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**SEC-IV,  
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ECONOMIC  
ISSUES  
ASSIGNMENT**

**THE CURIOUS STABILITY OF**  
**THE LEFT FRONT**  
**DESPITE**  
**THE MEANDERING**  
**ECONOMY**

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## Abstract

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*The Left Front lead by CPI(M) won 7 consecutive elections to the West Bengal Legislative Assembly from 1977–2011- a phenomenon unprecedented and unheard of in Global Politics.*

*The remarkably long reign has been a subject of study for a large number of economic, social and political researchers over the years with numerous scholars attempting to find possible explanations for the extraordinary tenure.*

*The most remarkable feature however of this historic period, was the continuance of the ruling coalition in power across two starkly differing economic periods-one witnessing productive growth (from 1980s to 1990s) while another (through the 90s and early 21<sup>st</sup> century) characterised by economic stagnation.*

*It's often argued that in the event of a Government's failure to save market economy, through democracy and universal suffrage, citizens have an incentive to get rid of the inefficient government and bring back efficiency.*

*But as we highlight in the paper ahead, it's noteworthy that despite the Left Front's disability to sustain the efficacy of their economic policies from the 80s, they continued to remain in power with unusual stability and little to no challenge to their supremacy.*

*It was rather puzzling-on the one hand there was an unprecedented political stability in the state and on the other, economic stagnation and even decline.*

*There have been attempts to explain this political stability in terms of the agrarian revolution that took place in the state in the 1980s, especially due to the adoption of high yielding 'Boro' cultivation of rice; but this explanation is rather untenable as the 90s witnessed a significant fall in the growth rate of the agricultural sector.*

*Another theory attempted to argue that perhaps, in spite of a lower per capita income, there had been significant redistribution within the state but even this hypothesis seems unsound because if one goes by the standard measures of inequality, like for example consumption Gini or quintile distribution of rural income, West Bengal's position was not as exceptional as to be able to explain such a long political stability. Moreover, if one looks at disparities between rural and urban consumption within West Bengal during the latter half of the Left Front rule, it was actually one of the highest among the major states. Though one can't ignore the rather radical land reforms within the state coupled with decentralisation of power and control in the villages, redistribution through land reforms, which peaked in the 1980s, clearly slowed down in the 1990s.*

*In the absence of obvious indicators, it is rather intriguing to explore the factors that helped the Left Front maintain similar control and power across two starkly different economic periods*

*In what follows, we start with going through the economic growth in the state post the election of Left Front in 1977 owing to policies targeted at economic growth and land reforms.*

*From there on, we make observation of the state's economy during the 90s and attempt to find explanations for the unchallenged foothold of the Left Front in the West Bengal State Assembly even in an era when the benefits from their 20 year-old economic reforms had ceased to exit.*

*The data we refer to, unless specified otherwise, are taken from the West Bengal Human Development Report, 2004.*

## *The 80s-The Era of Growing Prosperity*

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*Before 1977, the state was mainly ruled by the Congress, except for a few years when non-congress parties came to power for short durations.*

*The agrarian impasse, industrial deceleration, peasant's movements and militant labour movements had resulted in an unstable environment which was not viable for any economy to further grow and develop. A political alternative seemed to be imperative for the state which was facing these issues simultaneously.*

*Leading most of the peasant and industrial workers' movements, the Left parties had been widely seen as the most promising alternative to the Congress party in the state. At this juncture, in the 1977 elections, the Left Front stormed its way into power and paved the path for a new political era in the state, which lasted for the next 34 years. The emergence of the Left Front is considered as an important event as it also ushered in changes in the policy paradigm.*

*After coming to power in 1977, the Left Front government implemented a series of policies such as 'Panchayat reform' where a three-tier panchayat system was implemented.*

*The Panchayat also worked as a mediator in terms of implementing various schemes as well as settling disputes between farmers and labourers regarding wages. In addition to this, the panchayat also took an active role in distributing subsidised farm inputs such as high yielding varieties of seeds and fertilisers, etc. This helped in the spread of new technology among farmers of all sizes and classes.*

*During the same period, the secondary sector, even though not significant, also witnessed improvements in its growth primarily due to the industrial policies adopted by the Left Front in 1978.*

*The tertiary sector also grew at a higher rate, with transportation showing the highest growth within this sector owing to the spectacular agrarian growth leading to rise in demand for transportation facilities for movement and storage of agricultural inputs and products*

*The stability of the rule during this period thus, is not necessarily in question, as the aforementioned policies increased social and economic well-being of the locals and in turn, solidified their faith in the newly elected Left Front government*

*Next, we present a detailed observation of the state's economic situation in this period*

## *Agricultural Development*

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*Agricultural production, especially that of rice, grew at a spectacular rate in the state during the 1980s. While part of this can be attributed to land reforms itself, to an increase in the incentive to produce more due to transfer of ownership ('Patta') or a permanent right given to the cultivator to cultivate land ('Barga'), as noted earlier, a larger credit of this success can be attributed to the introduction of high yielding Boro rice cultivation enabling the farmers to raise more than one crop in a given year. Thanks to the Boro revolution, West Bengal emerged as the largest rice producing state in India contributing more than 15 per cent of national production. During the 1980s Boro cultivation grew at an average annual rate of 12 per cent and overall food grains at a rate of 5.5 per cent.*

