

TALL CLAIMS : EMPLOYMENT GENERATED BY HALDIA PETROCHEMICALS

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The Managing Director of Haldia Petrochemicals and other officials have claimed (The Telegraph, 25.12.07, The Hindu, 1.1.08) that HPL has created 2500 jobs in the company and 50,000 direct jobs and 89,900 indirect jobs in the downstream industries (till November, 2007), a total, they claim, of 1,41,000. Set forth below are reasons why one is forced to consider these claims with a pinch of salt or two.

Regarding HPL itself, the latest investigative assessment is to be found in a report on Haldia and Falta submitted by a Vidhan Sabha Standing Committee [1]. Shri Nirupam Sen, Minister, was an ex-officio member of the committee. The Chairman of the committee raised some questions regarding HPL during his visit there, but “most of the questions were not replied transparently.” It was reported to the committee that the total number of (skilled) employees was 670, and the total number of contractual labourers was 1200, **a total of 1870 workers at HPL, and not 2500**. The committee also reports finding 600 workers at the Mitsubishi factory. There is no mention of the IOC factory. It may be remarked that in “Haldia Petrochemicals and Unemployment in East Midnapore” [2, 3], an estimate of 3200 was presented as the employment directly generated at the Haldia Petrochemicals complex, dominated by the HPL, Mitsubishi and IOC units, between 2000 and 2005.

Regarding downstream industries, one would like to quote the committee. “The Committee likes to mention that people’s expectation regarding provision of jobs of about 1,50,000 men in the downstream units to the (be?) installed centering the MEGA PROJECT is not materialised. Only 750 downstream units to this effect have so far been installed. The matter was clarified by the authority pointing out very meagre consumption of the polymer product per capita in West Bengal (3kg/capita) which indicates less provision of job generation”. The break up of the downstream units is as follows:

Total Unit	BIG UNIT	MEDIUM UNIT	SMALL UNIT
750	81 (<i>sic</i>)	85	584

So, there is a definite demand bottleneck here.

The MD in his claim of 1,41,000 jobs has mentioned 497 downstream units. Which is right, the MD’s statement (497) or the number (750) reported to the Standing Committee?

It is on record that to the end of 2003, 537 units had been set up downstream, providing employment to 13,171 people [4]. Also, according to an article in Frontline [5], 537 units had come up since 1998, 4 in the large sector, 34 in the medium sector and 499 in the small sector,

with a total employment figure of 13,161.

There were 537 downstream units with 13161/13171 jobs between 1998 and 2003, and, now, in end-2007, it is declared that there are 497 such units with 50,000 +89,900 jobs!

One is reminded of a poem from childhood days. “O what a tangled web we weave when first we learn to deceive.”

According to the WBIDC, between 1998 and December, 2005, 773 downstream units (705 in West Bengal) had been set up, 5 in the large sector, 94 in the medium sector and 674 in the small sector. Which is right, 773 or 497? The number 750 reported to the Standing Committee (end-2006) agrees better with 705/773 but a leap from 5 large units to 81 in one year seems very unlikely, as is the fall from 674 to 584 small units.

Even if we accept 773 as the right number, it is difficult to accept that an increase of 1.4 times in the number of units in the same field of industry leads to a 3.8/10.6 times increase in the employment provided.

In this welter of disinformation, and may be lies, the only way out is to make estimates from hard data on factories.

One takes rubber and plastic products to be the main downstream output, as per speeches of ministers. It has been claimed that there are other downstream products. It is up to the claimants to declare what these are, so that they can be accounted for in the calculation. In any case, is it anybody's case that rubber and plastics are not the main products? If they are, then other products may make up 10%, 20%, 30% of the output, but certainly not 50%.

Take, for example, Chemicals and Chemical Products. Between 2000 and 2005, average state-wide daily employment in this industry-type increased by 1631 [6], of which 740 is estimated to be due directly to the Haldia petrochemicals complex (for calculation, see [2, 3]), that is a maximum possible downstream addition of about 961, while, as the calculation below shows, rubber and plastics accounted for an addition of 10,588, a figure of which 891 is 8%, even assuming that the entire additional employment in Chemicals and Chemical Products is downstream of Haldia petrochemicals.

