

ASSOCHAM

ECO

PULSE

STUDY

Delayed Projects and lost job opportunities

February 2009

Prepared by

Nusrat Ahmad

ASSOCHAM Research Bureau

Email: nusrat.ahmad@assochem.com

url: <http://www.assochem.org/arb/>

Delayed Projects cost 1, 64,000 direct jobs and Rs. 2.5 lakh crore investment says ASSOCHAM

India lost the job opportunities of employing more than 1,64,000 people with eighteen major projects in sectors like steel, power, auto getting stuck due to procedures relating to land acquiring and forest & environment clearances, an Assocham Eco Pulse (AEP) Study has stated.

According to AEP study **“Delayed Projects and lost job opportunities”**, the 18 strangled projects of India Inc. to the tune of Rs. 2,44,815.5 crore remained on papers, in the form of MoUs and agreements over the past three-four years, however the smooth implementation could have created job opportunities for at least 1, 64, 000 people directly and 2,70,000 people indirectly.

Assocham Research Bureau has identified 18 major projects announced by India Inc. in sectors such as power, steel, automotive, IT, real estate and metals & mining that are just on papers and struggling for government clearances since 2003-04 till 2008.

Among the projects, POSCO that established its Indian company POSCO-India in August 2005 has already obtained in principle special economic zone status needed land for setting up 12 million-tonne capacity steel plant in Orissa with investment already pumped in to the tune of Rs.176 crore. But delay in land acquisition has been a major stumbling block. However, green signal of the project could have generated employment for 35,730 people.

Other projects in the steel sector include that of the world's sixth largest steel producer Tata Steel with greenfield projects in Jharkhand, Orissa and Chhattisgarh with investment plans at Rs 42,000 crore for a 12 million tonne integrated steel plant, Rs 22,000 crore for a 6 million tonne unit and Rs 18,000

crore for setting up a 5 million tonne steel plant respectively, is hankering with land acquiring procedures. But, if the above state governments would have nodded for these projects, the company could have created employment opportunities for at least 2000-3000 people directly and thousand more indirectly.

Delayed Projects and Loss of Employment

S. No.	Company	Amount (in Rs. Crore)	State	Sectors	Direct Employment
1	Arcelor-Mittal	50	Orissa	Steel	20,000
2	Arcelor-Mittal(12mtpa)	43,000	Jharkhand	Steel	
3	POSCO	176	Orissa	Steel	35,730
4	Vedanta Group	24000	Orissa	Metals & Mining	25,000
5	Tata Steel	1500	Chasttigarh	Steel	1,000
6	Tata Steel(12mtpa)	42,000	Jharkhand	Steel	4,000
7	Essar Steel (10 mtpa)	17,760	Jharkhand	Steel	300
8	Jindal Steel & Power Ltd (at two locations of 5 mtpa each)	11,500	Jharkhand	Steel	5,500
9	Jindal South-West (10 mtpa)	11,680	Jharkhand	Steel	3,000
10	Tata Steel	2,500	Tamil Nadu	Steel	1,000
11	Mahindra-Renault and Nissan	4,000	Tamil Nadu	Automotive	5,000
12	Hero Honda	400	Uttarakhand	Automotive	1,500
13	Mahindra	1,500	Uttarakhand	Automotive	2,000
14	Ashok Leyland	1,000	Uttarakhand	Automotive	
15	DLF	33,000	West Bengal	Real Estate	100-200
16	Infosys	250	West Bengal	IT	5,000
17	Wipro	500	West Bengal	IT	5,000
18	Vikas Metal and Power Ltd, India Power Corporation Ltd, Krishak Bharti Co-operative Ltd, Cement Manufacturing Company Ltd, Aston Field Renewable Resources Ltd, Saran Energy Ltd and Reliance Industries Ltd, etc .	50,000	Bihar	Power	50,000

Similarly, Arcelor-Mittal steel projects in Orissa and Jharkhand is facing peculiar situation since 2-3 years, as in Jharkhand the company got iron ore mines, but do

not have land whereas in Orissa they have land, but are yet to get mines. With total planned investment in both the states stood at Rs. 43,050 crore, its implementation could have generated employment for nearly 5,500 people directly and 20,000 people indirectly.

Some of other mega greenfield projects, in Jharkhand if implemented would have created around 8,800 jobs in the region. As steel majors like Essar Steel (10 mtpa), Jindal Steel & Power Ltd (at two locations of 5 mtpa each) and Jindal South-West (10 mtpa) signed MoUs in 2004 and 2005, tuned investment plans worth around Rs 40,940 crore.

Likewise, in the automotive sector, M&M's joint venture in Chennai with Renault and Nissan has been deferred following a delay in land acquisition. However, proper and timely implementation of the project would have created work for atleast 5,000 people directly, as the joint venture agreement of the three companies planned to pump Rs 4,000 crore into the project.

Automobile projects due to come up in Uttarakhand by companies such as Hero Honda, M&M and Ashok Leyland were halted by a year to few months following a withdrawal of the mandatory environmental clearance by the state pollution control board. These companies manufacturing facilities would collectively entail an investment worth more than Rs 2,900 crore. At the same time, if implemented on due time could have generated employment opportunities for nearly 3,500 people

Software giants such as Infosys and Wipro, have also delayed their projects in West Bengal, that could attract employment for around 10,000 people and investment of about Rs. 750 crore.

In power starved state of Bihar, 14 proposed thermal power plants could make it a power surplus state entailing an investment of Rs 50,000 crore, by players such as Vikas Metal and Power Ltd,(500 Mw), India Power Corporation Ltd, Krishak Bharti Co-operative Ltd, Cement Manufacturing Company Ltd, Aston Field Renewable Resources Ltd, (100 Mw biogas based unit), Saran Energy Ltd (10 Mw biogas- based unit) and Reliance Industries Ltd (5 Mw solar power based unit at Patna) to name a few, however, subsequent delay in land acquisition procedures could further affect the power situation in the state along with employment opportunities for 50,000 people in the region would merely be just on papers.