

The Petrochemical Industry and Industrialisation in India:
A Study of Transnational Corporations and Dependent Industrialisation

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Thesis Abstract

This study analyses the impact of a modern industry like the petrochemicals in India's industrialisation. Is the growth of such industries an index of self-reliant industrialisation? Do they further the transformation of backward countries like India?

The rise of capital and technology intensive industries like petrochemicals, in the advanced capitalist countries has been accelerated by the rise of monopoly capital and transnational corporations (TNCs). The TNCs have a stranglehold on the petrochemical industry and their corporate power is based on vast R&D, marketing structures and brandnames, links with financial oligarchy, control over technology and ability to take over end-user industries unwilling to switch to synthetics. This has had a regressive impact on many Third World countries dependent on production and export of natural raw materials.

The Indian petrochemical industry grew in response to the argument that (i) it will lead to acquisition of advanced technical skills (ii) and its absence will lead to shortage of industrial raw materials. A large part of Indian industry is within the TNCs system and the technology transfer was totally packaged with little impact on local technical skills. The only public sector firm found it difficult to buy technologies, and the transfer process was also highly 'packaged', and incomplete. An oligopolistic market for petrochemical technology thwarted the industry's links with engineering and equipment fabrication sectors.

India is a major producer of natural raw materials like cotton, jute, coir and rubber, and possesses large domestic industries to process them. The synthetic materials from petrochemical industry are having a regressive impact on these industries. It is leading to higher capital intensity as industries 'modernise' to process synthetics, increasing their dependence on TNCs for processing technologies and reducing industrial employment. In other coir, entire industries face prospects of extinction. Even agricultural employment is likely to decline and income distribution get more unequal. The plastic processing industry is not likely to offset these adverse consequences.

The rise of the petrochemical industry in countries like India, integrates their industrial structures with the world capitalist system dominated by TNCs.