In 2005, provisional estimates put the average daily number of workers employed in registered factories of W Bengal, manufacturing rubber and plastic products, at 25,719 ([7], source: Chief Inspector of Factories). How many of these people were employed in Haldia downstream units? We ought to subtract the number of workers in these industries in 2000 (year of commissioning of HPL) or earlier. (Still then, there will be an exaggeration in the number, because units, which manufacture such products but are not downstream units of HPL, will be counted as downstream units. But let that be. Let it be seen how much inflation will still fail to reach the tall claims of the MD). The number for the year 2000 is available for rubber products (15,131, source: Directorate General, Factory Advice Service & Labour Institutes, Ministry of Labour and Employment, GOI, also [6]). If we just subtract this figure, the answer will be too high because the number in the year 2000 for plastic units will not have been taken into account. So be it. Let $25,719 - 15,131 = 10,588$ be taken as the ceiling for the estimated number of workers in downstream industries manufacturing rubber and plastics products. Taking 20% to be the percentage of other products in the output, 13,235 becomes the estimated ceiling for the number of workers in downstream factories of HPL in 2005. (See, however, Purnendu Chakraborty's note below where he argues that 20% is a gross over-estimate, and 95% of the downstream products are plastic products.)

There can be a further objection. Small units may not be included in this estimate, because some may have less than 10 workers and fail to be counted as factories. If the full 674 small units are taken to have 9 workers each, a ceiling for the number of workers in small units, not counted as factories, may be estimated. It comes to 6066. So, the ceiling for all workers in downstream units of HPL comes to 19,301. **The actual employment figure in downstream units of HPL for 2005 is certainly less than this figure of 19,301.**

We are being asked to believe that, in 2 years, the figure has increased from less than 19,301 to 50,000+89,900, an increase of more than 7-fold.

Sorry, no takers.

And, there is a definite economic reason against such a phenomenal expansion – paucity of demand, uncovered by the Standing Committee.

More-over, the territory of indirect jobs is a dangerous one. If there is no definition of what is meant by “downstream” it will be found, as elections draw nearer, that all units in W Bengal become “downstream” units of HPL, “indirectly”. The figure of 89,900 is suspiciously close to 89,895, which is the employment figure for ALL new projects implemented in the state between 1991-2002 (Frontline, op cit).

Fortunately, there is a definition. The state government in its Kolkata Gazette Extraordinary, dated June 18, 2007, declares:

“A project will be specified as Haldia Petrochemicals Ltd **downstream** only on the basis of a certificate issued to this effect by Haldia Petrochemicals Ltd. based on long term supply contract or MOU.”

Mr MD, are you sure your indirect jobs (and, for that matter, your 50,000 direct jobs) all spring from units falling under this definition?

A reply is awaited.

Interested persons might care to make enquiries under the RTI Act.

References

- [1] Tenth Report (on Falta SEZ and Haldia Industrial Sector) of the Standing Committee on Commerce & Industries and Industrial Reconstruction & Public Enterprises (2006-07) of the Fourteenth Legislative Assembly, presented to the Assembly on 28.11.06.
- [2] “Haldia Petrochemicals and Unemployment in East Midnapore : A Lesson in (Non-) Development”, Dipanjan Raichaudhuri, 2007, at <http://www.sanhati.com>.
- [3] ‘ ‘Haldia Petrochemicals and Unemployment in East Midnapore”, Dipanjan Raichaudhuri, 2007, at <http://www.counterviews.org>.
- [4] “Economic Profile in KMA”, Jawaharlal Nehru National Urban Renewal Mission, Government of India, Data supplied by the Department of Commerce and Industries, Government of West Bengal.
- [5] “On the road to all-round growth”, Suhrid Sankar Chattopadhyay, Frontline, December 20, 2003-January 2, 2004.
- [6] Economic Review, Government of West Bengal, 2006-2007.
- [7] Statistical Abstract, BAES, 2005.

