state is the commercial and business hub for eastern and north-eastern regions of India.

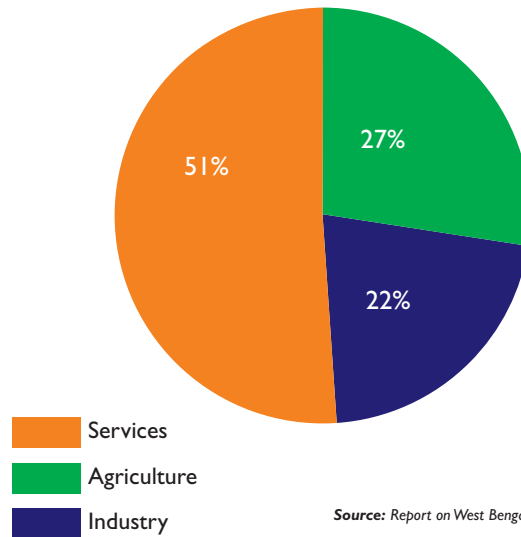
Between 1994 and 2004, the Compounded Average Growth Rate of West Bengal's real NSDP was 8 per cent, increasing from US\$ 10.75 billion to US\$ 21.47 billion. In 2003-04, West Bengal's per capita income stood at US\$ 395.

NSDP growth



Source: West Bengal Statistical Handbook 2002 and Budget

Sectoral Contribution to GDP



Source: Report on West Bengal Economy 2003, Budget 2004

The services sector is the largest contributor to the Gross Domestic Product (GDP). Its share in the State Domestic Product increased from 41 per cent in 1991 to 51 per cent in 2002. Major contributors to the services sector are software (34 per cent) and communication (24 per cent). The state's industrial sector too has shown a growth of over 7 per cent since 1995. Agriculture accounts for 27 per cent of the state's economy.



# INFRASTRUCTURE

## Social infrastructure

Among Indian states, West Bengal has maintained an Human Development Index (HDI) rank of 8 in the Human Development Report (2001). This can be attributed to the State Government's thrust on rural development, land reforms, a supportive social infrastructure system and empowering local governance institutions.

West Bengal has a population of over 80 million (Census 2001), which makes it the fourth most populated Indian state. Its population density of 903 persons per sq km is the highest in the country. The state's population grew by 17.8 per cent during 1991-2001, lower than the national growth rate of 21.3 per cent during the same period. The urban population of the state stood at 22.48 million, 28.3 per cent of its total population.

## Education

West Bengal has a strong education network consisting of 9 universities, over 300 colleges and 49,851 primary and 7,697 secondary schools (2002-03). The literacy rate in the state increased from 58 per cent in 1991 to over 68.6 per cent in 2004.

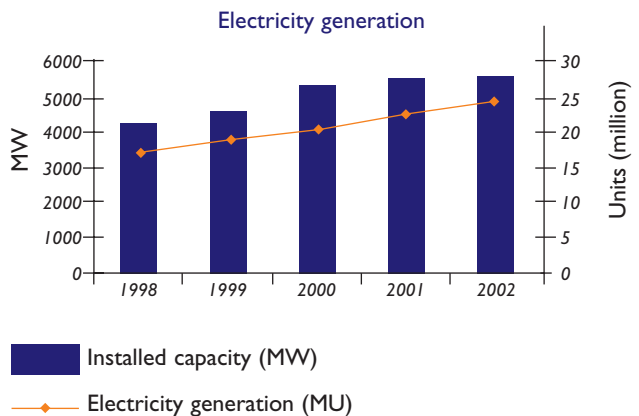
West Bengal has 53 engineering colleges, including one of the 6 Indian Institutes of Technology (IIT) at Kharagpur, 54 technical training institutes, 7 medical institutes, 5 pharmacy institutes and 17 management institutes. The management institutes also includes the Indian Institute of Management, Kolkata, one of the top management institutes in the country.

## Health

West Bengal's network of health facilities comprises 429 hospitals and 9,393 health centres. The state's hospitals have 71,328 in-patient beds. Recently, the state has seen some significant private participation in healthcare facilities. Apollo Hospitals Group has set up a 325 bed, multi-speciality hospital in Kolkata with an investment of US\$ 47 million with financial participation from a Singapore based investor.

## Power

West Bengal is among the few states in India with surplus availability of electricity. The state has an installed electricity generation capacity of 5,680 MW of which over 1,000 MW was added in the past five years.

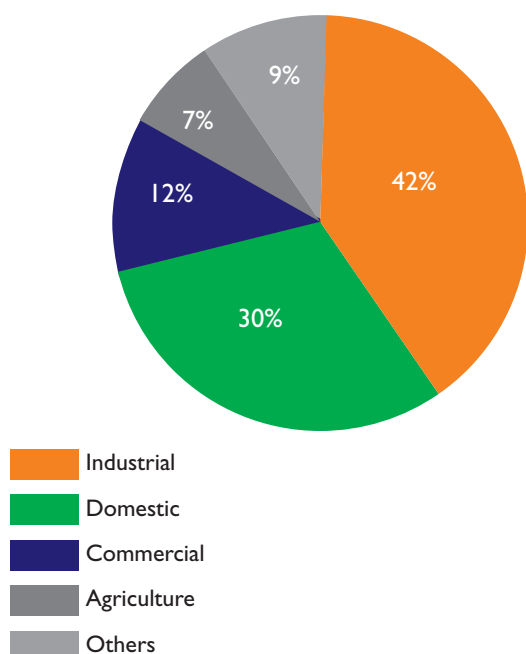


Source: West Bengal Statistical Handbook 2002

Around 97 per cent of electricity generated in the state is from thermal sources.

Electricity consumption in West Bengal has increased from over 5 billion kWh in 1993-94 to 11 billion kWh in 2001-02. Industrial and domestic consumption represent the two-most important categories in the consumption of electricity.

Composition of electricity consumption



Source: West Bengal statistical handbook 2002

The share of electrified villages in West Bengal has increased from 77 per cent in 1999-2000 to 81 per cent in 2001-02.

