

Of HPCL and Employment

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What has the Chemical Hub to offer to East Midnapore? To answer this question one must first find out what Haldia Petrochemicals Ltd (HPCL) has offered to the district.

West Bengal government hype about Haldia Petrochemicals being what it is, one has to go in a round-about way to estimate the real picture in the sphere of employment.

Haldia Petrochemicals (HPCL) was commissioned in 2000. Prior to 2001, in what is now the district of East Midnapore, there was no employment in the industry classified as "Manufacture of coke, petroleum refining and nuclear fuel", and 1871 people were employed in the industry classified as "Manufacture of chemicals and chemical products". In 2003-04, the employment figures for these two classes of industry were, respectively, 2251 and 2043, an increase of 2423 due to the commissioning of HPCL in these two classes of industries directly related to the complex.

In 2002, provisional estimates for the 2 districts of Midnapore (namely, East and West) give employment figures for these two classes, respectively, as 2532 and 5140, the corresponding figures for 2003 being 2438 and 3861. So, the two years from 2003-05 saw an increase in employment of 1373 in refining and chemicals, of which, however, only 94 came from refining proper, the growth from 2004 to 2005 in this sector being 10.

As the refining industry is hardly present in West Midnapore, the employment data for the first class of industries are comparable with the earlier data for East Midnapore, as is clear if one compares the East Midnapore figure of 2251 for 2003-04 with the Midnapore figures of 2438 for 2003 and 2522 for 2004.

However, for the chemicals class of industries, the employment figures are 2043 for East Midnapore in 2003-04, and 3861(2003) and 4102(2004) for Midnapore, almost double in the second case. So, 1373 is too high an estimate for the increase in employment in refining and chemicals between 2003 and 2005, and 750 would be nearer the mark.

So, in 5 years, Haldia Petrochemicals has been able to give direct employment to $(2423+750 = 3173)$ about 3200 people.

In the class of industries centred on "refining", the invested capital reached 3161.51 crores in 2003-04 from scratch, and, in the chemicals class, the invested capital increased by 6798.77 crores between the commissioning of HPCL and 2003-04. So, 9960.28 crores of investment generated 2423 jobs, more than four crores of investment per job.

In the 5 years since its commissioning, Haldia Petrochemicals has generated direct employment for about 3200 people, at an investment of roughly 4 crores of rupees per job.

The scenario of the downstream industries in the class of "Manufacture of rubber and plastics products" is not that rosy. The Chief Minister of West Bengal is reported to have claimed that 7000 such units, manufacturing plastics products, have come up in the state (*Ananda Bazar Patrika*, 7.9.07). There is a

consistent claim by spokesmen of his government and party that lakhs of jobs have been created in the wake of HPCL. What is the truth?

'Frontline' (Dec 20, 2003 to Jan 2, 2004) reports that, since 1998, 537 industries have come up downstream of Haldia Petrochemicals, 4 large scale, 34 medium-scale and 499 small scale in size. The investment in these units amounted to 382 crores and direct employment was provided to 13,161 (13,171?) people. Up to November 2005, 697 units have been reported in the plastics and related industries, 5 large scale, 65 medium scale and 627 small scale in size. In December, 2005 the West Bengal Industries Development Corporation reports 705 units, 5 large scale, 94 medium scale, and 674 small scale in size.

These employment figures are not consistent with other data. In 2005, according to provisional estimates the average daily number of workers employed in registered factories of West Bengal in the class of "Manufacture of rubber and plastics products" was 25,719, while the corresponding number for 2000 in rubber and rubber products industries was 15,131 (see <dgfasli.nic.in>). So, even assuming that all plastics industries in West Bengal came up since 2000, the increase of average daily employment in this class of (downstream) industries between 2000 and 2005 amounts to 10,588. The number of workers and employees in the rubber and plastics industries (including both census and non-census sectors) in 2003-04 was 14,565 (including the personnel working from before 2000), the invested capital being 338.34 crores. The presence of small scale industries makes the mix labour-intensive, 43 people being employed per crore of rupees invested. But, both in the number of downstream units and the employment generated in them, the official propaganda seems to have magnified reality 10 times!