*Boro remained an extremely labour-intensive form of rice cultivation carried on by small cultivators in small plots of land using mainly family labour. In fact, Boro cultivation worked in sync with the fragmented lands in West Bengal.*

*Along with this, the government undertook investment in irrigation as well. Primarily, tube well irrigation expanded during this period.*

*Thus, a combination of technological change in terms of the usage of high yielding varieties of seeds and fertilisers, institutional changes in the form of land reforms and panchayat reforms as well as investment in irrigation helped spurt the agrarian growth which resulted in an environment of increasing purchasing power of the small and marginal farmers*

## *Industrial Part Of The Development*

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*During the same period, the secondary sector witnessed improvements in its growth. The main focus of their policy was to promote small-scale industries, which gets reflected in this phase in terms of the increasing number of chemical industries and small-scale engineering units that came up in and around Kolkata. The industrial policy mainly focused on small-scale industries. Moreover, the improvement in the growth rate of the manufacturing sector could be attributable to the increasing number of small-scale units.*

*But this growth rate, however, when compared to rest of India, was relatively low. For the period 1981-82 to 1986-87 growth rate of manufacturing was below 2 per cent and it went up to a little above 3 per cent during 1987-88 to 1993-94.*

*Public enterprises in the state started to decline in the mid 1980s and there was a general stagnation in the traditional industrial areas of the state. West Bengal was exhibiting negative employment growth in the formal sector for the period 1980-81 and 1997-98 among the major Indian states.*

*By the end of this period however, there was a clear shift towards the rise of unorganized, unregistered manufacturing sector.*

### *Redistribution (Through Land Reforms)*

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*Land reform in West Bengal assumed two forms, Patta and Barga.*

*While the former involved redistribution of ownership of excess land acquired from rich landlords through implementation of land ceilings, the latter gave the sharecropper protection against possible eviction from the land assuring them a fixed share of output.*

*Power and decision making were also decentralised through the three-tier Panchayati raj and representation of the poor in gram panchayats, panchayat samitis and Zillaparishads went up. Comparing 1978-83 Gram Panchayats with 1988-93 Gram Panchayats, it is found that representation of Bargadars increased from 1.8 per cent to 11.3 per cent, that of landless labour from 4.8 per cent to 16.8 per cent and the representation of cultivators with landholding below 3 acres along with the landless increased from 21.8 per cent to 30.17 per cent.*

*The increase in the sense of dignity and social prestige of the poor, certainly had an impact on political stability in the 1980s.*

## *The 90s- The Era of Fading Glory*

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*Even if political success of the Left Front in the 1980s can be explained in terms of the agrarian revolution and redistribution, the same reasons cannot be attributed to their success in 1990s which witnessed a significant fall in the growth rate of the agricultural sector. This, along with a steady decline of the formal industrial sector in the state, makes a growth-based explanation of political stability untenable.*

### *Fall Of The Agricultural Sector*

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*Agricultural production grew at a spectacular rate in the state during the 1980s but it significantly slowed down in the 1990s owing to a number of reasons.*

- First of all, Boro being an extremely water-intensive crop, expansion of boro cultivation had to stop owing to unavailability of water.*
- Secondly, productivity increase could not be achieved.*
- Lastly, due to faulty marketing strategies, the state failed to export its rice to other states and abroad. Along with a lack of demand within the state, this led to a crash of food grain prices; there was a simultaneous rise in input prices-taken together, it made cultivation less profitable.*

*As a result cultivators who accounted for 38 per cent of the rural workforce in 1991 fell to 25.4 per cent in 2001. At the same time, growth of Boro cultivation slowed down to 5 per cent.*

*Other than rice, rapeseed and mustard also recorded a negative growth. Oil seed registered only a negligible positive growth. Even the production of pulses declined as compared to the previous phase. Only potato, sugarcane and jute registered a moderate to high average annual growth of 6.4 per cent, 14.2 per cent and 5 per cent, respectively.*

### *Suspicious Rise In Industrial Sector*

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*Officially, it was claimed that the trend of low industrial growth during 80s was reversed during the 1990s by spectacular growth of the unorganised manufacturing sector.*

*The share of unregistered manufacturing in the manufacturing state domestic product (SDP) of the state almost doubled from an average of 30 per cent in the early 1980s to nearly 60 per cent in the closing years of the 1990s. There was also a substantial increase in the number of informal sector manufacturing units, especially in the rural areas.*

*So much so that both manufacturing and industrial growth in the second half of the 1990s crossed the 6 per cent level and this rise in industrial growth pulled up the overall growth rate for the state to 6.75 per cent in the 1990s as opposed to 4.24 per cent in the 1980s.*



