

Ayush Aggarwal, Hardik Arora, Piyush Mishra, Pranshu Sanghai, Sahaj Khandelwal

The Indian Economy (ECO-3501)

Professor Arvind Subramanian

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Inter-State Comparative Study: West Bengal - Bangladesh

1. Introduction

The Indian state of West Bengal and Bangladesh (henceforth referred to as East Bengal in this paper) provide an interesting case of two regions which despite being united across multiple dimensions remain divided along political lines. Both these political entities share a similar diaspora of people, with citizens across the border sharing the same ethnicity and even language. Resultantly, a major part of the history of these two political entities is also common, as seen by the fact that both the Bengals were part of the same administrative unit up until the late 1940s. It was only with the independence of India in 1947 that the Radcliffe line divided the now defunct Bengal Presidency into two separate units.

The aforementioned split of the Bengals led to massive degrees of political dynamism and turmoil, transgressing in the form of genocide, and even war. These factors have manifested differently on both sides of the border leading to creation of two very different Bengals in the present day. Further, for the last seventy years both the Bengals have faced different government policies, financial institutions, levels of political stability, natural endowments, institutions, and ideologies (Basu 2018). This provides for an interesting case for the economies for the two Bengals as similarities and differences across people, institutions, and endowments are not only

intertwined but also connected. Working in this realm, this paper attempts to study the economies of West Bengal and Bangladesh, carrying out a comparative analysis of these two economies. Critical differences between the two entities are singled out and understood in greater depth while understanding the reasoning behind these differences in the first place.

To undertake this comparative analysis, it is important to understand which factors primarily draw the line between these two connected-yet-afar regions. The first sign of division in the region was seen under the rule of the former viceroy of British India, Lord Curzon, who in 1905 undertook the monumental task of territorially reorganising the Bengal Providency (containing present day West Bengal; Bangladesh; and parts of Assam, Chhattisgarh, and Bihar). The division was done along religious lines to quash dissent against the British Raj, with West Bengal being primarily Hindu and East Bengal (present day Bangladesh) being primarily Muslim¹. Even though this decision was overturned soon by Curzon himself, it ended up creating a divide between the Hindu and Muslim communities of the region (Chakravarti 1958). This divide far outlived the British rule itself as it led to the second, and much more famous, partitioning of the region via the Radcliffe line in 1947. Ever since, the religious differences between West Bengal and Bangladesh have only exacerbated due to migration and continue to hold true to this day² (Kamal 2020).

Both the regions have also been impacted in different directions and magnitude by the geopolitical events of the neighbourhood. We have the example of the Bangladesh War of 1971 which gave a massive blow to the then newly-formed Bangladesh as it ended up “destroying a

¹ These religious differences still hold true to this day

² While West Bengal is ~75% Hindu, Bangladesh is ~90% Muslim

big share of its few assets and killing many of its best and brightest” (The Economist, 2021). West Bengal, on the other hand, had to deal with a massive refugee crisis as millions of people fled war-torn Bangladesh to enter its borders. Intuitively, the two regions have only split further apart with time. The two political entities have faced different political climates with differences in political institutions, ideologies, and stability. Different rulers have ruled over the regions and in their reign of power have managed and governed the areas very differently (Khasnabis 2009). Like a domino effect, the political differences have also led to different policy decisions in the form of different labour laws, tax codes, financial regulations, and most importantly different levels of government intervention in the economy.

Moving forward this paper brings to light various key statistics throughout the history of these two dominions and tries identifying key trends and differences. Plausible reasons behind key differences are identified and discussed along with their broader implications. In doing so, certain policy decisions taken by politicians on both sides of the border come to light. While undertaking this analysis it is essential to keep in mind the different political levels of both these regions itself. While Bangladesh is an independent country with full autonomy over its decisions, West Bengal is a state under the Republic of India and its leaders thus need to work hand-in-hand with the central government located a thousand kilometers away in Delhi. Studying the key decisions along with their impact, via statistics, helps us analyse and judge the standards of governance in both the regions. However, it is important to note that the government isn't the only player which influences the key statistics discussed in this paper. As seen in the case of Bangladesh, third party actors such as NGOs and international organisations play a big role in

improving the socio-economic environment of the nation, showcasing the complexity of our analysis due to the multitude of actors involved (Banik & Bhandari 2020).

To better structure the paper, the analysis is divided into three different umbrellas, all of which follow the aforementioned mechanism. The paper starts off with discussing the political economy of the region, discussing the political history of the Greater Bengal region and identifying the key ideologies followed by the leaders of this region. The next section takes a look at macroeconomic factors and their trends including indicators such as GDP³, HDI⁴, and LFP⁵. Last but not the least, given the ethnic and linguistic similarities between the two regions, it is absolutely necessary to consider the socio-economic factors for our analysis. As both West Bengal and Bangladesh had similar population characteristics at an individual level before their partition, it is important to see how the two regions have fared since then. Especially looking at who has been able to manage people and workforce in a better manner. For this reason, the female labour force participation rate is considered and its elements are further dissected.

2. Political Economy: West Bengal vs Bangladesh

As mentioned earlier, Bengal was partitioned for the first time on July 19, 1905. The division of Bengal was announced by Lord Curzon, the Viceroy of India at the time, to achieve his unstated goal of "Divide and Rule." Bengal was divided into two sections, with Hindus ruling West Bengal and Muslims ruling East Bengal. Following the partition, a wave of nationalism exploded, with Bengalis, Hindus, and Muslims from both the East and the West embarking on a nationwide boycott of British-made goods. In December 1911, the British surrendered, and

³ Gross Domestic Production

⁴ Human Development Index

⁵ Labour Force Participation

Viceroy Lord Hardinge proclaimed that Bengal would be reunited. Despite its defeat, the first partition of Bengal sowed the seeds of communal hatred. Bengal Province was divided into Hindu and Muslim constituencies in 1916 by the Muslim League and the Indian National Congress. The Muslim League's two-nation theory began in December 1930, when philosopher Muhammad Iqbal proposed a separate Muslim state consisting of Punjab, Sind, and Baluchistan in Pakistan's northwest frontier province. It was shocking that Bengal was not included in the description of Pakistan at the time. Social tensions, on the other hand, had been rising. In August 1946, violent protests erupted in Bengal. On May 24, 1947, Huseyn Shaheed Suhrawardy signed the United Bengal Agreement, the last attempt by Bengali Muslims and Hindus to prevent their homeland from being split. On June 20, 1947, the Bengal Legislative Assembly was given three options: join India, join Pakistan, or become an independent country. The issue remained unsolved after three voting sessions. Meanwhile, India's last Viceroy, Lord Mountbatten, as opposed to an independent Bengal. Bengal's fate was eventually determined by the fourth choice, partition. On August 15, 1947, India achieved full independence, ending 200 years of British rule in the subcontinent. Bengal was once again divided religiously, with West Bengal remaining in India and East Bengal joining Pakistan (Quint, 2020).

The economies of the two Bengals have greatly diverged. After partition, East Pakistan, now Bangladesh, had acres of jute but few or no mills; in reality, West Bengal dominated Bengal's industries (Economic Digest, 1960). In the undivided Bengal's western half, steel plants, small cement factories, and foundries had all sprouted. The eastern half of the country's economy was and continues to be mostly agrarian. Bangladesh's garment industry is still the country's only major industry.

Soon after Pakistan gained independence as a country with two noncontiguous territories, the struggle for Bengali rights began. Between 1947 and 1971, the united government of Pakistan increased its cultivated area and some irrigation facilities, but the rural population grew poorer as reforms did not keep pace with population growth. In its five-year plans, Pakistan allocated the majority of its development budget to West Pakistan, or modern Pakistan, which favored an industrialization-based growth strategy (Ayyaz 2015). East Pakistan was heavily reliant on imports due to a lack of natural resources, resulting in a balance of payments crisis. East Pakistan's economy had been gradually declining without a significant industrialization program or sufficient agrarian expansion (Lesser 1988). The refusal to recognize Bengali as Pakistan's state language, the economic disparity between the two parts, the ruling class's domination over Pakistan, martial law, and a demeaning attitude toward Bengali culture and the Bengali people all contributed to strained relations between the two parts in the early years after Partition. Tensions grew after the Awami League of Sheikh Mujibur Rahman won national elections in East Pakistan in December 1970, but West Pakistani parties, including the Pakistan Peoples Party (PPP), refused to hand over power. Tensions between Bengalis and Biharis – Urdu-speaking communities who migrated to East Pakistan after Partition and were seen as pro-West Pakistan, rose, with some Bihari communities targeted (Aljazeera 2019). Bangladesh's Liberation War lasted roughly nine months in 1971 resulting in Bangladesh's independence from Pakistan. India played a huge role in Bangladesh's victory.

