



MINISTRY OF PETROLEUM & NATURAL GAS

FIRST REPORT



सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

April, 1993/Vaisakha 1915 (Saka)

FIRST REPORT
STANDING COMMITTEE ON
PETROLEUM AND CHEMICALS
(1993-94)

(TENTH LOK SABHA)

MINISTRY OF PETROLEUM AND
NATURAL GAS

Presented to Lok Sabha on 29 April, 1993

Laid in Rajya Sabha on 29 April, 1993



LOK SABHA SECRETARIAT
NEW DELHI

April, 1993/Vaisakha, 1915 (Saka)

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Committee on Petroleum & Chemicals.

<u>Sl. No.</u>	<u>Page</u>	<u>Para No.</u>	<u>Line</u>	<u>For</u>	<u>Read</u>
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**COMPOSITION OF THE STANDING COMMITTEE ON
PETROLEUM AND CHEMICALS**

CHAIRMAN

Shri Sriballav Panigrahi

MEMBERS

Lok Sabha

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3. **Dr. Ravi Mallu**
4. **Shri Surinder Singh Kairon**
5. **Shri Sant Ram Singla**
6. **Shri A.G.S. Rambabu**
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27. **Shri Simon Marandi**
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Rajya Sabha

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32. **Shri E. Balanandan**
33. **Shri Balbir Singh**
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36. **Shri Pasumpon Tha. Kiruttiaan**
37. **Shri G.Y. Krishnan**
38. **Shri Mohinder Singh Lather**

(iv)

39. **Shri Jagdish Prasad Mathur**
40. **Shri V. Narayanasamy**
41. **Shri Mentay Padmanabham**
42. **Smt. Satya Bahin**
43. **Shri Vishvjit P. Singh**
44. **Shri S.S. Surjewala**
45. **Shri Dineshbhai Trivedi**

SECRETARIAT

1. **Shri G.L. Batra** — *Additional Secretary*
2. **Shri R.K. Chatterjee** — *Deputy Secretary*
3. **Shri Ram Autar Ram** — *Under Secretary*

INTRODUCTION

1. the Chairman of Standing Committee on Petroleum and Chemicals (1993-94) having been authorised to submit the Report on their behalf, present this First Report on the Demands for Grants (1993—94) of the Ministry of Petroleum and Natural Gas.

2. The Introduction of Departmentally related Standing Committees System is a major step towards exercising closer parliamentary control on the functioning of the Executive in a Parliamentary form of Government. As a matter of fact, it can be described as a breakthrough in the closer interaction between the Legislature and the Executive. Hon'ble Speaker, Shri Shivraj V. Patil, has opened a new chapter in making the institution of Parliament more purposeful and participative in democratisation of the functioning of the State in its practical form.

3. The Ministry of Petroleum and Natural Gas is entrusted with the responsibility of exploration and production of oil and natural gas, its refining, distribution and marketing, import and export, as well as, conservation of petroleum products also fall within the purview of the Ministry.

4. Demands for Grants pertaining to the Ministry of Petroleum and Natural Gas for the current year *i.e.* 1993—94 which were laid on the Table of the House on 31 March, 1993 have been examined by the Committee.

5. The Committee scrutinised the relevant documents and had discussions with the representatives of the Ministry of Petroleum and Natural Gas at their sittings held on 23 and 27 April, 1993.

6. The Committee considered and adopted the Report at their sitting held on Wednesday, 28 April, 1993.

7. The Committee while examining the Demands for Grants of the Ministry of Petroleum and Natural Gas mainly confined themselves to the following documents:—

- (1) Demands for Grants of Ministry of Petroleum and Natural Gas of 1993—94.
- (2) Annual Report of 1992—93.
- (3) Performance Budget of the Ministry for 1993—94.
- (4) Eighth Five Year Plan relating to the Ministry.
- (5) Annual Plan relating to the Ministry.

8. The scrutiny of the Demands for Grants has been conducted on the basis of the following information:—

- (1) Policy/programmes/activities brought out by the Ministry of Petroleum and Natural Gas in the Annual Report.
- (2) Past commitments carried over in the current year *i.e.* 1993—94.
- (3) Anticipated liabilities for the current year.
- (4) Increase over previous year's estimates and the actuals of 1991—92.

9. The Committee have noted that the bulk of the resources allocated to the Petroleum Sector are utilised by the various PSUs functioning under the aegis of the Ministry but this portion is not reflected in the Demands of the Ministry which are confined to the actual working of the Ministry itself. Due to constraints of time the Committee have for the purpose of the present Report confined itself to an examination of the Demands of the Ministry itself only.