Purnendu Chakraborty has the following comments to add.

1 Who is Right

The disagreement between the data presented by Standing Committee in its report and that of the MD, HPL, is surprising no doubt. However, one will be even more surprised to compare the above two sets with the second note from the WB Govt [1] regarding setting up of a chemical hub. The said note, apparently authored by Nirupam Sen, on taking into consideration recommendations of the Standing Committee, claims that “There are already 950 downstream units of Haldia Petrochemicals, with investment of about Rs.1230 crores, employing directly and indirectly about 165000 persons.”

So, we are asked to believe that “people’s expectation”, unfulfilled till November 2006, was suddenly fulfilled by March, 2007, in spite of the demand bottleneck. A silent revolution indeed! But where did those additional 24,000 jobs and 453 units disappear to, in between March, 2007 and December, 2007?

It seems that the Govt. has some data in this regard which they do not make public(to what extent these are reliable is another question).

If anyone wants more confusion, here is a piece from the GOWB Annual Plan, 2007-08, on the “Multi -Industry Cluster, Haldia”. “There are about 20 million (*sic*) large scale units and 250 small scale units producing various petrochemical products, fibre, fertilizer etc. with an investment of about Rs. 10798 Crore and exports about Rs. 939 Crore. The cluster employed 11000 persons directly and 45000 persons indirectly.” Note that the total is still 1 lakh 11 thousand short of Nirupam Sen’s final claim, and 85 thousand short of the MD’s claim.

In the absence of any reliable data, let us take a look at what CPI(M) authorities say.

In March, 2001, People’s Democracy reported that “The Haldia project has had a downstream industrial cascade of 411 units as against the target of 354. There is direct employment for 11,055 persons in the Haldia petrochemical unit itself. The projected figure of indirect employment stands at nearly 12,000. [2] The data on downstream employment is consistent with the figure of 13,161 (JNNURM data) in the year 2003.

According to Jyoti Basu, the number of units downstream to HPL was 684 in the year 2005. These units employed 31,770 people [3]. These figures are consistent with those from other sources [4, 5]. Out of these 684 units, 627 (5 large + 57 medium scale + 565 small scale) are in WB, employing 25,000+ people. While this 2005 data is not entirely satisfactory on the basis of the growth rate of downstream industries, it is not as highly unrealistic as the later claims appear to be.

From 2005, some government reports started to claim generation of more than 1 lakh jobs (direct and indirect) downstream of HPL. [7]

2 What are the Downstream Industries?

Most are plastic and rubber processing units. According to Dept. of Petrochemicals [6] there were 55,000 such units (organised + unorganised) all over India in the year 2005-06 of which 75% were SSI's. There were about 2000 fibre processors, of which 80% were in SSI sector. There were also about 1000 surfactant processors, the majority of which (90%) were operating in the SSI sector.

The share of plastic and rubber products is 95%. 20% distribution of 'other products' in WB is very unlikely.

References

- [1] "A NOTE ON NEW KOLKATA INTERNATIONAL DEVELOPMENT (NKID) PROJECT", Nirupam Sen, Ganashakti Web Edition. (http://www.ganashakti.com/block-details.php?block_id=1)
- [2] "Vote-on-Account Budget Aims At Employment Growth", B. Prasant, People's Democracy, 04 March, 2001.
- [3] "Left Front Government In West Bengal", Jyoti Basu, Peoples Democracy, April 3, 2005. (http://www.cpim.org/pd/2005/0403/04032005_jyotibasus.htm)
- [4] Bartaman, 19th December 2007.
- [5] Budeget Speech of Finance Minister, 2005-2006 (<http://www.wbfin.nic.in/speech1.htm>)
- [6] <http://chemicals.nic.in/petro1.htm>
- [7] Annual Plan 2005-06 and 2006-07, Department of Development and Planning, Govt. of WB. <http://wbplan.gov.in>