Table 2.1 : Per capita income in East and West Pakistan (1959-60 prices, in Rupees)

	1949–50	1959–60	1969–70
Pakistan	311	318	424
West Pakistan	338	366	537
East Pakistan	287	278	331
East–West gap	51	88	206

Source: Third Five Year Plan of Pakistan, p. 11, and Report of the Panel of Economists on the Fourth Year Plan (1970–75), p. 132.

Table 2.2: Revenue and expenditure of the government of Pakistan in East and West Pakistan (in 000 rupees), 1947-54

Year	West Pakistan			East Pakistan		
	Revenue	Expendi- ture	Balance	Revenue	Expendi- ture	Balance
1947-48	145,772	240,263	-94,491	57,165	47,589	+ 9,576
1948-49	498,717	846,457	-347,740	162,311	31,949	+ 130,362
1949-50	633,026	1,416,583	-783,557	220,793	17,634	+ 203,159
1950-51	999,874	1,278,851	-278,977	258,503	45,195	+ 13,308
1951-52	1,035,432	1,649,675	-614,243	350,972	1,509	+ 349,463
1952-53	912,967	1,319,720	-406,753	254,293	249,091	+ 5,202
1953-54	1,040,720	979,502	+ 61,218	211,551	4,835	+ 206,716

Source: Adapted from Sadeque (1957), Table 3, p. 39.

Table 2.3: East and West Pakistan: Disparity in Expenditure

EAST AND WEST PAKISTAN: DISPARITY IN EXPENDITURE					
Rs. In Crores					
Period	Region	Revenue expenditure	Development Expenditure	Total Expenditure	%
1950-51 to 1954-54	East Pakistan	171	100	271	20
	West Pakistan	720	400	1120	80
1954-55 to 1959-60	East Pakistan	254	270	524	26
	West Pakistan	898	757	1655	74
1960-61 to 1964-65	East Pakistan	434	270	1404	32
	West Pakistan	1284	2071	3355	68
1965-66 to 1969-70	East Pakistan	648	1655	2304	36
	West Pakistan	2223	2970	5193	64

Source: Report of East Pakistan Economists, in the Report of the Panel of Economists on the Fourth Five Year Plan (1970-75), Islamabad 1970. Reproduced in part in Pakistan Economic and Social Review University of the Punjab, Lahore, Special issue on Income Inequalities in Pakistan, 1976, Table 2, p.270.

After 1947, West Bengal's per capita income started to decline due to a lack of raw materials, tens of thousands of refugees, and the substitution of jute with nylon. It was, however, equivalent to the national average even at the start of the 1960s. Over the next 15 years, successive governments struggled to reverse the trend, which peaked at 85 percent of national per capita income in the mid-1970s and has remained constant since then.

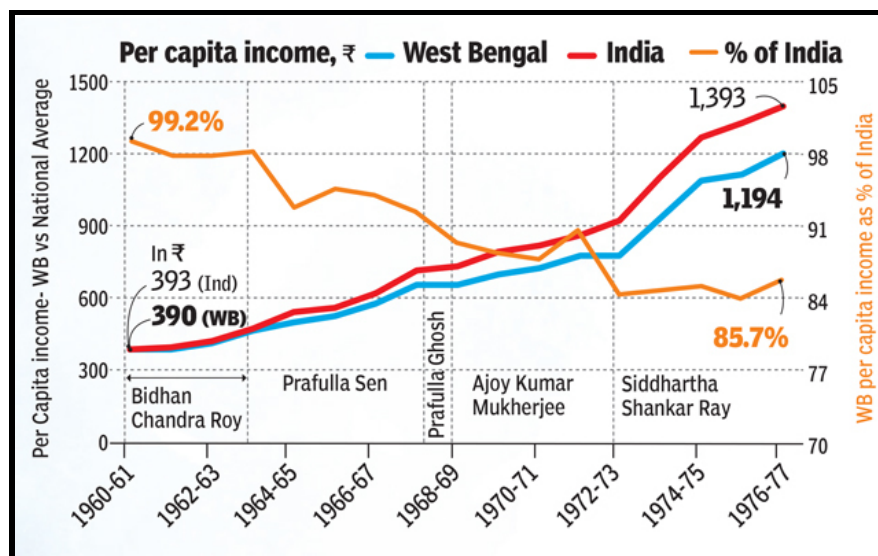


Figure 2.1 (Source: Times of India)

The Left Front government initiated "Operation Barga," West Bengal's land reforms, shortly after being elected. This, along with improved irrigation, boosted the rural economy, resulting in a steady increase in wages. The Left-led administration, on the other hand, was unable to reverse the state's de-industrialization. Though land reforms increased West Bengal's per capita income, liberalization in the 1990s provided more opportunities to other states. Bengal's per capita income fell much lower than the national average in the late 1980s and early 1990s. In the late 1990s, it climbed to about 80% of the national average and has remained in the 80-90 percent range since then.

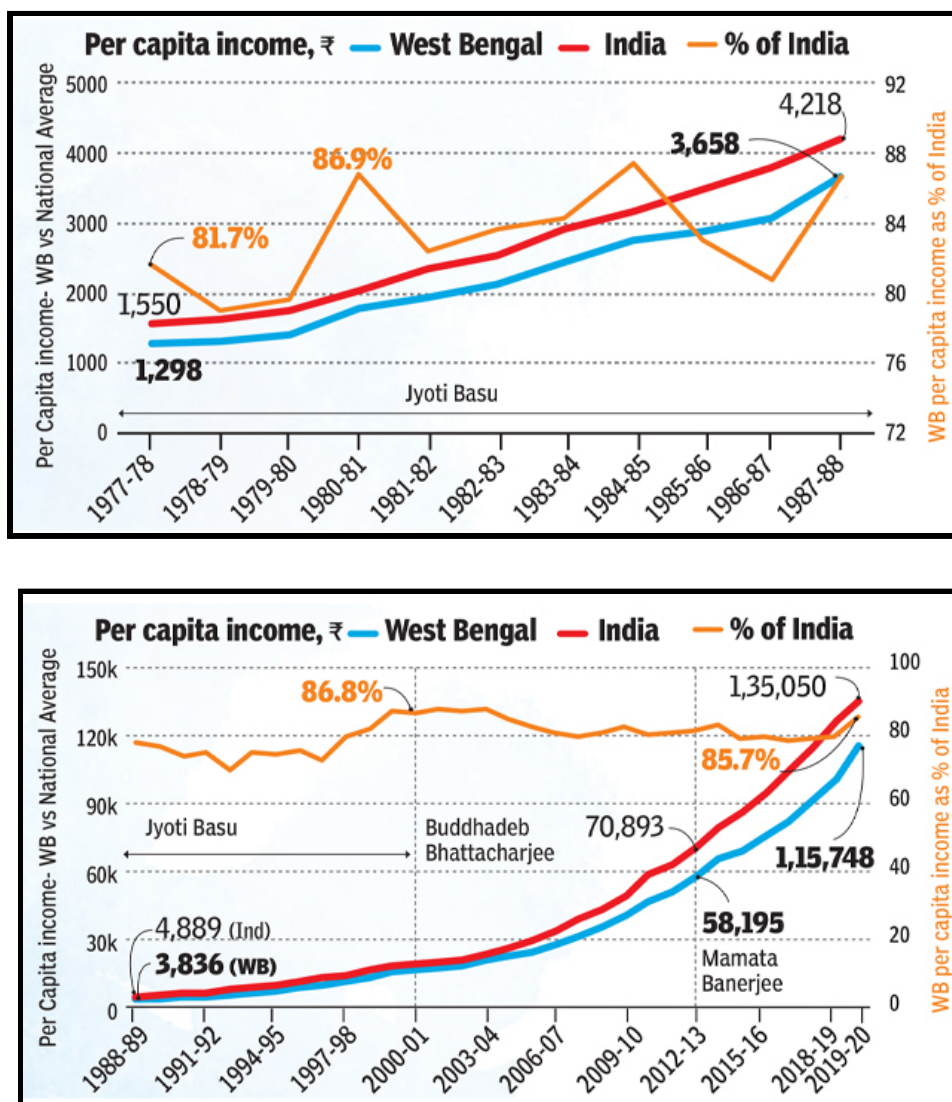


Figure 2.2 & 2.3 (Source: Times of India)