*Several observations however, make this claim tough to agree with*

- *The rank of West Bengal in terms of per capita net state domestic product (NSDP), surprisingly declined continuously from a rank of 6th in 1980-81 and 7th in 1990-91 to 9th in 2000-01.*
- *Lying below the national average with respect to factors like per capita consumption, housing, electrification, per capita consumption of electricity and poverty, while on the other hand, being positioned above national average with respect to literacy, infant mortality, life expectancy at birth and availability of drinking water, West Bengal was at best, a middle ranking state, an observation incompatible with the allegedly high industrial growth.*
- *According to the 1999-2000 NSS data, West Bengal was among the states with highest unemployment rates in India; since industrial growth was claimed to have taken place in the unorganised, unregistered sector which typically uses labour-intensive techniques, growth in this sector should have reflected in the employment rate too*

### *Dip In Land Reforms*

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*Despite having great impact on political stability in the 1980, process of land reforms slowed down in the 1990s.*

*The proportion of landless rural households also rose in West Bengal throughout the 1990s from 39.6% in 1987-88 to 41.6% in 1999-2000. 13.23% of Pattadars and 14.37% of Bargadars had lost their land or given up their cultivation rights by the beginning of the new century.*

*Even as far as inequality is concerned, it's worth noting that states like Bihar, Assam and Rajasthan had lower rural inequality than West Bengal along with 11 other states and union territories. As far as consumption levels were concerned, in 1999-2000, village dwellers in West Bengal consumed 52 per cent of their urban counterpart while for the country as a whole, village consumption per capita was 56 per cent of per capita urban consumption, for agriculturally advanced states like Punjab and Haryana the figure stood around 80 per cent. This clearly displays the fact that when compared to many states, West Bengal exhibited more rural-urban inequality which only increased through the latter part of the Left Front rule.*

*Lastly, looking at the quintile distribution of rural per capita income in West Bengal, in 1993-94 even the lowest quintile income was lower than the all India level.*

*Thus, political stability in West Bengal cannot be explained by land reforms either, at least not since the 1990s.*

*It's fair to conclude then that the factors that shaped Left Front's success in 80s can't be attributed to their success during the 90s.*

### *An Interesting Observation*

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*The share of unregistered manufacture in the state increased from 30% in the 1980s to 60% in the 1990s. There was also a substantial rise in the number of informal sector units and a corresponding rise in informal sector employment reflecting in the fact that the growth in the number of marginal workers (those having work for less than 183 days in a year), was spectacular in the 1990s (more than 15% per year).*

### *Further Exploration Of Rise In Informalisation Of Industrial Sector*

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*Those engaged in marginal occupations lack the security of formal sector jobs and do not always live by formal laws and norms making them vulnerable due to absence of well-defined property rights within the formal legal framework.*

*Another important group, the members of which live and earn their livelihood within the formal legal framework but since the formal legal system is too costly to resort to, each person in this group is too small to protect themselves from the local goons or extortionists.*

*Both these types of people, owing to their vulnerability, for their survival/livelihood depend, in a fundamental way, on political parties which give them protection and in return feed off their support during elections.*

*Since, this political support is created as a result of vulnerability of these people, political parties have little incentive to improve their conditions.*

*Along with cities, even in rural areas, as cultivation became consistently less profitable owing to aforementioned reasons and people moved to non-farming occupations, the phenomenon of informalisation and dependence on political parties became significant phenomena.*

*Informalisation and the costly legal system in West Bengal made more people vulnerable and dependent on politics.*

### *Strong Political Organisation*

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*Aforementioned situations are ideal breeding grounds for greater political competition but yet again, remarkably the Left Front, especially the CPM continued to be the singular force to reckon with in the state.*

*The reason could be easily spotted in organisation the Left Front maintained in the state. With its strong organisation, the coalition emerged as a Messiah for those unheard by the formal economic and legal system. Its all-encompassing reach could provide protection to the vulnerable and along with informalisation it is precisely this quality which helped the left coalition to remain in power for such a long time.*

## Conclusion

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*While effective economic, agricultural and land reforms strengthened the power of the Left Front in West Bengal during the 80's, despite significant fall in growth rate of agricultural sector, insignificant and suspicious industrial growth and ineffective land reforms during the 90s, the coalition led by CPIM continued to have a stable run in the legislative assembly due to an extraordinarily strong political organisation in the state and radical informalisation of the economy which made people vulnerable and dependent on the government for livelihood*

*While there is no conclusive evidence as to whether the government consciously pursued a policy of hindering the growth of the formal sector, it is also true that it arguable worked in its favour*

*It also must be noted that an efficient party organisation certainly can also increase welfare of the people if there is no other distortion in the system and in particular the formal sector and the legal systems are well developed.*

*An important case in point is Kolkata. Kolkata being roughly twice as affluent as the rest of West Bengal in per capita terms, a larger section of the population of Kolkata hasn't historically been dependent on informal occupations as majority of the formal sector jobs in the state have been located in Kolkata. This, in turn, allows a significant part of the voters not to depend on any political party for their survival.*

*This can be seen in the fact that while for the entire West Bengal, Left Front vote shares started falling way later into the 21<sup>st</sup> century, in Kolkata the vote shares had started showing downward trends earlier than the rest of the state.*

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