10. The Committee wish to express their thanks to the Officers of the Ministry of Petroleum and Natural Gas for furnishing written information on queries raised by them and sharing with the Committee their views concerning the matters which came up for discussion during evidence.

11. The Committee have generally endorsed the allocation sought for in the Budget Estimates 1993—94.

NEW DELHI;
April 28, 1993
Vaisakha 8, 1915 (Saka)

SRIBALLAV PANIGRAHI,
Chairman,
Standing Committee on
Petroleum and Chemicals.

A. INTRODUCTORY

The Ministry of Petroleum and Natural Gas is entrusted with the responsibility of exploration and production of oil and natural gas, its refining, distribution and marketing, import and export and conservation of petroleum products in the country.

2. The functions of the Ministry of Petroleum and Natural Gas are performed through the Public Undertakings/other organisations which are under the administrative control of the Ministry. There are 14 Public Sector Undertakings and three subsidiaries as enumerated below:—

<i>Name of PSU</i>	<i>Area of Operation</i>
1. Oil and Natural Gas Commission.	Exploration and production of oil and gas.
2. Oil India Ltd.	-do-
3. Indian Oil Corporation Ltd.	Refining (i.e. production of petroleum products like petrol, diesel and LPG) and marketing.
4. Bharat Petroleum Corporation Ltd.	-do-
5. Hindustan Petroleum Corporation Ltd.	-do-
6. Cochin Refineries Ltd.	Refining.
7. Madras Refineries Ltd.	-do-
8. IBP Co. Ltd.	Marketing and production of LPG valves.
9. Engineers India Ltd.	Consultancy Services for various types of projects.
10. Lubrizol India Ltd.	Production of Automotive and Industrial lubricants.
11. Bongaigaon Refinery and Petrochemicals Ltd.	Refining and production of petro-chemicals.
12. Biccoco Lawrie Ltd.	Production of switchgears.
13. Gas Authority of India Ltd.	Processing, transportation, marketing of gas through pipelines, etc.
14. Balmer Lawrie Co. Ltd. (Subsidiary of IBP)	Manufacturing, trading and services.

<i>Subsidiaries</i>	<i>Area of Operation</i>
1. ONGC Videsh Ltd. (Subsidiary of ONGC)	Exploration for oil and gas and consultancy in other countries.
2. Indian Oil Blending (Subsidiary of IOC)	Production of grease and Lubricants.
3. Indian Additives Ltd. (Subsidiary of MRL)	Production of lube additive components.

3. The following organisations also help the Ministry in monitoring and implementation of the objectives of the Government:—

- (i) Oil Industry Development Board.
- (ii) Oil Coordination Committee.
- (iii) Petroleum Conservation Research Association.
- (iv) Oil Industry Safety Directorate.
- (v) Centre for High Technology.
- (vi) Petroleum India International.

B. ANALYSIS OF DEMANDS FOR GRANTS OF THE MINISTRY OF PETROLEUM AND NATURAL GAS FOR THE YEAR 1993-94

4. The financial requirement of the Ministry of Petroleum and Natural Gas is covered under Demand No. 64. Only one demand is presented on behalf of the Ministry of Petroleum and Natural Gas. The following table shows the item-wise actual expenditure during 1991-92, budget and revised estimates for the year 1992-93 and proposals for the year 1993-94:

(Rs. In Crores)

Sl No	Items of Expenditure	Plan/ Non-Plan	Actual 1991-92	BE 1992-93	RE 1992-93	Actual 1992-93	BE 1993-94
<i>REVENUE SECTION</i>							
1	Seccr expenditure	Non-Plan	2.21	2.18	2.64	2.61 (prov.)	2.60
2	Payment to OIIB against collection of cess on indigenous crude oil	Non-Plan	95.00	50.00	—	—	—
3	Special equipment for Bombay Off-shore Project	Plan	3.89	—	—	—	—
Sub-Total			101.10	52.18	2.64	2.61	2.60

Sl. No.	Items of Expenditure	Plan/ Non-Plan	Actual 1991-92	BE 1992-93	RE 1992-93	Actual 1992-93	BE 1993-94
CAPITAL SECTION							
1.	Govt.'s subscription to Fully Convertible Debenture Issue by IBP Co. Ltd.	Plan	—		26.39	26.39	26.39
2.	Relending of World Bank Loans to:—						
	(i) ONGC	Plan	125.00	260.00	260.00	260.00	170.00
	(ii) OIL	Plan	55.00	40.00	40.00	40.00	70.00
	Sub-total		180.00	300.00	326.39	326.39	266.39
	Total		281.11	352.18	329.03	329.00	268.99

It may be seen from above that the demands for grants of the Ministry do not reflect the activities of petroleum sector. On examination of Demands for Grants the Committee have observed certain discerning facts which are dealt with in the succeeding paragraphs.