A number of projects are under various stages of implementation. Their aggregate capacity is 2,270 MW.

Electricity generation projects under implementation

Project	Capacity (MW)
Purulia Hydroelectric Project	900 (4x225)
Rammam Hydel Project	90 (3x30)
Gouripore Thermal Project	150(2x125)
Bakreshwar Thermal Project	630(3x210)
CESC, Budge Budge	500
<b>Total</b>	<b>2270</b>

## Access infrastructure

The total length of roads in West Bengal is over 92,023 km. West Bengal's road density is 103.69 km per 100 sq km, higher than the national average

of 74.7 km per 100 sq km. The total length of national highways passing through the state is 2,325 km.

Growth in road network

Year	1993	1996	1999	2002
Total length (in km)	58,554	77,579	79,255	92,023
Surfaced length (in km)	34,532	45,569	44,970	49,517

Source: Ministry of Road Transport & Highways, Government of India

The State Government has been working on improving the road infrastructure. Currently, a total of 764 km of national highways are being upgraded to 4/6 lane highways under National Highways Development Programme (NHDP). The state is improving connectivity to Haldia port, the principal gateway for international trade from West Bengal by widening the national highway link that connects the port with the main highway network. West Bengal has two of the largest privately financed BOT highway projects in India. The projects involve an investment of approximately US\$ 200 million and are being implemented by a Malaysian consortium led by Gamuda Berhad. Further, the State Government proposes to develop a North South Economic Development Corridor connecting the northern hinterland of the state with the industrial regions of the south. The project, estimated to cost US\$ 210 million, is to be implemented with the assistance of the Asian Development Bank.

The total length of railway network in West Bengal is 3,681 km. Of this, 1,700 km is an electrified track. At present, an additional 240 km of railway lines are being laid in the state. The total outlay on these projects is estimated to be US\$ 160 million. In addition, US\$ 60 million is being invested in capacity enhancement on various routes.

West Bengal has an international airport at Kolkata and a domestic airport at Bagdogra. Currently, the Kolkata airport is being modernised with an investment of US\$ 30 million. This includes the development of a new integrated cargo complex.

## Growth in air traffic

Airport	2001-02	2002-03	2003-04 <sup>@</sup>
Kolkata	2,561,302	2,826,794	3,222,086
Bagdogra	112,597	130,126	146,652
<b>Total</b>	<b>2,673,899</b>	<b>2,956,920</b>	<b>3,366,738</b>

<sup>@</sup> Annualised

Source: Airports Authority of India

Port infrastructure in the state comprises two major ports, at Kolkata and Haldia. During the past five years, cargo handled by both ports has increased from 31 million tonnes to 41 million tonnes.

Currently, both ports are being modernised and upgraded to cope with the growth in cargo. The Haldia port recently commissioned one berth under a BOT project costing US\$ 33 million. Another BOT berth project is under implementation with an investment of US\$ 8 million. An outlay of over US\$ 60 million has been proposed to upgrade the port. The Kolkata port is also being modernised with an investment of US\$ 32 million. The State Government further plans to improve the draft of Kolkata port to enable it to handle large vessels. The project is estimated to cost US\$ 80 million.

In 2004, the West Bengal Government signed an agreement with a consortium led by P&O, UK, for development of a third port in the state - the Kulpi port. The port will cover a total area of over 3,000 acres and will have a Special Economic Zone.

## Growth in port traffic

Port	1999-00	2000-01	2001-02	2002-03	2003-04
Kolkata	10.3	7.2	5.4	7.2	8.7
Haldia	20.7	22.8	25.0	28.6	32.4
<b>Total</b>	<b>31.0</b>	<b>30.0</b>	<b>30.4</b>	<b>35.8</b>	<b>41.1</b>

Source: Kolkata Port Authority

## Communications infrastructure

In the past decade, telecommunication services have developed significantly in West Bengal. The number of fixed wire telephone subscribers has grown from 0.5 million in 1995 to 2.3 million in 2002.

## Growth in fixed wire telephones

Year	1995	1997	1999	2001	2002
Fixed wire telephones (in '000)	493	749	1,269	1,973	2,306

Source: CMIE, Infrastructure Report 2004

The growth in cellular mobile telephony has shown better performance in the state. Cellular services in the state were launched in 1999 and the number of subscribers had increased to over 8.5 million by 2004.

## Industrial infrastructure

The West Bengal Industrial Development Corporation (WBIDC) has developed over 30 industrial estates in various parts of the state. These include estates in and around Kolkata, Haldia, Durgapur and Asansol. These estates focus on IT and ITES, petrochemicals, chemical based industries and steel based industries. A total of 1,300 hectares of industrial land is currently available with WBIDC across the state for establishment of new industrial units.

### Kolkata

Kolkata, formerly known as Calcutta, is the capital of West Bengal and the main commercial and financial centre in eastern and north-eastern India. Kolkata is the base for a number of foreign and Indian firms, banks and financial institutions. Kolkata has an international airport and a port complex. The region around Kolkata has a number of chemical, jute and leather units. Kolkata is also an emerging IT and ITES hub.

### Haldia region

Haldia is a prominent port and industrial centre in West Bengal, located near the south-eastern tip of the state. The Haldia region, administered by the Haldia Development Authority (HDA), provides quality industrial infrastructure for large and medium enterprises. At present, HDA has over 1,600 hectares of land under its jurisdiction and provides industrial

plants with requisite infrastructure such as land, electricity, water & sewerage and solid waste management. It also offers the necessary financial and social infrastructure for locating residential townships for industrial plants.

In the last decade, Haldia has emerged as the principal industrial centre in West Bengal, particularly for chemical and petrochemical industries. Industrial units located in Haldia are involved in oil refining, petrochemicals, specialty chemicals, plastics, food processing and building and packaging products. Haldia enjoys good access to other parts of the state through railway, road and water transport services.