Due to West Bengal's lack of industrial diversification and inequalities between the state's Left Front government and the Centre's market-liberal government, other states could have gained the most from Liberalisation (Thakur 2021). West Bengal's fiscal situation was in shambles when Mamata Banerjee's government took power in 2011. With a GSDP growth rate

well below the national average, the debt burden was projected to be about Rs 2 lakh crores. On the other hand, the economy has experienced drastic changes in recent years. Reportedly, West Bengal's economy has improved under the new government's leadership (AITC 2015).

3. Economic Indicators: West Bengal vs Bangladesh

In this section, we present some comparative statistics on various indicators of Economic growth, socio-economic and human development for West Bengal and Bangladesh respectively. The purpose of this section is to enumerate basic statistics and other indicators which would give us an overall picture of the economies of these two regions. It is, however, of critical importance to note that these indicators and statistics do not act as uniform metrics of comparison, given the fundamental fact that we are comparing a state against a country.

3.1 West Bengal Income indicators

West Bengal, located in Eastern India, is the 4th most Populous state of the country with over 91 million residents accounting for 7.5% of the national population (Census 2011). Data from the MSPI on state wise GDP suggests that West Bengal has the 6th highest SGDP in India, standing at Rs. 8,00,868 crores (base 2004-05) as of 2015. The state has seen a notable increase in SGDP from 2004-05 onwards, going from Rs. 2,08,656 crores and increasing at a pace of 10-17% year on year. It was also reported that in 2018, the state GDP had crossed the 10-lakh mark and stood at Rs. 10.21 Lakh crore (considering the base years 2011-2012). Further, data published by the state also suggests that State level growth in GDP has significantly exceeded national estimates from the same period, going at almost 9.5% in 2017-2018 as compared to the national average of 6.5% in the same period. The Net Per capita GDP measure has also seen a consistent increase, valued at over Rs. 1 Lakh in 2018-19.

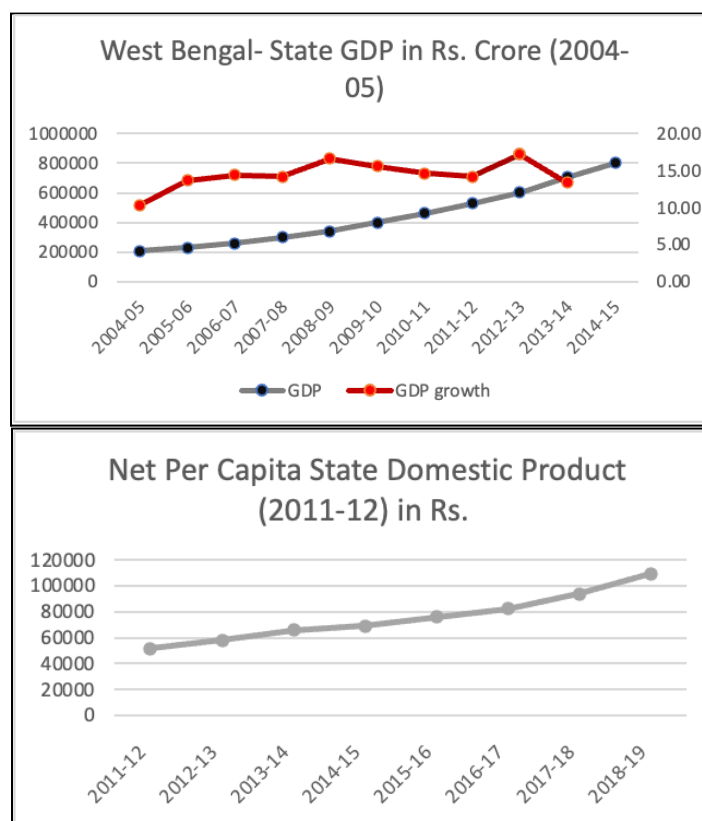


Figure 3.1 & 3.2: GDP and PC GDP in West Bengal state (Source: NSO)

A brief analysis of the sectoral composition would suggest that West Bengal has seen a significant transition over the past two decades. The UNDP report (2004) on West Bengal suggests that the state relied on the Center to meet food consumption needs during the post-Independence era as food production remained largely stagnant and the green revolution did not reach the state. However, there were significant improvements in food output during the 1980s, with the state producing a surplus particularly in potatoes and Jute. Rice is another important commercial crop and a staple amongst diets in the state. The state is also known for producing high quality tea, especially in the Northern regions of Darjeeling (UNDP, 2004). However, more recent data indicates a significant departure from reliance on Agriculture as a key

sector in the economy. The service sector is now a crucial contributor to the West Bengal GDP, accounting for nearly 60% of state GDP in 2007. Between 2001 and 2007, the share of Agriculture in state GDP has shrunk by nearly 5% (IBEF, CMIE).

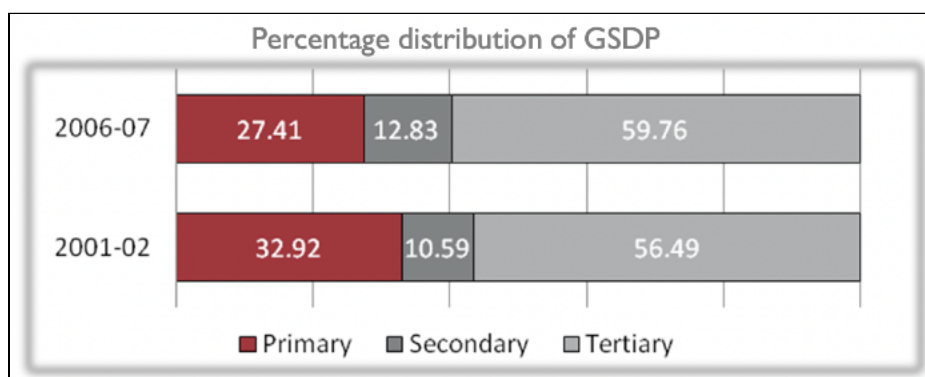


Figure 3.3: Sectoral composition of West Bengal GDP (Source: IBEF)

3.2 West Bengal Socio-Economic and Human development Indicators

Data from the RBI on the state-wise number of poor in the country (based on the Tendulkar committee's mixed reference period method) suggests a steady decline of absolute numbers of poor in West Bengal, going from 34.2% of the population in 2004-05 to 19.98% in 2011-12. However, much of this reduction is driven by urban populations, with the number of rural poor consistently high.

With regards to health, nutrition and wellness, West Bengal has witnessed significant improvements over the past 2 decades. As per healthdata.org, Life expectancy for women and men has gone up from 59.6 and 58.4 years respectively (1990) to 71.3 years and 68.1 years (2016). Further, child mortality under 5 has also decreased from 38 deaths per thousand in 2006

to 31 deaths per thousand in 2013. Much of this decline is driven by rural populations, where infant mortality has gone from 40 to 32 in the same period.

The World Bank's state brief on West Bengal (2017) suggests mixed performance in some other measures of Human development and socio-economic growth. As of 2012, West Bengal witnessed particularly low levels of female labor force participation, despite showing significant increases in aggregate number of non-farm jobs created. This signals an inequality in women's ability to undertake non-farm jobs, potentially due to poor educational and skill-development outcomes as compared to men in the state. This rather unique divergence in socio-economic outcomes between West Bengal and Bangladesh is discussed in greater detail later in the paper.