What, however, is the scale of unemployment in the state? The official figure for 2004-05 was 33.37 lakhs. 10588 is just not in the same league. To understand that these big investments by big capital are not going to make a dent in the unemployment situation, it is better to estimate the yearly addition to the number of people of working age (15-59 years old) in Midnapore. The population of Midnapore in 2001 was 96,10,788 and the simple rate of increase between 1991 and 2001 was 15.35%. Presumably this rate has further fallen with time. In 1981, in West Bengal, the proportion of the population extant between the ages of 15 and 59 was roughly 53%. Again, Appendix III of the National Population Policy 2000 found this proportion to be 58.7% for the whole country. With these figures, taking 1.5% as the annual rate of increase of population in Midnapore (which will give an over-estimate) and 55% as the proportionate increase in the 15-59 age group (which will give an under-estimate), it is found that about 80,000 people are being added to the 15-59 age group every year in Midnapore. Generation of 3200 direct jobs and 10,588 jobs downstream in 5 years is just a drop in this ocean. What people need is a different policy.

Downstream of Haldia Petrochemicals, units have come up to manufacture rubber and plastics products. The increase in employment in these units, attributable to the influence of HPCL, is about 10-11 thousand. Assuming, then, $(9960.28 + 338.34 =)$ a sum total of Rs 10,300 crores invested capital in HPCL and downstream industries in 2003-04, and an employment figure of 14,000, 1.36 jobs have been created per crore of investment. Considering the 2003-04

unemployment figure of 33.37 lakhs, and an annual addition of 80,000 to the number of people within the age group of 15-59 years in Midnapore alone, whatever benefits big investments as in HPCL may bring to its own employees and to big capital, their contribution to a solution of the unemployment problem is insignificant, and herein lies the real bankruptcy of the "industrialisation" policy of the West Bengal government. A new policy is needed, not the old neo-liberal crap of investment=employment=income generation. There was big investment but little employment.

Another aspect needs attention. How much has the surrounding country benefited? Are there signs of a wave of industrialisation spreading over the district of East Midnapore of which Haldia is the sea-gate?

Considering the 2 districts of Midnapore together, there has been an increase in factory employment. The average daily number of workers employed in registered factories increased from 29,788 in 2000 to 34,731 (provisional) in 2005, an increase of 17%. (However, 2423 of this increase, that is 8%, comes from HPCL, and is not an effect of spreading.) Over the same period, West Bengal showed, as a whole, an increase in average daily employment of 2.4%. Employment in registered small scale sector units in Midnapore increased from 4811 in 2000-01 to 7609 in 2004-05, an increase of 58%, while the rate of increase for the whole state was 20.5%. A sobering thought is that in 1990-91 17,915 people were employed in SSI units in Midnapore, and, even half that strength was not reached in 2005 (the 1990-91 figure for the whole state was 1,63,132, the 2004-05 figure being 64,191).

These figures point to the dismal picture of employment (non-) growth in West Bengal as a whole, rather than the operation in Midnapore of an engine of growth from Haldia. This becomes clear the moment one concentrates on the picture of unemployment in East Midnapore, and traces the location of the units downstream of HPCL (most are in Kolkata).

Alas, from 2001 to 2004, the placements effected by the Employment Exchanges of the district amount to 1655, less than 15% of the employment purportedly generated downstream of HPCL. In this period, the number of unemployed people on the live register (at the end of the year) increased from 3,67,049 to 4,12,632, an increase of 45,583 in 3 years. In 2004, the number of fresh registrations was 19,424.

What about employment in Midnapore in the downstream industries? In 2003, the number of workers in factories manufacturing rubber and plastics products was 36. It increased to 142 in 2004. The provisional estimates for 2005 found the same figure of 142.

Where have the 537 downstream units of HPCL and the 13,171 (13,161?) jobs disappeared to? Between 1998 and 2003, 483, that is 90% of the units, and 10,591, that is 80% of the jobs, have gone to the Kolkata Municipal Area. Capital, merrily operating under a neo-liberal surrender of government policy to market forces, will gravitate to locations offering lower infrastructure costs, hence higher profits.

For East Midnapore, Haldia has had little to offer. The chemical hub will not offer more. □□□

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