#### Asansol-Durgapur region

The Asansol-Durgapur region is located around 150 km north of Kolkata. The region is rich in mineral resources like coal, iron ore, copper and bauxite and has industrial units producing iron & steel, engineering goods, electrical equipment, among others. Prominent industrial units in the region include the steel plant at Durgapur, an alloy steel plant and the railway locomotive plant at Chittaranjan.

The West Bengal Government is promoting the development of this region as an industrial centre with integrated infrastructure. The Asansol Durgapur Development Authority (ADDA) is setting up an Export Promotion Industrial Park at a cost of US\$ 3 million. The target industries for this park are steel-based, software, electronics, leather,

pharmaceuticals, agro-based and other non-polluting industries. Electricity and water supply in the region are also being upgraded to attract investment.

#### Special Economic Zones (SEZs)

West Bengal has an operational Special Economic Zone at Falta. A greenfield SEZ is proposed to be developed at Kulpi (next to the proposed port). The units located in the Falta SEZ produce engineering goods, processed food items, textiles, chemicals and petrochemicals. Exports from Falta increased from US\$ 16 million in 1999 to US\$ 116 million in 2003. A majority of these exports were to the USA, Hong Kong and Russia.

#### Agri-Export Zones (AEZs)

West Bengal has set up eight Agri-Export Zones in the past few years. The AEZs are focused on processing mangoes, pineapples and potatoes and provide critical infrastructure such as cold chains, perishable food products' cargo complexes and other equipment required for food processing units.

The AEZs also facilitate the development of an end-to-end system for value added agricultural products. These include:

- Permitting AEZ units to provide inputs and equipment to farmers in the domestic tariff area
- Custom duty benefits on the cost of pre-production cost (such as fertilisers)
- Availability of packing credit from banks

## STATE POLICY

The West Bengal Government recognises the need for faster economic development in the state. Its strategy for encouraging investment and achieving higher levels of economic development hinges on the following elements:

- Focus on industries where the state has a competitive advantage
- Restructuring of public sector enterprises
- Maintaining balance between interests of industry & workers
- Encouraging foreign technology and investment, as may be appropriate or mutually advantageous

The State Government has simplified the approval for setting up industrial units in the state. An empowered committee has been constituted to arrange for time-bound decisions in respect of investment proposals and clearances required. At the district level too, a committee headed by the district magistrate has been set up to ensure quick decisions regarding land, employment and other related matters.

Based on the above approach, the State Government has adopted policies for long-term growth and development. These include:

### IT Policy

The State Government has identified IT and ITES as priority sectors for the state. In 2003, the state adopted a comprehensive IT Policy which aims at:

- Setting and realising aggressive targets for attracting investment in the sector and increase the state's share in India's IT and ITES exports
- Providing a comprehensive package of incentives and regulatory support to facilitate faster growth of the sector

- Leveraging the large talent pool available in the state to promote employment generation
- Wide spread adoption of IT in public life through e-governance initiatives

#### West Bengal: Recent initiatives for IT and ITES companies

- All IT companies are granted the status of public utility services and work under a 24x7x365 model
- Self-certification allowed for IT companies to the extent possible
- IT companies are awarded special status to improve infrastructure availability
- Several data protection rights, anti-piracy measures and R&D support from appropriate institutions
- Fiscal incentives such as exemption from consumption tax and quality linked incentives

To improve its competitiveness in this sector the State Government has decided to connect all government departments and over 3,600 Local Self Government units to ensure community participation. It has set up the West Bengal State Wide Area Network (WBSWAN) that provides wide level connectivity to the district and block levels. West Bengal is one of the five states in India with such wide connectivity. The state has launched an IT literacy programme in schools and colleges in collaboration with IBM, Wipro and NIIT. This programme will cover over 11,000 schools across the state.

### Public sector enterprise restructuring

As part of its larger effort to foster economic and social development of the state, the West Bengal Government has decided to restructure the state level public enterprises. In 2003, it commenced a pilot project for restructuring 14 state-owned enterprises,



with assistance from DFID, Government of UK. Of the 14 enterprises, 10 have been identified for restructuring through private investment. Four enterprises will be retained under the State Government's ownership. Business and financial restructuring plans have been developed for these enterprises and are currently under implementation.

### **Special Economic Zone Policy**

The State Government is focused on developing SEZs in the state. These zones will be earmarked as duty-free enclaves and will have a relaxed and business friendly policy regime. The policy aims to promote rapid industrial development and employment generation. The policy offers:

- Exemption from all state and local taxes and levies on transactions with the SEZ and on supply from domestic tariff areas to the SEZ
- Exemption from stamp duty and registration fees
- Grant of labour and environment related permits and approvals through a dedicated single window mechanism
- Permission to generate electricity for own consumption
- Expedient process for land acquisition to set up SEZs

The Manikanchan Gem and Jewellery Park is one of the first greenfield SEZs in India. Built with an investment of

# BUSINESS OPPORTUNITIES

## Key industries

West Bengal has a strong competitive position in petroleum and petrochemicals, iron and steel, leather, textiles and agro-based industries.

### Petroleum & petrochemicals

The state accounts for 4 per cent of India's total petroleum products production and 13 per cent of India's total polymer production. The production of petroleum products in West Bengal has increased from 2.9 million tonnes in 1993-94 to over 4 million tonnes in 2002-03. The increase in polymer production has been even more significant, with production exceeding 500,000 tonnes in 2002-03.

The main reason for the growth of petroleum and petrochemicals industry in West Bengal is the upstream and downstream linkages developed by the oil refining and petrochemical units located in the state.

The petrochemical industry in West Bengal shall get a further fillip with the announcement of a US\$ 1 billion gas pipeline project to bring natural gas to West Bengal.

Prominent players in petroleum and petrochemicals industry are Mitsubishi Chemicals Corporation, Indian Oil Corporation, Haldia Petrochemicals Ltd and South Asian Petrochem Ltd. Among the major projects been planned in the state are the Gas Authority of India's (GAIL) 100,000 MTPA Styrene Butadiene Rubber (SBR) plant at Haldia. The plant is to be set up with an investment of US\$ 120 million.