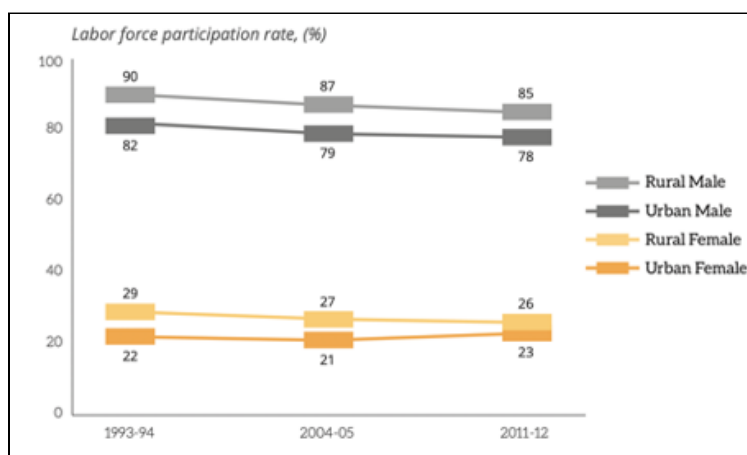


Figure 3.4: Female LFP West Bengal (Source: World Bank)

The 2011 census states that West Bengal has a literacy rate of 77%, placing it 20th amongst the 35 states/UT. However, the number of children attending and staying in school had remained

consistently high, with percentage enrollment by age being higher in 2012 compared to 2005. Much of this enrollment is driven by public schools (World Bank, 2017).

Concerns over inequality in the state are further exacerbated when we consider socio-economic outcomes by social group. As per the World Bank report, members of the Scheduled Caste and Scheduled Tribe communities have the largest share of BPL population with nearly 60% of BPL population in 2012 classified as ST. Further, the report suggests very low levels of poverty reduction amongst marginalized communities between 1994 and 2012. Though West Bengal records low levels of open defecation and relatively high access to clean drinking water, the percentage of population who do face these issues are significantly skewed towards marginalized communities. Over 50% of households practicing open defecation in 2012 belong to the ST community. At the same time, only 24% of these households have clean drinking water available in their homes.

3.3 Bangladesh Income Indicators

Bangladesh is a country located in South Asia, and shares a border with West Bengal. The country has an estimated population of 163 million people as of 2019, making it the 8th most Populous country in the world. It is also amongst the most densely populated countries in the world (Gapminder). The early history of the Bangladesh economy is characterized by war, famine and political instability. However, from 1985 the country has witnessed quite a remarkable improvement in aggregate economic outcomes. Between 1985 and 2020, the Bangladesh GDP has grown from below \$60 Billion to over \$200 Billion. Simultaneously, the inflation adjusted PC GDP has also increased to nearly \$1800 (WDI).

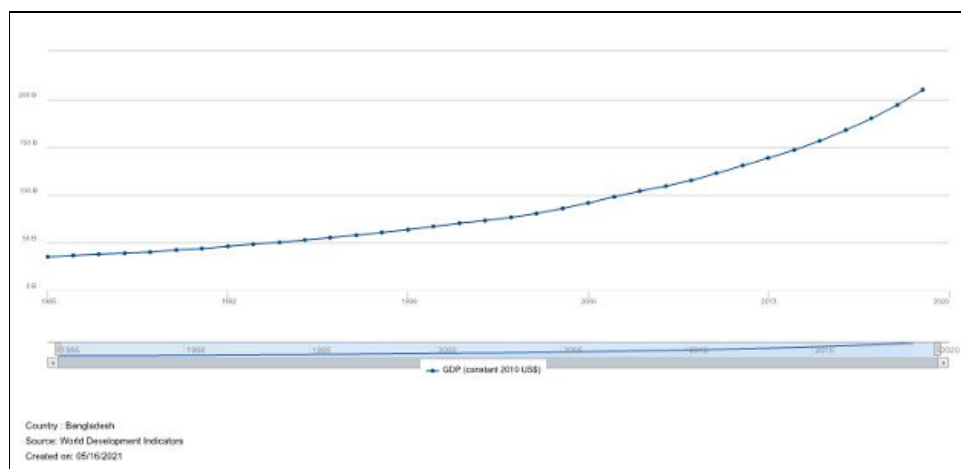


Figure 3.5: Bangladesh GDP at Constant \$ (Source: World Bank)

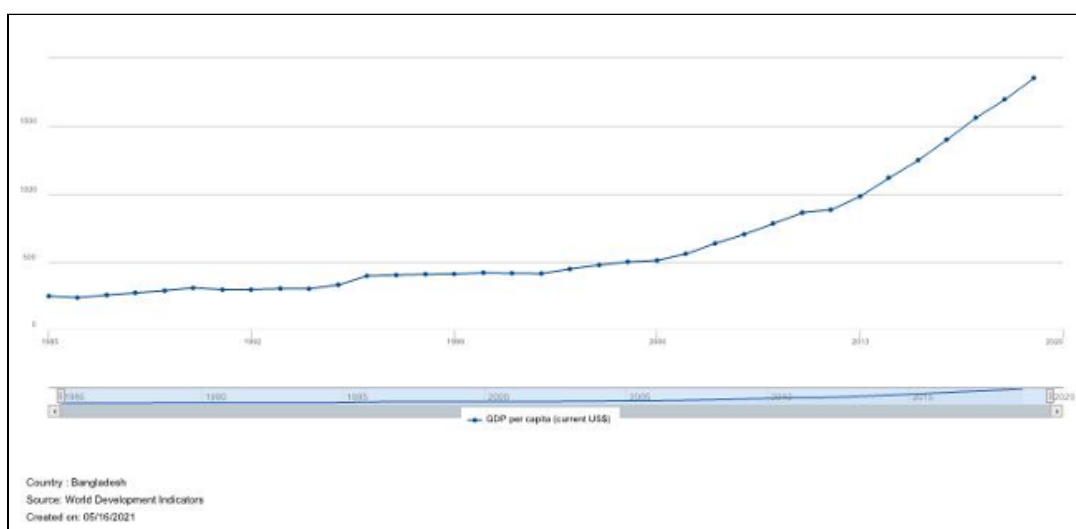


Figure 3.6: Bangladesh GDP PC at Constant \$ (Source: World Bank)

A brief analysis of the sectoral transformation over the past decade reveals trends quite similar to those seen in West Bengal. Over 60% of the population was employed in Agriculture

in 1991 (World Bank), however, this figure has seen a consistent decline over the past 2 decades, with the last decade in particular showing a transition from Agriculture to services in terms of percentage of population employed. Of particular importance to the Bangladesh economy has been the advancement in manufacturing, particularly textile manufacturing, over the last decade.

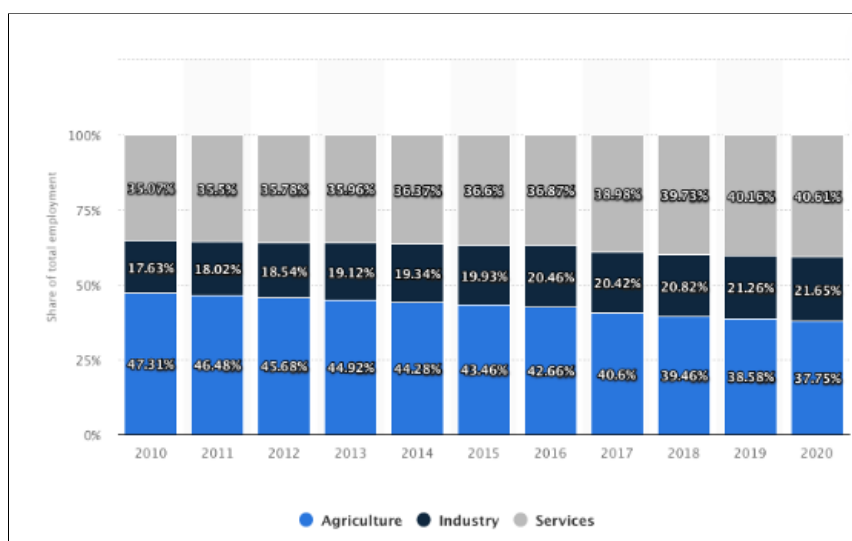


Figure 3.7: Sectoral Composition of total employment Bangladesh (Source: World Bank)

3.4 Bangladesh Socio-Economic and Human Development Indicators

Data from the World Bank on the share of population living in poverty based on Bangladesh's national poverty line has indicated a steady decline, going from nearly 50% in the year 2000 down to 24.03% in 2016. The steady decline in poverty is further supported by an analysis based on the international poverty line of 1.90\$, per which poverty in Bangladesh has declined to 14.8% in 2016. These trends have been particularly strong in the last two decades,

with about 8 million Bangladeshi coming out of poverty between 2010 and 2016 alone (World Bank, 2019). The World bank report on Poverty in Bangladesh (2019) highlights an East-West divide, with western regions such as Rangpur noting particularly high levels of poverty. Further, the poverty reduction has largely come from rural areas, accounting for 90% of the drop between 2010 and 2016.