5. Less budgetary provision has been made for the Ministry for 1993-94 as compared to 1992-93. This is reportedly due to decline in relending of world bank loans to public sector undertakings under the Ministry. The representative of the Ministry during the evidence stated that they were simply routing the world bank loan to various Public Sector Undertakings and there is a proposal that in future the public sector undertakings would get the loan direct from the international agencies.

6. Under Revenue Section in the Actuals for 1991-92 a sum of Rs. 3.89,96 thousands has been shown for special equipment for Bombay off-shore Project. In the footnote of Demands for Grants it is mentioned that the amount has been spent by the Ministry of Defence in spite of non-availability of any provision in the budget in the Ministry of Petroleum and Natural Gas.

7. When the Committee enquired about this expenditure, the Ministry stated in their written reply that this expenditure was on account of acquisition of special equipment for the security of Bombay Off shore Instalations. The arrangement was that while the Ministry of Defence would make the procurement, funds would be provided by the Ministry of Petroleum & Natural Gas from its budget. An amount of Rs. 114.92 crores had already been paid to the Ministry of Defence for this programme and the question of payment of balance amount was to be settled with the Ministries of Finance and Defence.

8. On examining the demands for grants for earlier years the Committee have found that this expenditure was being shown under the head Actuals for the last two years but it is not being shown in Budget or revised estimates.

9. The Committee are of the view that the matter may be sorted out by the Ministries of Petroleum, Finance and Defence and a proper budgetary provision be made in the demands for grants in the subsequent years.

Annual Plan Outlay

10. Table below shows the plan outlay of the Ministry for the years 1991-92, 1992-93 and 1993-94.

(Rs. in crores)

Year		Internal Resources	Extra Budgetary	Budget Support
1991-92	Actual	3395.78	**	180.00
1992-93	B.E.	6208.00	2645.87	300.00
	R.E.	8457.71	5476.81	326.39
1993-94	B.E.	12113.81	3790.85	266.39

**Actuals not available.

11. The Committee note that there is an increase of over Rs. 2000 crores in Revised estimates for 1992-93 as compared to Budgetary estimates for the same year. On being enquired by the Committee the Ministry in their written note stated that it is attributable mainly to a much higher outlay for ONGC on exploration and development drilling and L-II and L-III projects.

12. As elsewhere mentioned in the Report the Committee find that the expenditure of Rs. 2000 crores incurred on exploration and production does not reflect any improvement in production of crude oil. The Committee would, therefore, like the Ministry to ensure that the money is spent in productive purposes.

C. Other issues related to Annual Plan and Demands for Grants of the Ministry

(i) Plan outlays for 7th & 8th Five Year Plans

13. There has been massive investment in the petroleum sector. The total expenditure in the petroleum sector during 6th Five Year Plan was Rs. 8996.99 crores which increased to Rs. 16326.99 crores during the 7th Plan period. The Plan outlay has been proposed at Rs. 26,552 crores for the 8th Five Year Plan. The following table shows the sector wise break up of investment during the 7th and 8th Five Year Plans:—

Sector	7th Five Year Plan (1985-90) Approved	Actual outlay (Rs. in crores)	8th Five Year Plan (1992-97) Approved (Rs. in crores)
1. Exploration & Production	10652.67	14403.88	20,000
2. Refining & marketing	1975.00	1613.19	4,000
3. Petro-chemicals	243.10	251.62	2,427
4. Engg. Units	49.60	58.30	125
Total	12920.37	16326.99	26,552.00

14. As regards the sources for meeting the 8th Five year outlay, the Ministry has intimated that it is expected that this outlay will be financed through internal resources of the PSUs to the extent of about Rs. 19,750 crores and budgetary support of about Rs. 730 crores which also includes Rs. 680 crores as project-tied loans from World Bank, coming to ONGC and OIL. The gap is to be financed out of the extra-budgetary resources like bonds/debentures, commercial borrowings/suppliers credit, etc. to be mobilised by the PSUs themselves.

15. During the course of examination of the Ministry the Committee pointed out that during the 7th Five Year Plan the actual expenditure exceeded by Rs. 4000 crores and enquired whether this huge extra expenditure was commensurate with the achievements made. The Ministry of Petroleum & Natural Gas stated in a written note that during Seventh Plan actual expenditure exceeded the approved outlay by about Rs. 4000 crores mainly on account of higher outlays by ONGC and GAIL on their various projects and programmes including the latter's HBJ Pipeline Project. Considering the fact that the oil production increased from about 30 million tonnes at the commencement of the Plan to about 34 million tonnes in the terminal year *i.e.* 1989-90, the achievement was adequate.