### Iron and steel

West Bengal accounts for around 10 per cent of India's steel production capacity. Between 1995-96 and 2001-02, the production of steel through the

integrated steel plants located in West Bengal grew from around 1.4 million tonnes to around 1.9 million tonnes. With India's steel consumption projected to double by 2011-12 to over 60 million tonnes per annum, further expansion of steel production is expected.

The state's key advantage is its proximity to key raw materials (iron ore and coal). The Haldia port ensures availability of imported inputs for steel making and export of steel products to China and south-east Asia.

Prominent steel producers in West Bengal are SAIL (India's largest steel producer), Bhushan Steel and Stolberg (of Germany). A total of 40 steel projects worth US\$ 620 million are in different stages of implementation in West Bengal.

#### Select steel projects under implementation

Company/Location	Investment (US\$ million)
Shri Ramrupai Balaji/Durgapur	39
Hindustan Seals/Haldia	70
Mark Steel/Purulia	44
Shri MP Ispat and Power/Bankura	47
Jindal India Ltd/Howrah	54
Govinda Impex/Bankura	30
Utkarsha Galva/Hooghly	22

Source: Report on West Bengal Economy, 2003

### Agro-based

#### Food processing

West Bengal is the largest producer of vegetables in India and a major producer of fruits. In 2003, the production of vegetables and fruits in West Bengal stood at 10.6 and 1.8 million tonnes respectively. The state also accounts for around 10 per cent of the country's edible oil production. This abundant availability of vegetables and fruits provides

the state a competitive edge in the food processing industry.

The State Government has taken steps to facilitate the development of the food processing industry, which includes setting up “Food Parks” with private investment. At present, six food parks are under implementation in various parts of the state with an investment of over US\$ 20 million.

To promote exports of processed vegetables and fruits, the state has set up eight Agri-Export Zones (AEZs). Another AEZ for Darjeeling tea is planned. The project will involve an investment of US\$ 47 million. Of the total investment, 72 per cent will be developed through private sector participation.

The Government is establishing cold chain infrastructure in the state by constructing 16 cold storages across the state. It is also setting up a perishable food product cargo complex at Kolkata airport at a cost of US\$ 5.6 million.

Prominent investors in West Bengal's food processing industry include Pepsico (through Frito-Lay India). Del Monte Pacific Ltd is setting up a pineapple and mango processing plant with an investment of US\$ 11 million while companies like Unilever and Nestle have expressed interest in setting up food processing units in the state.

#### Select food processing projects under implementation

Company / Location	Investment (US\$ million)
MP Glychem Industries Ltd (Haldia)	33
Haldia Vegetable Oil and Foods (Haldia)	29
Hooghly Mills Project (Durgapur)	13
Kanchan Oil Industries	10

#### Tea

West Bengal is the second largest tea growing state in India after Assam and home to the world renowned Darjeeling tea. The state contributes more than 20 per cent to India's total tea production. It has

343 tea gardens covering 103,950 hectares of planted area. West Bengal's tea production has increased from 168 million kg in 1994 to 181 million kg in 2001, an increase of 7.7 per cent

Prominent players in the tea industry in West Bengal are Tata Tea, Williamson Magor Group, Goodricke Group and Duncans Group. The Williamson Magor Group has recently invested US\$ 20 million on its facilities to increase its packaged tea business.

#### Leather

West Bengal is India's second largest producer and exporter of leather and leather goods. Its share in India's tanning capacity and production stands at around 22 per cent. India annually produces around 1,800 million sq ft of leather, representing 11 per cent of global production.

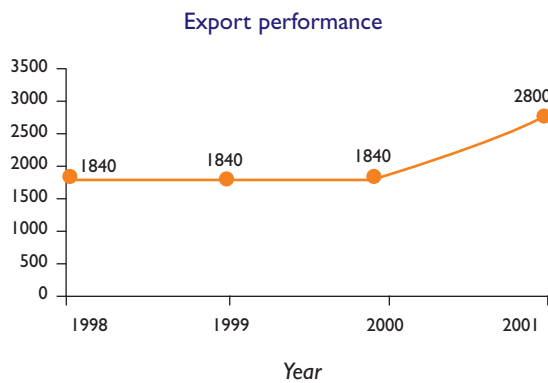
In 2002-03, exports of leather and leather products from India were over US\$ 1.9 billion. West Bengal had the largest share in these exports among the Indian states.

Cheap raw material, abundant water supply, skilled labour and low cost of operations are the important factors that make the state an attractive destination for leather based industries. West Bengal has over 500 tanneries and a large number of leather goods manufacturing units, most of which are small enterprises.

Current investment in this sector is the world's largest integrated leather complex being set up at the outskirts of Kolkata on a Build-Operate-Transfer (BOT) basis. The project costing US\$ 78 million is being set up in a joint venture between the ML Dalmiya & Company and the West Bengal Government. The complex is spread over an area of 440 hectares and is designed to house all activities related with the leather industry. It will have a capacity to process 1,000 tonnes of rawhide per day. When fully functional, the park will generate approximately US\$ 111 million worth of exports and employment for 10,000 people.

## Exports

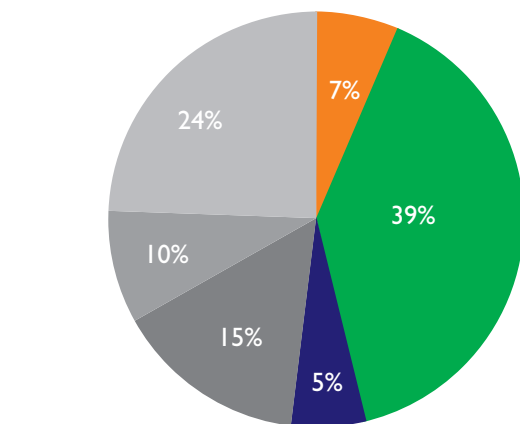
Between 1998 and 2001, exports from West Bengal increased from US\$ 1,840 million to over US\$ 2,800 million.