Of particular importance to this reduction in poverty, as stated by the report, has been the significant improvements in literacy rates in a short period of time. Data from the World Bank suggests that Bangladesh had a literacy rate of only 35% as recently as 2000. This has grown to nearly 74% in 2019. Accompanying this decline in poverty has been a consistent improvement in mortality rates, as Child mortality reached 34 deaths per thousand in 2019 (World Bank, 2019).

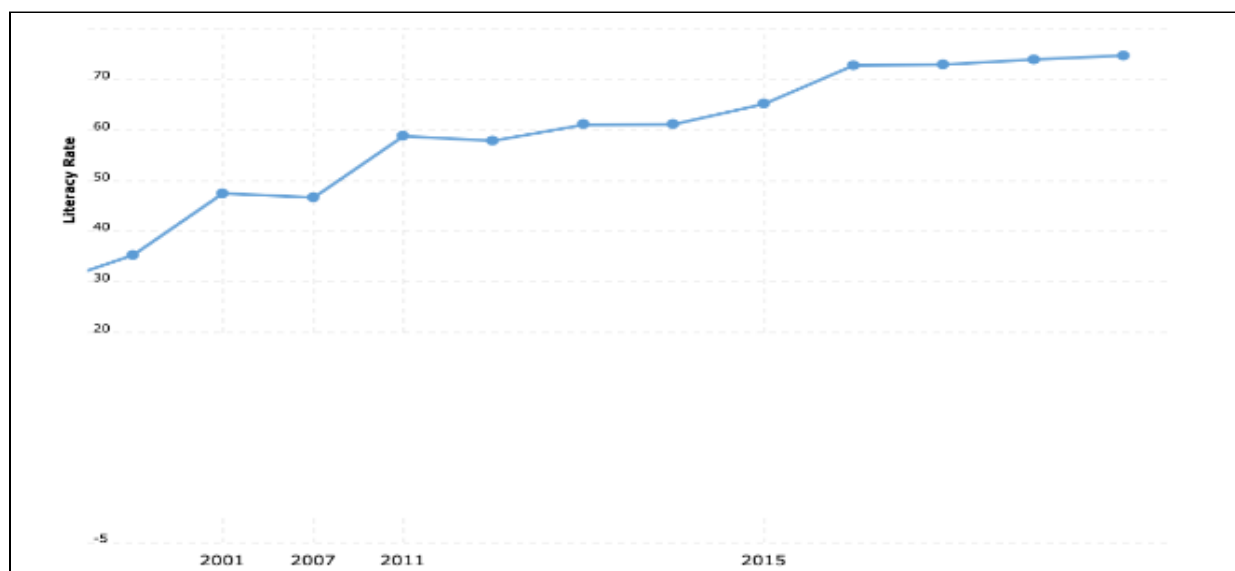


Figure 3.8: Literacy rate Bangladesh (Source: World Bank)

Bangladesh, at least from the data, presents a duality of sorts where a number of positive results in the sphere of human and socio-economic development have indicated significant improvements over the past 2 decades. Yet, there continues to be some concerns over the ability to eradicate the next frontiers of poverty in this young country. Of key importance are the emergence of Urban poverty, and the continued trends of poverty worsening in specific regions of the country on account of lack of diversification into non-farm activities (World Bank, 2019).

The data from West Bengal and Bangladesh is indicative of strikingly similar trends in various aspects of economic development. Measured to the current US dollar, Bangladesh has a slightly superior position to West Bengal in terms of per capita GDP, however, the measure on state level GDP comes with extensive measurement concerns making this comparison difficult. The trends in sectoral transformation are also quite similar between the two countries, as urban employment in services becomes the new driver of economic growth especially in the future. Individually, the socio-economic indicators are also suggestive of rather similar trends between the two regions. In order to further aid this particular comparison, we consider the report on ‘Inequality adjusted Human development Index for India’s states’ (Suranarayan et. al, 2011) which presents a consolidated metric of state level HDI, and further ranks these metrics to other nations. Per this report, West Bengal enjoys a HDI score of .509 and an Inequality adjusted HDI of .360. This places West Bengal above Bangladesh, with scores of .469 and .331 respectively.

4. Socio- Economic Factors: Female Labour Force Participation Rate (LFPR)

In a context of growing concern over gender disparities and its resulting adverse impacts on society and the economy, the issue of the contribution of women to the national economy has taken centre stage in development discourse in most countries. Female labour supply has been a subject of widespread economic enquiry (Altonji & Blank, 1999; Blau & Kahn, 2013) for many decades. At the micro level, economists have studied the effect of mother's labour supply on outcomes such as cognitive development and schooling of children (Blau & Grossberg, 1992; Ruhm, 2004), whereas at the macro level various studies document the positive relationship between female LFPR and economic growth (Bhalotra & Umana-Aponte, 2010; Klasen & Pieters, 2012).

The two Bengal's have undergone rapid changes, both economic and political over the last 50 years but retain a shared culture, history and topography. Despite these commonalities, both regions exhibit very different levels of socio-economic development, one of which is the wide disparity in female labour force participation. Rapid development of the garment manufacturing industry since the 1990s and more recently, community and health service has driven young women to join the labour force in large numbers in Bangladesh. On the other hand, the LFPR for women in West Bengal remains abysmally low and is among the lowest across all major Indian states. This section of the paper does a comparative analysis of female employment in both the Bengal's.

4.1 Bangladesh

One of the most noticeable changes to the labour market of Bangladesh over the years has been a persistent rise in female labour market involvement. According to the Labour Force Surveys (LFS) of various years, from 8.6 million in 1999/00, the size of the female labour force increased to 19.9 million in 2016/17 (Table 1). Female LFPR, from a modest 23.9% in 1999/00, had increased to 36.3% in 2016/17. While concerns have been raised about the stagnation of female employment since 2010, Bangladesh turns out to be a much better performer than its South Asian counterparts, India and Pakistan.