16. The Committee also wanted to know whether any priorities has been fixed for the 8th Five Year Plan. In reply the Ministry stated that the priorities for the Eighth Plan include implementation of major schemes like LII, LIII, Neelam, Panna and Mukta to compensate for the decline in production from Bombay offshore. Intensive exploration activity had been taken up to build up comfortable reserves.

To supplement these efforts foreign investment have been invited through continuous bidding system and some agreements have already been signed. A programme of demand management, fuel conservation and inter-fuel substitution was also under implementation.

17. For the 8th Five Year Plan, the Planning Commission has also identified, the following areas of major concern:—

- (i) The need to restrict oil imports to a reasonable level.

- (ii) The need to eliminate flaring of natural gas at the earliest, in any case not later than 1996-97; and
- (iii) Accelerating the pace of indigenisation of the exploration and development activities.

18. Closely connected issue with the funds available to the Ministry from the Annual Plan and Demands for Grants is the massive investments made in petroleum sector during the 6th, 7th and 8th Five Year Plans. The Committee note that the total expenditure incurred in the sector during 6th Five Year Plan was Rs. 8539 crores. As against the Plan allocation of Rs. 12920 crores made in 7th Five Year Plan, the actual expenditure incurred during the plan was Rs. 16326 crores. As regards the excess expenditure over Rs. 4000 crores during the 7th Five Year Plan, the Ministry has intimated that this helped the crude oil production to reach upto level of about 34 million tonnes in 1989-90. However, inspite of massive investment made in the petroleum sector the production of crude oil has touched a new bottom line at about 27 million tonnes during 1992-93.

19. The Committee find that out of the allocation of Rs. 1975 crores during 7th Five Year Plan for Refining and marketing sector, a sum of Rs. 1613 crores was spent. Thus there remained a sum of Rs. 360 crores unutilised. For the 8th Five Year Plan the allocation for the sector has been made to the tune of Rs. 4000 crores. The Committee trust that during the 8th Five Year Plan adequate attention will be given towards refining and marketing sector to increase the refining capacity by utilising the funds fully so that the allocated funds do not remain unutilised as was the case during 7th Five Year Plan.

20. The Plan allocation for the 8th Five year for petroleum sector has been fixed at Rs. 26552 crores. Out of this about Rs. 20,000 crores has been earmarked for exploration and production. The Committee would like the Ministry to ensure that the amount is optimally utilised on priority projects relating to exploration and production so that desired level of crude oil production is achieved by the end of 8th Five Year Plan.

(ii) Production of Crude Oil

21. In spite of massive investment in petroleum sector there has been decline in production of crude oil. The following table shows the production of crude oil in the country during the year 1989-90 onwards:—

Year	Production of crude oil (in million tonnes)
1989-90	34.09
1990-91	33.02
1991-92	30.34
1992-93	26.945

22. The following reasons have been assigned by the Ministry for steep fall in the crude oil production during the last 4 years:—

- (i) Environmental constraints and civil disturbances including bandhs etc. in Assam.

- (ii) Natural decline of the Bombay High field, and rectificatory measures in the field undertaken by ONGC to restore the reservoir voidage balance.
- (iii) Reservoirs constraints in some fields of the Western Offshore and onshore regions.
- (iv) Shippages in projects to develop new oilfields for additional development of existing fields.
- (v) Less gain from new and workover wells.
- (vi) Inadequacy/Interruption in tanker availability for uplifting crude from isolated fields.
- (vii) Choking of flow lines and civil disturbances in Ahmedabad.
- (viii) Power shutdowns, line leakages etc.

23. Explaining the reasons further, the Secretary stated during his evidence that required funds were not available to complete the exploration programmes and emphasis had been on extraction of oil from the available reserves.

24. On being enquired about the steps taken to raise the production level to meet the growing need of petroleum products in the country, the Ministry of Petroleum and Natural Gas stated that a number of oil/gas field development projects were being implemented to enhance production of crude oil and natural gas. Government had also offered certain oil/gas fields for development by private companies. Similarly the Government had also issued letters of intent for setting up of 3 joint venture refineries in the Eastern, Central and Western India.

25. The Secretary also informed the Committee during evidence that expert Committee Report appointed to go into the decline in Bombay High production had been taken up for implementation and next year onwards, the crude oil production was expected to increase.