Source: Commerce and Industries Department, Government of West Bengal

Exports from the state mainly comprises of manufactured goods, engineering goods, textiles and agricultural products and leather products.

Composition of exports



- Agriculture goods
- Manufactured goods
- Leather goods
- Engineering goods
- Textiles
- Others

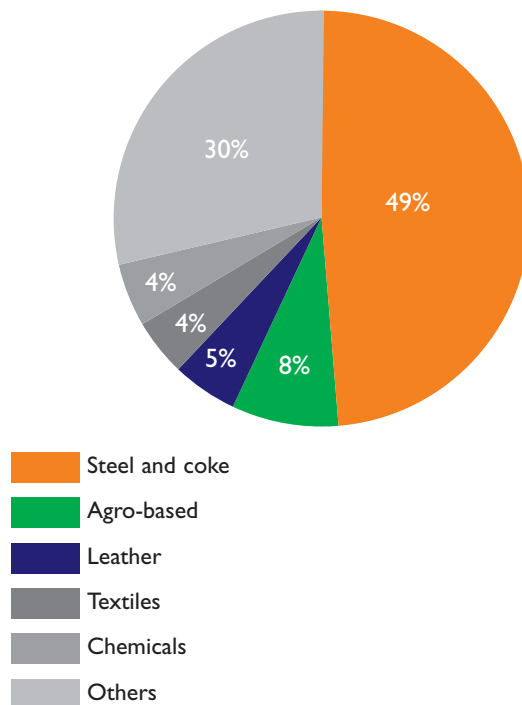
Source: Commerce and Industries Department, Government of West Bengal

## Investment

Between 1991 and 2002, 658 industrial units with an aggregate investment of US\$ 5 billion were set up in West Bengal. By 2003, this number increased to 795 with the total realised investment of over US\$ 5.4 billion.

West Bengal has attracted industrial investment in sectors such as steel and coke, agro-based industries, leather, textiles and chemicals. The steel and coke sector represents approximately half the industrial investment in West Bengal.

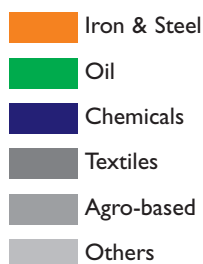
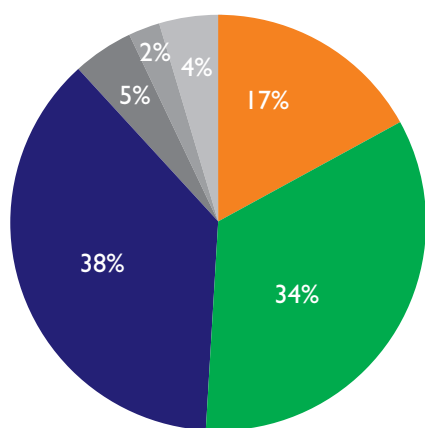
Share of industries in capital investment



Source: Annual Survey of Industries, 2002-03

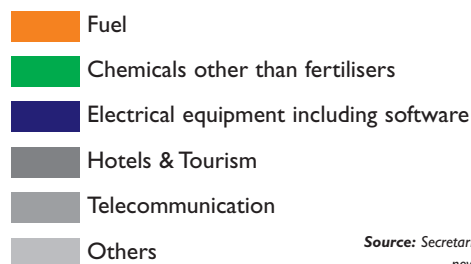
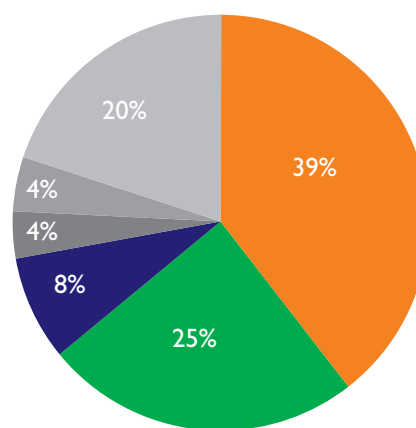
In 2003, there were 55 projects with a total investment of over US\$ 840 million at various stages of implementation in West Bengal. A sector-wise breakdown of these projects indicates a wide distribution of investment across oil, petrochemicals and iron & steel.

Distribution of investment under implementation



Source: Report on Economy, 2003

FDI - Sectoral break up

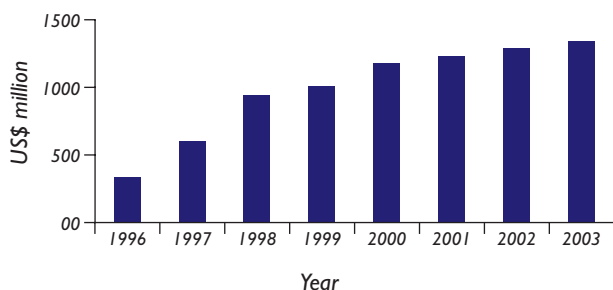


Source: Secretariat for Industrial Assistance newsletter, Annual Issue 2002

### Foreign Direct Investment

Between 1996 and 2003, West Bengal attracted over US\$ 1,346 million of Foreign Direct Investment (FDI).

Cumulative FDI



Source: Secretariat for Industrial Assistance reports

The key sectors attracting FDI in the state are fuel, chemicals other than fertilisers, electrical equipment including software, hotels & tourism, and telecommunications.

### Potential hubs for investment

As India's third largest economy, West Bengal offers significant potential for future development. The state's emphasis in the past has been on rural development, to promote equitable economic and social development. Of late, the state has recognised the need for rapid economic development and has taken a number of steps to aggressively promote development of industries and services. The State Government has identified few key areas for future growth.