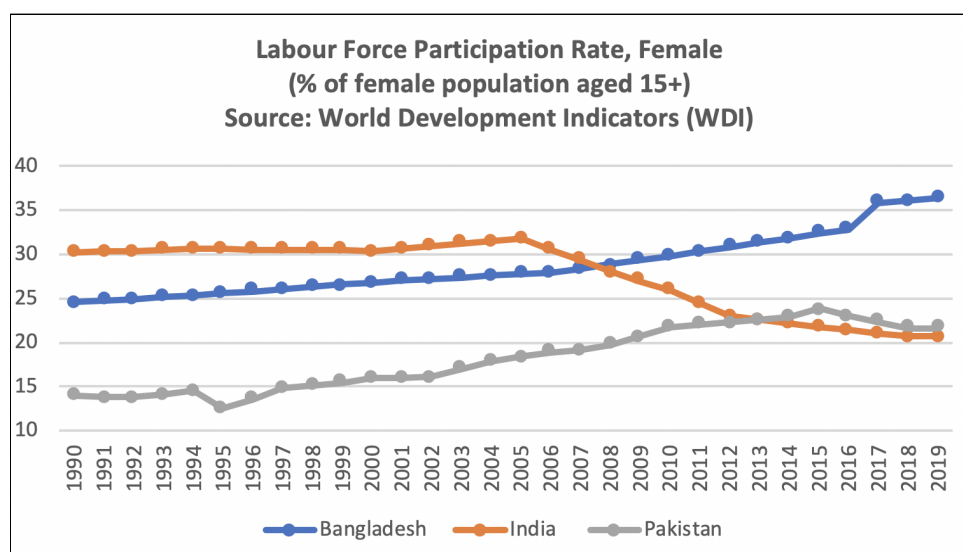


Table 4.1: Trends in labour force and employment in Bangladesh

	1999/00			2005/06			2010			2013			2015/16			2016/17		
	All areas	Rural	Urban	All areas	Rural	Urban	All areas	Rural	Urban	All areas	Rural	Urban	All areas	Rural	Urban	All areas	Rural	Urban
Labour force (millions)																		
Both	40.7	31.5	9.2	49.5	37.8	11.7	56.7	43.4	13.3	60.7	43.5	17.1	62.1	44.8	17.3	63.5	45.7	17.8
Male	32.2	25.1	7.1	37.3	28.5	8.9	39.5	30.2	9.3	42.5	30.5	12	43.1	30.6	12.5	43.5	30.7	12.8
Female	8.6	6.4	2.2	12.1	9.3	2.8	17.2	13.2	4.0	18.2	13.1	5.1	19.1	14.3	4.8	19.9	14.9	5.01
Employed population (millions)																		
Both	39.0	30.3	8.7	47.4	36.1	11.3	54.1	41.7	12.4	58.1	41.9	16.2	59.5	43	16.5	60.8	43.9	16.9
Male	31.1	24.4	6.7	36.1	27.5	8.6	37.9	29.1	8.8	41.2	29.6	11.6	41.8	29.7	12.1	42.2	29.8	12.4
Female	7.9	5.9	2	11.3	8.6	2.7	16.2	12.5	3.7	16.8	12.3	4.5	17.8	13.3	4.4	18.6	14.1	4.6
Labour force participation rate (%)																		
Both	54.9	54.6	55.8	58.5	59.4	55.7	59.3	60.0	57.3	57.1	57.3	56.7	58.5	59.6	56	58.2	59.3	55.7
Male	84.0	84.0	83.7	86.8	88.0	83.2	82.5	83.3	80.2	81.7	81.6	81.7	81.9	81.9	81.7	80.5	80.3	81
Female	23.9	23.1	26.5	29.2	29.8	27.4	36.0	36.4	34.5	33.5	33.7	32.9	35.6	37.6	30.8	36.3	38.6	31

Source: LFS, various years.

Over the past decade or 15 years, an important change has occurred in the sectoral composition of female employment in Bangladesh. From table 3 and figure 2, we can observe that female participation in industry and service sector has increased whereas participation in agriculture decreased, although the change is not very large. The percentage of female participation in the agricultural sector has always been the highest. Additionally, the more significant decrease of female participation has been in the urban areas. In the rural areas, female participation in agriculture always remains the highest.

Table 4.2: Percentage of female employees by sectors

Sector	LFS 2005-06	LFS 2010	LFS 2013	LFS 2015-16	LFS 2017
Agriculture	68.1	64.8	53.5	63.1	59.7
Industry	12.5	13.3	23.7	16.1	16.9
- Manufacturing	11.5	11.8	22.5	14.9	15.5
Service	19.4	21.9	22.8	20.8	23.5

Source: various LFS years, BBS



Figure 4.1: Total percentage of female employment in Bangladesh by sector

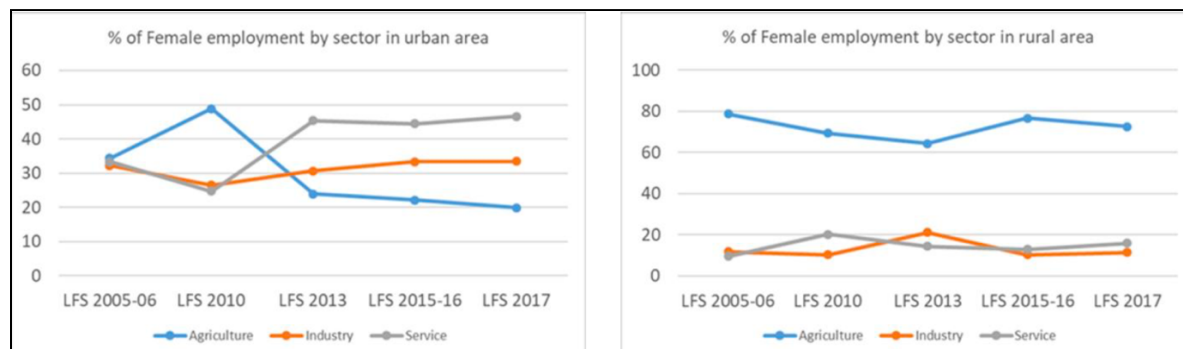
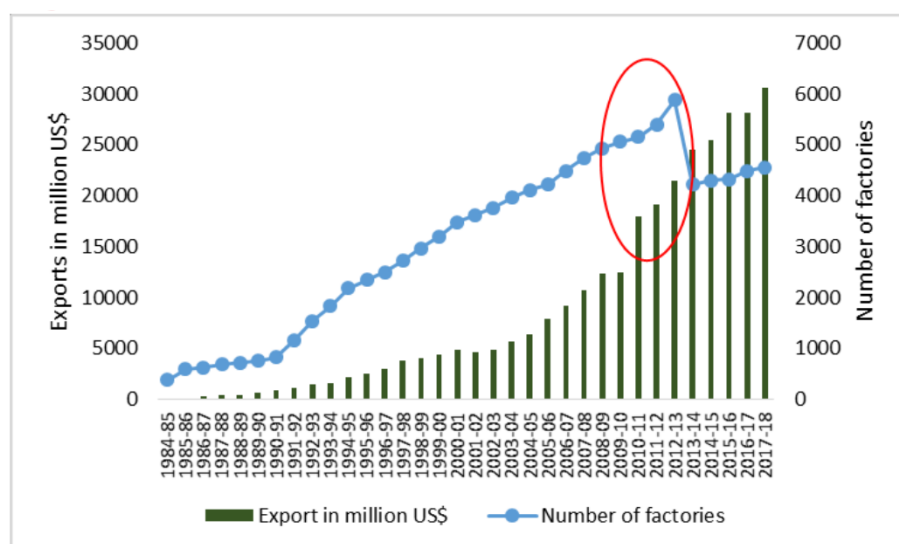


Figure 4.2: Percentage of female employment by sector in Urban and Rural areas

One important point to be noted here while explaining the sectoral employment pattern of women is the sharp rise in female employment in the manufacturing sector in 2013: from 11.8% in 2010 the share rose to 22.5% in 2013. This phenomenal rise is consistent with the sharp rise in *ready-made garment* (RMG) exports and the corresponding increase in the number of factories in the RMG sector during 2010 and 2013 (Figure 4). Given the high concentration of manufacturing sector jobs for women in RMG, the aforementioned high rise in the female employment share in manufacturing during 2010–2013 can be linked to the trends of RMG exports and the number of factories depicted in Figure 4 (Hakim, 2021).



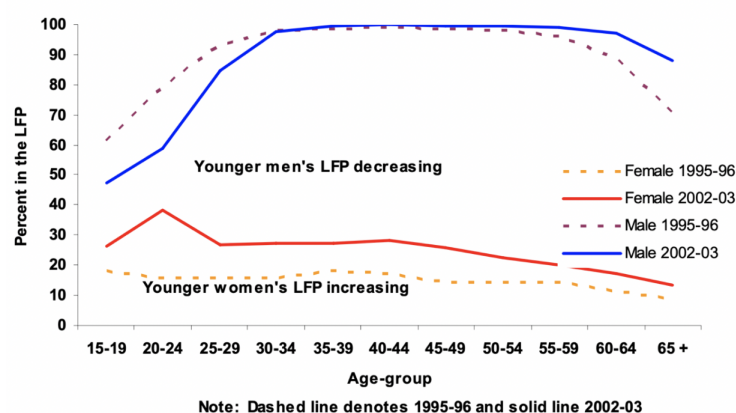
Source: BGMEA website.

Figure 4.3: Trends of RMG exports and number of RMG factories

The importance of the ready-made garment (RMG) sector to the economy of Bangladesh, and female employment in particular, cannot be underscored. The RMG sector is the largest manufacturing industry in the country and the single largest source of foreign exchange, making up almost 3/4th of total exports of Bangladesh (Fatima et al., 2019). Moreover, the sector is

heavily dependent on a large workforce consisting mainly of young female labour. To extend this argument further, World Bank (2008) shows that younger women (who were primarily employed in the RMG sector) saw the largest increase in their employment post 1995 (World Bank, 2008). The RMG sector thus, has certainly led to empowerment of women and girls in the form of more mobility and socio-political agency.

Figure 4.4: Bangladesh: Trends in LFP by age group (1995-96 to 2002-03)



Source: Labour Force Survey (2003), Retrieved from World Bank (2008)

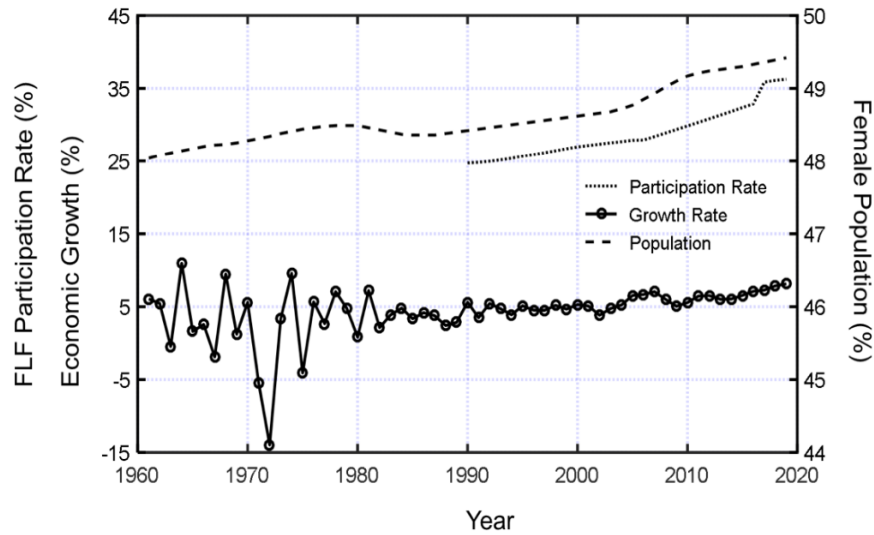
Despite the very visible international presence that the RMG sector of Bangladesh enjoys, a large increase in female employment has been in the NGO and services sector. It is estimated that between 1999-00 and 2002-03, female employment in this sector grew by an estimated 29% per annum (World Bank, 2008).

Table 4.3: Average Annual Growth Rate of Employment by Industry and Gender (1999-2000 to 2002-03) (Source: BBS, Labour Force Survey (LFS))

Major Industry	Average Annual Growth Rate		
	Both Sexes	Male	Female
Total	4.4	3.5	7.7
Agri. forestry & related works	4.1	0.9	15.9
Fishing	19.1	23.2	-37.3
Mining and quarrying	-7.7	26.2	-72.9
Manufacturing	5.2	4.4	6.5
Electricity, gas, water	-10.4	-8.6	-24.5
Construction	10.7	11.4	2.0
Wholesale and retail trade	2.7	4.4	-22.2
Hotel and restaurant	3.0	3.9	-7.9
Transport, storage, communication service	7.7	8.2	-20.7
Bank, insurance & finance	-0.7	-0.8	0.6
Real estate, rent, business activities	14.5	19.2	-26.9
Public administration	8.8	9.1	5.5
Education services	4.1	3.1	7.0
Health & social workers	18.9	15.5	29.1
Community, personal service, household sector & others	-3.5	-4.0	-3.1

What contributes to Bangladesh's success? According to The World Bank (2013), increase of economic growth is positively related with females' participation in non-agricultural jobs and inversely related with women's involvement with agriculture. To some extent, the sectoral composition over time shows that this does hold true for Bangladesh. Hakim (2021) argues that economic growth has a positive association with female labour force participation rate in the context of Bangladesh. She plots annual percentage growth rate of GDP as economic growth from 1960, female labour force participation rate from 1990 and female population from 1960 altogether and observes a parallel relationship between female LFPR and growth.

Figure 4.5: Female Population, Female LFPR, Economic Growth Rate in Bangladesh



Source: Generated using data from The World Bank. Retrieved from Hakim (2021)

4.2 West Bengal

Contrary to Bangladesh, West Bengal has shown much worse outcomes, when it comes to female employment. According to 2011 Census data, West Bengal has the lowest female LFPR among the Indian states except for Punjab, Uttar Pradesh, and Delhi (Figure 4.6). The census data reveals that the work participation rate is merely 20%, much less than the Bangladesh LFPR.

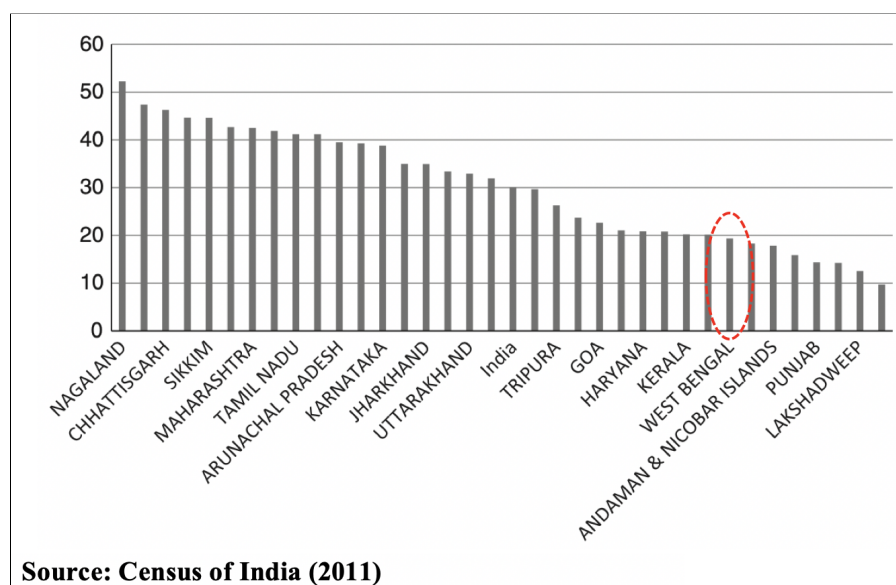
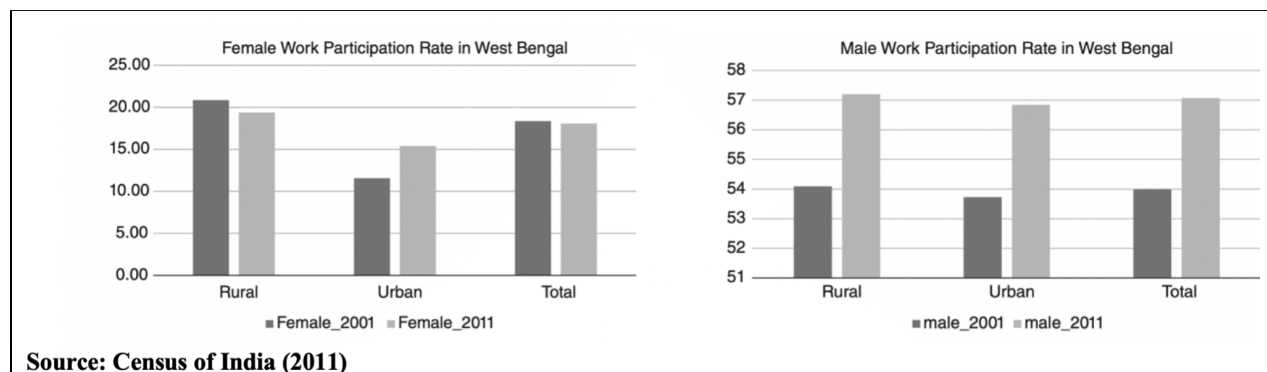


Figure 4.6: Female LFPR across the Indian states

There have been many reasons put forward to explain West Bengal's female LFPR. Goswami (2019) examines employment data and provides the male and female work participation rates in rural and urban West Bengal between the years 2001 and 2011, respectively.