#### IT and IT Enabled Services

West Bengal is among the fastest growing states in the IT sector. Currently, over 180 IT/ITES companies are operating in the state and these employ more than 15,000 IT professionals. Software exports from West Bengal have grown to US\$ 370 million in 2003-04, as against US\$ 260 million in 2002-03. By 2010, the projected contribution of IT and ITES

sector to the state's economy is expected to be 15-20 per cent, compared to the current 3 per cent.

The state offers a large talent pool, low cost of operations, uninterrupted power supply and healthy infrastructure. It has taken steps to provide a favourable policy and regulatory framework for development of the IT and ITES sector.

Prominent IT and ITES companies present in West Bengal include IBM, Wipro, Cognizant Technologies and Siemens Information Systems.

In October 2004, two Software Technology Parks (STPs) became operational in Durgapur and Kharagpur. Preliminary work to set up two more STPs in Haldia and Siliguri is underway. The DLF Group is also setting up a 1.3 million sq feet IT Park with an investment of over US\$ 60 million.

### Tourism

The foreign and domestic inflow of tourists to West Bengal has been increasing over the past few years. The state attracted 8.8 million domestic tourists and 530,000 foreign tourists in 2002. West Bengal's share in domestic and international tourists stands at 2.9 per cent and 11 per cent respectively. The number of foreign tourists visiting West Bengal increased from 193,000 in 1997 to 530,000 in 2002, representing a growth of over 175 per cent.

West Bengal with its heritage and geographical diversity offers significant potential for the tourism industry. The state's Tourism policy offers incentives to construct and operate new hotels in the state.





# PROFILE OF KEY PLAYERS IN WEST BENGAL

## Bata India Ltd

Bata India, part of the global Bata Shoe Organisation based in Toronto, Canada, is India's largest manufacturer of footwear products. Bata India sells over 60 million pairs per year throughout India and in overseas markets. It manufactures leather, rubber, canvas and PVC shoes. Today, the company has a tannery and a factory in Batanagar, one of its five factories across the country. The Batanagar facility was the first Indian shoe-manufacturing unit to receive the ISO 9001 certification in 1993. In 2003-04, Bata India's revenues were around US\$ 180 million. At present, the company has a workforce of 10,000 employees.

## Birla Corporation Ltd

Birla Corporation Ltd is the flagship company of the MP Birla Group. The company's main areas of business are jute, cement, synthetic yarn, calcium carbide, industrial gases, PVC coated fabrics, PVC floor coverings, auto trims, healthcare and education. Birla Corporation has joint ventures and collaborations with world leaders like DLW AG of Germany, Rhone Poulenc of France, Sweden-based Ericsson Cables AB and ABB, GE, Toshiba and AEI Cables. In 2003-04, the company's revenues stood at US\$ 276 million and profits over US\$ 9 million. Currently, the installed capacity is 4.8 million tonnes, which will be expanded by 1 million tonne. It is investing US\$ 62 million for various capital expenditure programmes across the country.

## Cognizant Technology Solutions

The US\$ 586.7 million Cognizant Technology Solutions is a leading US based, global e-business and application development company. In India, Cognizant has five software development centres, one of which is located in Kolkata. The centre in Kolkata has around 1,000 employees. Cognizant has announced plans to invest

US\$ 76 million in building new development centres in India in 2005 and 2006. It has also announced plans to increase the number of professionals in the country to 9000. Cognizant maintains P-CMM and SEI-CMM Level 5 assessments from an independent third-party assessor and was recently ranked first in Forbes' Hot Shots 200 Up & Comers. It was also ranked as the top information technology company in BusinessWeek's Hot Growth Companies in 2004.

## Emami Group

Kolkata-based Emami Group has been in the field of skin care, health care and medicinal products for over 75 years. Today, the Group's businesses also include writing materials, healthcare services, paper and retail. In 2003-04, the Group's revenues were around US\$ 45 million. Emami exports its products to over 50 countries.

## Frito-Lay India

Frito-Lay India is a part of the US\$ 27 billion PepsiCo, one of the largest global food & beverage corporations. The company has invested US\$ 16 million in setting up a plant at the agri-export zone at Sankrail, Howrah. The plant went into stream in November 2004. It currently has a production capacity of 1,250 tonnes per month and produces potato chips and light snacks. The easy availability of potatoes and agricultural produce in Bengal attracted Frito-Lay to invest in the state. The company has initiated moves to grow chip-grade potato in the state and has commenced agricultural programmes in Midnapur, Hooghly, Burdwan, Bankura and Purulia districts through 34 co-operatives and 850 farmers. The project will cover 1,000 hectares of land. The company has plans to buy about 30,000 tonnes of potato from West Bengal by 2007.

## Gamuda India Ltd

Gamuda India Ltd is a subsidiary of Gamuda Berhad, Malaysia, a leading infrastructure group with

a turnover of US \$ 374 million and net profit of US \$ 63 million. In India, Gamuda is currently building two major national highway projects in West Bengal, the Panagarh-Palsit Highway and Durgapur Highway with a total length of 130 km under a design, build and finance agreement awarded by the Government of India. The projects involve an investment of US\$ 200 million.

### GE Capital International Services (GECIS)

GE Capital International Services is the largest remote processing organisation in India. It employs over 11,500 people in four different locations across India. GECIS has invested US\$ 17 million in its facility in Kolkata, which started operations in September 2004. The firm has rented a 2,500 sq ft facility at Salt Lake and is expected to employ over 1,500 people.

### Goodricke Group Ltd (GGL)

Goodricke Group Ltd is a part of the UK-based Camellia Plc, the world's single largest tea producer in the private sector. In India, Goodricke is the third largest tea producer and the leading producer of Darjeeling tea. This Group today comprises of 30 gardens spread over 15,766 hectares. Goodricke sold around 5 million kg of tea in 2004 and expects to increase the figure to 6 million kg by 2005. Goodricke has an instant tea plant in the Dooars region of West Bengal and its clients include Coke and Hindustan Lever, among others. The company is currently focusing on the packet tea business and is planning to set up its second instant tea plant with a capacity of 600 tonnes a year. In 2004, Goodricke's revenues were around US\$ 45 million.

### Haldia Petrochemicals Ltd (HPL)

Haldia Petrochemicals Ltd is the largest industrial venture in eastern India, representing an investment of over US\$ 1.2 billion. It is a unique three-way public private partnership of the Government of West Bengal, Chatterjee Soros Fund Management and the Tata Group. HPL has set up an integrated naphtha

based petrochemicals complex and associated plants, which manufacture Linear Low Density Polyethylene (LLDPE), High Density Polyethylene (HDPE), Polypropylene (PP) and chemicals. It uses foreign technology collaborations from Europe and has an annual production capacity of 1.7 million tonnes.

### HSBC

HSBC Electronic Data Processing is a subsidiary of HSBC Group. It is setting up a data processing and BPO centre in Kolkata, acquiring 180,000 sq ft of office space and employing 500 people. The BPO centre will process back office processing jobs from around the world. HSBC would increase capacity of the same to 3,000 by 2007.

### IBM Global Services (IBMGS)

IBM Global Services is the world's and India's largest information technology services and consulting provider. India operations of IBM Global Services were launched in 1997. The company offers a range of IT services from IBM including networking services, outsourcing, education, system integration, consulting, software development and hardware design. IBMGS inherited the Kolkata centre after its global acquisition of PricewaterhouseCoopers (PwC). The Indian operations of PwC are being integrated into IBMGS.

### Indian Oil Corporation (IOC)

Indian Oil Corporation is the country's largest commercial enterprise with a sales turnover of US\$ 29.8 billion and profits of over US\$ 1,600 million. The Indian Oil group owns 10 out of 18 refineries in India and has a current capacity of 52.8 million metric tonnes per annum. During the year 2003-04, Indian Oil sold 48.6 million tonnes of petroleum products. Of this, exports amounted to 1.81 million tonnes. IOC's Haldia refinery in West Bengal was set up in 1975. Its present capacity is 4.6 million metric tonnes per annum. The petroleum products are supplied through two pipelines in eastern India. The Haldia-Barauni pipeline is 525 km long and Haldia-Mourigram-

Rajbandh pipeline is 250 km long. IOC also has a lube oil blending plant at Haldia which has been recently set-up with an investment of US\$ 94 million.

### ITC Group

The US\$ 2.6 billion ITC is one of India's foremost private sector companies. Based in Kolkata, ITC has a diversified presence in cigarettes, hotels, paperboards & specialty papers, packaging, agri-business, branded apparel, packaged foods & confectionery, greeting cards and other FMCG products. The company has a cigarette manufacturing facility near Kolkata, which is also the first cigarette unit in the world to receive an ISO 14001 certification. ITC InfoTech, the technology arm of ITC is setting-up a software development park in Kolkata with an investment of US\$ 22 million. ITC employs over 15,000 people at more than 60 locations across India. It is ranked among India's most valuable companies by the 'Business Today' magazine.

### Khadim Group

The US\$ 27 million Khadim Group is a prominent player in the footwear industry in India's eastern region. The group has 27 retail outlets and 150 franchisee shops all over the country. In Kolkata, the company is setting up a new R&D warehouse at a cost of US\$ 0.7 million. The facility will be networked with its factories. It is also investing over US\$ 1 million in modern machines from Taiwan in order to manufacture shoes using Chinese technology.

### Mitsubishi Chemicals Corporation

Mitsubishi Chemicals Corporation, Japan's largest chemical firm and one of the world's top 10 chemical companies has invested in Purified Terephthalic Acid (PTA) at Haldia at an estimated cost of US\$ 355 million. The unit represents one of the largest Japanese FDI in India. The plant started production in 2000. Its capacity of 350,000 tonnes per annum has recently been increased to 425,000 tonnes per annum. The plant exports 30 per cent of its production. With a captive power supply

of 25 MW, it employs 750 people and plans to grow at 5-8 per cent per annum.

### Red Hat India

Red Hat is the leading provider of open source and Linux software worldwide. In July 2004, the company opened a sales and support office in Kolkata. The office will provide technical support for Linux in the eastern region and cater to the growing demand for Red Hat products. Red Hat is closely working with IBM, Oracle and other companies to shore up the regional off take of Linux based software.

### RPG Group

RPG Enterprises is one of India's largest conglomerates, comprising more than 20 companies spanning across business sectors. These include retail, IT & communications, entertainment, power & transmission, tyres and life sciences.

Central Electric Supply Corporation (CESC), an RPG company supplies power to 12 million citizens in Kolkata. It also generates 1,000 MW from its 5 generating stations. It recently commissioned a 500 MW thermal power station at Budge Budge near Kolkata.

### Samsonite India

Samsonite India is a subsidiary of US\$ 1.6 billion Samsonite Corporation, USA. It has a 65 per cent market share in India and is a leading producer of luggage in the country. The company plans to invest US\$ 22 million to set up a manufacturing base near Haldia with a capacity of 1.5 million pieces. The unit will export to various south-east Asian countries and Japan. Samsonite India sources 80 per cent of its raw material from HPL.

### Satyam Computers Ltd

Satyam Computers Ltd is India's fourth largest IT company. It offers end-to-end IT solutions to over 390 global companies, including 144 Fortune 500 corporations. The company operates in 46 countries, and

has an operating income of over US\$ 726 million. In 2004, Satyam signed a Memorandum of Understanding (MoU) with the West Bengal Electronics Industry Development Corporation Ltd (WEBEL) for setting up a development centre in Kolkata. The initial investment in the development centre is expected to be around US\$ 6 million.

#### South Asian Petrochem Ltd (SAPL)

South Asian Petrochem Ltd is a subsidiary of the Kolkata-based Dhunseri Group. SAPL has set up a 140,000 TPA of Polyethylene Terephthalate (PET) resin plant at Haldia with an investment of over US\$ 100 million at Haldia. The plant has been set up in collaboration with Zimmer AG, Germany. It commenced commercial production in September 2003.