Figure 4.7 : Male and Female LFPR in West Bengal for 2001 and 2011



A comparison of these two plots is very striking in the sense that the LFPR has increased between 2001 and 2011 in all the categories except for female LFPR in rural areas. Goswami (2019) argues that the population of the historically disadvantageous social class of Scheduled Caste (SC) and Scheduled Tribes (ST) are an important determining factor for rural LFPR. Some of the development indicators such as access to health, nutritional facilities, transportation, and education also play a significant role in explaining the decline.

World Bank (2008) reports that the structure of employment is similar in the two Bengals, but Bangladesh indicates growing demand for female labour. The contrast between the two Bengals lies in the change in the labour market for women over time in Bangladesh. Not only are overall rates of labour force participation in Bangladesh increasing, but the proportion of women employed in all three sectors - agriculture, manufacturing and service sector is also increasing. While the role of manufacturing in the employment of West Bengal is higher than in Bangladesh, the latter outstrips West Bengal in the service sector, which has seen a dramatic rise in female employment (World Bank, 2008).

In contrast to the rest of India, where a large proportion of people continue to depend on agriculture for employment, the manufacturing industry is the largest provider of employment for women in West Bengal. It is worth noting that industries that are traditionally considered better paying such as financial services, administrative services etc. employ a very small proportion of the female workforce in West Bengal. This means that even those women who are in regular employment, are predominantly employed in traditionally low paying industries (Fatima et al., 2019).

Table 4.4: Distribution of Female Workforce by Industry (West Bangladesh and Bangladesh)

S. No.	NIC 2008 1 Digit Classification	Percentage	S. No.	BSIC 1 Digit Classification	Percentage
1	Manufacturing	39.43	1	Agriculture, Forestry and Fishing	65.0
2	Agriculture, Forestry and Fishing	28.13	2	Manufacturing	11.81
3	Education	9.08	3	Wholesale and retail trade	6.21
4	Activities of HHs as Employees	7.06	4	Activities of households as employers	5.11
5	Wholesale and Retail Trade	4.33	5	Other service activities	4.47
6	Construction	2.5	6	Education	2.04
7	Human health & Social Work	2.21	7	Transportation and Storage	1.5
8	Other Service Activities	1.87	8	Construction	1.34
9	Accommodation and Food	1.22	9	Human Health and Social Work Activities	1.02
10	Public Ad. & Defence	1.17	10	Accommodation and Food Service	0.34
11	Mining and Quarrying	0.84	11	Financial and Insurance Activities	0.32
12	Transport & Storage	0.5	12	Administrative and Support Service Activities	0.28
13	Administrative and Support Service	0.44	13	Public Ad. & Defence	0.2
14	Financial and Insurance	0.38	14	Professional, Scientific & Tech Associations	0.13
15	Professional, Scientific and Tech Associations	0.27	15	Mining and Quarrying	0.11
16	Information & Communication	0.25	16	Arts, Entertainment & Recreation	0.04
17	Water Supply, Waste Mgmt.	0.17	17	Electricity, gas, etc	0.03
18	Art, Entertainment & Recreation	0.15	18	Water supply, waste Mgmt	0.02
19	Electricity, Gas etc.	0.01	19	Information and Communication	0.02
20	Real Estate	0.01	20	Real Estate	0.01
	Total	100		Total	100

Source: NSS India (2011-12) and Bangladesh Labour Force Survey (LFS) 2010

The Role of Education in the two Bengals

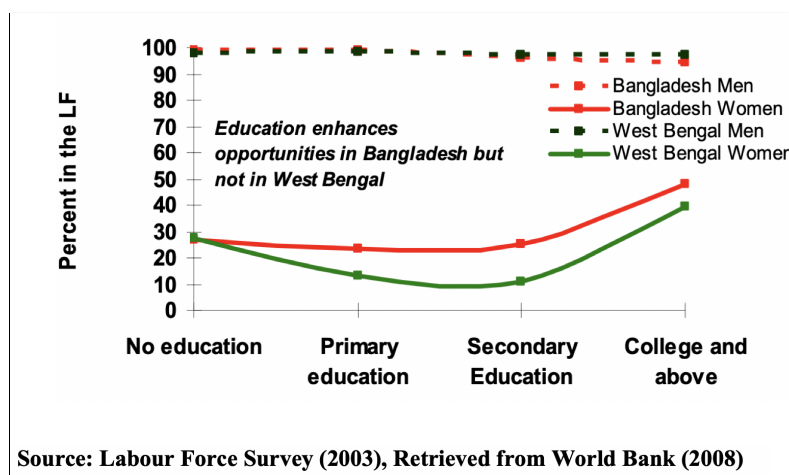
Fatima et. al (2019) examines the mean female labour force participation rate differences between women from Bangladesh and West Bengal by looking at the 68th round of NSS in India (2011-12) and 2010 Bangladesh Labour Force Survey (LFS). A quite striking result is observed. While conventional wisdom dictates that female LFPR should rise with education, West Bengal displays the exact opposite trend with LFPR for women falling at progressively higher levels of education before rising at the college and higher level.

Table 4.5: Labour Force Participation Rates

		West Bengal		Bangladesh	
		Mean	S.E	Mean	S.E
<i>Total</i>		0.556	0.000	0.602	0.001
	Male	0.867	0.004	0.832	0.002
	Female	0.229	0.006	0.375	0.002
By Religion					
	Hindu	0.548	0.000	0.621	0.004
	Muslim	0.578	0.000	0.598	0.002
By Education					
	No schooling	0.550	0.011	0.627	0.002
	Primary or lower	0.602	0.009	0.656	0.003
	Middle	0.501	0.011	0.617	0.004
	Secondary & Higher Secondary	0.469	0.010	0.485	0.003
	College & Higher	0.699	0.011	0.874	0.007

In line with this argument, World Bank (2008) shows that for women in Bangladesh at the bivariate level, the relationship between education and labour force participation is almost flat until college. In West Bengal on the other hand, labour force participation dips at the primary and secondary level and picks up at the college level, but it does not pick up as much as it does in Bangladesh.

Figure 4.8: Employment in the two Bengals



Thus, looking at data and after examining both the Bengal's, it would be right to argue that while Bangladesh and West Bengal are two geographical and political entities intertwined in a shared history, culture and historical land systems, Bangladesh's performance based on select socio-economic parameters (Female LFPR, in this case) has been much better than that of West Bengal. Bengali's residing in the east have also outperformed their counterparts in the west across various parameters like life expectancy, adult female literacy, infant mortality and status of women in the households. This, then, brings us to the following question: *is economic growth a necessary condition for social progress?* The story of Bangladesh indeed imparts some telling lessons.

5. Conclusion

In conclusion, this paper presents an inter-state comparative analysis of the economies of Bangladesh and West Bengal. The paper starts off with the political history of the Bengal region, and how one became two - West Bengal joined India, and East Bengal went on to be known as East Pakistan, and eventually after 1971, Bangladesh. It then moves on to present key indicators comparing the income and socio-economic development of West Bengal with Bangladesh. Finally, the paper narrows in on comparing the female labor force participation presenting a truly unique divergence between the two regions. This paper thus reflects on the disparities between the two regions, and gives a clearer understanding of how the two economies have fared over time.

The key findings across macroeconomic and socio-economic indicators indicate that Bangladesh has outperformed even the most optimistic predictions which experts had from it around its independence in 1971. The nation has risen from being one of the poorest areas of British India and facing a gruesome war of independence, which destroyed most of its key resources, to giving India competition in terms of economic growth and income levels.

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