#### Steel Authority of India Ltd (SAIL)

SAIL is India's largest steel producer with the Government of India holding an 86 per cent equity stake. SAIL had an operating income of US\$ 3.8 billion in 2003. The company produces both basic and special steel for domestic construction, engineering, power, railway, automotive and defence industries and for sale in export markets. SAIL is ranked amongst the top ten public sector companies in India in terms of turnover. It produces iron and steel at four integrated plants and three special steel plants located principally in the eastern and central regions of India and is situated close to domestic sources of raw materials including the company's iron ore, limestone and dolomite mines.

In West Bengal, the company has an integrated steel plant in Durgapur with a capacity of 1.8 million tonnes per annum and an alloy steel plant (ASP) with an installed capacity of 0.2 million tonnes per annum. It also has a subsidiary company, the Indian Iron and Steel Company (IISCO). SAIL's corporate plan envisages expansion of the Durgapur steel plant to a capacity of 3 million tonnes with an investment of US\$ 622 million. The company is also upgrading

its blast furnace to enhance hot metal production to 3.5 million tonnes. The Durgapur plant is focusing on special steel and an Italian consortium has been awarded a contract to set up a 0.85 million tonne bloom caster with an investment of US\$ 60 million.

#### Tata Tea

The US\$ 178 million Tata Tea is a joint venture with UK-based James Finlay and Company and the Tata Tea Group of Companies, which includes Tata Tea and the UK-based Tetley Group. Together it represents the world's second largest global branded tea operation with product and brand presence in 40 countries. Tata Tea is headquartered in Kolkata and owns 35 tea estates in the states of Assam, West Bengal, Kerala and Tamil Nadu. The company has five major brands in the Indian market - Tata Tea, Tetley, Kanan Devan, Chakra Gold and Gemini - catering to all major consumer segments for tea. Tata Tea's distribution network in the country comprises 38 C&F agents and 2,500 stockists catering to over 1.7 million retail outlets in India.

#### Wipro Technologies

The US\$ 1 billion Wipro Technologies is one of the largest IT companies in India. Wipro provides IT solutions and services to global corporations. It has over two decades of experience in the IT business and is the world's first PCMM Level 5 and SEI CMM Level 5 certified IT services company. Wipro set up its software development centre at Salt Lake City, Kolkata, in 2004. The centre employs 1,500 professionals and caters to Wipro's customers in the IT and ITES services across multiple industry domains. In September 2004, Wipro Spectramind launched a 500-seater call centre in Kolkata. The total investment is projected to be around US\$ 26 million and will be spread over the next 15 months. The company plans to expand the centre to 3,000 seats. The software giant is planning to invest in another software development complex in West Bengal.

# DOING BUSINESS IN WEST BENGAL

## Obtaining approvals

An indicative list of approvals with timeframe for setting up business in West Bengal

Department	Timelines
Environment	<ul style="list-style-type: none"> <li>No Objection Certificate from Pollution Control Board – 15 days</li> </ul>
Industries	<ul style="list-style-type: none"> <li>Permission from Chief Inspector of Factories – 7 days</li> </ul>
Health and Fire	<ul style="list-style-type: none"> <li>Health Licence – 3 days</li> <li>Fire Licence – 7 days</li> </ul>
Power	<ul style="list-style-type: none"> <li>Electrical Connections – 36 days</li> </ul>
Revenue	<ul style="list-style-type: none"> <li>Land – 75-90 days</li> </ul>
WBIDC	<ul style="list-style-type: none"> <li>Allotment of land – 30-45 days</li> </ul>

Source: Government of West Bengal, PwC research

## Cost of setting up business

An indicative table on cost of setting up business in West Bengal

Indicator	Value (in US\$)
Industrial land (per sq mt)	Haldia – 6.7 - 7.18 Falta – 6.4 Kolkata – 14.36 - 24
Office space rent (per sq ft per month)	0.96 - 1.4
Residential rent (for a 2,000 sq mt house, per month)	287 - 430
5-star hotel room (per night)	95.7
Electricity (per kWh)	.038 - .076
Water (per 1000 litres)	.17 - .24

Source: PwC research  
Note: Exchange rate used is INR 47 per US\$

## Contact for information

### State Government Website

[www.westbengal.gov.in](http://www.westbengal.gov.in)

### West Bengal Industrial Development Corporation (WBIDC)

The West Bengal Industrial Development Corporation is the prime State Government agency responsible for promotion of industrial and infrastructure development in the state.

Over the years, the corporation has developed core competency in administrative and promotional role, which has placed it in an ideal position to catalyse industries and infrastructure in West Bengal. More than sixteen industrial estates are in various stages of development in various districts of West Bengal. The core competencies of the agency include:

- Developing industrial areas such as Rajarhat Township, Salt Lake City, Food Park, Dancuni and the older ones such as Kharagpur Industrial Area, Kalyani Industrial Area etc
- Providing various infrastructure facilities within the estate areas and parks
- Developing business, trade and industrial links with domestic as well as foreign companies
- Conceptualisation of new projects and entrepreneurship development
- Diversification of activities to areas like merchant banking, venture capital, infrastructure and exports

### *West Bengal Industrial Development Corporation*

5 Council Street House

Kolkata 700 001

Tel +91 33 22435343

Fax +91 33 22483747

Email [chairman@wbidc.com](mailto:chairman@wbidc.com)

Web [www.wbidc.com](http://www.wbidc.com)

### Confederation of Indian Industry (CII)

Information on markets and opportunities for investment in West Bengal can also be obtained from Confederation of Indian Industry which works with the objective of creating a symbiotic interface between industry and government.

### *Confederation of Indian Industry Eastern Region*

6 Netaji Subash Road

Kolkata 700 001

Tel +91 33 22307727

Fax +91 33 22301721

Email [ciier@ciionline.org](mailto:ciier@ciionline.org)

### *Confederation of Indian Industry Zonal Office*

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P O Township

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Tel +91 3224 266121 / 262805

Web [www.ciionline.org](http://www.ciionline.org)

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