26. The Committee regret to note that as against the crude oil production of 34 million tonnes in 1989-90, the crude oil production declined to about 27 million tonnes in 1992-93. The Minister informed the Committee that the decline in production of crude oil has been due to technical problems at Bombay High Well, law and order problems in Amam, Power shut-downs etc. The Petroleum Secretary also deposed before the Committee that required funds were not available to raise the production level. The Committee feel that had the Ministry taken timely steps some of the constraints could be removed and some of the constraint like power-shortage, non-availability of tanker etc. could have been overcome by better coordination with the concerned authorities so resulting in higher production.

27. Report of the Technical Committee which went into the problem at Bombay High Wells is reported to be under implementation and the production is likely to go up from the next year onwards. The Committee, therefore, desire that utmost efforts should be made to increase the crude oil production.

(iii) *Import of Crude Oil and Petroleum Products*

28. As against the current level of crude oil production of about 27 million tonnes the demand of petroleum products is about 60 million tonnes. According to the Ministry the demand of petroleum products is expected to grow from a level of 57 million tonnes in 1991-92 (the projected consumption during 1992-93 is estimated at 61.5 million tonnes) to about 79 million tonnes per annum during 1996-97 and to about 102 million tonnes by 2001-02.

29. The Eighth Five Year Plan has also brought out that the estimated demand of petroleum products will be about 81.19 million tonnes in 1996-97 and the level of crude oil production from different basins may at best reach 47.08 million tonnes by that year, leaving a gap of about 34 million tonnes.

30. In this connection, the observation of the Planning Commission made in the 8th Five Year Plan is quite pertinent:—

“It is not going to be easy to find sufficient foreign exchange resources to sustain such a sizeable increase in the quantum of oil imports. Moreover, any further increase in the quantum of oil imports will correspondingly increase the vulnerability of the economy to the uncertainties in the external oil markets.”

31. To meet the gap between demand and supply of crude oil and petroleum products in the country, the huge quantity of these items has to be imported at considerable costs. During 7th Five Year Plan the import bill on this account was over Rs. 22,000 crores. The following table shows imports of oil and other petroleum products in the country during the last 5 years:—

Year	Import of Crude Oil		Import of Petroleum Products	
	Qty. in MT	Value in Rs. crores	Qty. in MT	Value in Rs. crores
1989-90	19.49	4089	6.56	2255
1990-91	20.70	6118	8.66	4660
1991-92	23.99	7820	9.45	52.18
1992-93	**29.247	17000*approx.	11.281	*
1993-94	28.9 (Estimated)	22000*	15.309	*

* Amount for crude oil & petroleum products.
Provisional.

32. In the context of the recoverable oil reserves and their exploitation the Committee were informed by the Ministry that as on 1.1.1992 balance reserves were estimated to be 370 million tonnes in the onshore region and 484 million tonnes in the offshore region. The current crude oil production was in the region of 27 million tonnes and the same was projected to go upto 44 million tonnes approximately by the end of Eighth Plan period.

33. The Committee enquired whether any targets had been fixed for achieving the self sufficiency in oil and other petroleum products. The Ministry of Petroleum and Natural Gas replied in a note that no targets were set for achieving self-sufficiency in respect of crude oil/petroleum products. In the foreseeable future, based on the presently established reserves of crude oil in the country, self-sufficiency was not possible.

34. To effect economy in import bill the Committee were informed by the Ministry in a note that several oil conservation schemes were being undertaken to reduce the consumption of petroleum products and as a result saving worth Rs. 332 crores could be made during the year 1992-93.

35. The Committee find that as against the current production level of crude oil of about 27 million tonnes, the total annual demand of petroleum products is about 60 million tonnes. By the end of 8th Plan (i.e. 1996-97) the demand is expected to increase upto a level of 79 million tonnes. However, the indigenous production is expected to reach upto 44 million tonnes only leaving a gap of about 35 million tonnes for import. The Committee are concerned to note the increasing import bill year after year. The import bill on account of crude oil and petroleum products in the country during the year 1992-93 was about Rs. 17,000 crores and is expected to increase to about Rs. 21,000 crores in the year 1993-94.

36. To reduce the consumption of oil and petroleum products the Committee were informed by the Ministry that several oil conservation schemes were being undertaken in the petroleum sector. Due to these efforts the Ministry is reported to have saved to the extent of Rs. 332 crores in 1992-93. The Committee strongly feel that the Ministry should strive for at least a ten percent reduction in the huge import bill without hampering the developmental projects in any way. This could be possible by devising various schemes for reducing oil consumption and energy conservation. Needless to emphasise that adequate steps would be taken to educate the public at large.

37. The Committee note that the Ministry does not visualise that the country can become self-reliant in the matter of petroleum products in a foreseeable future. In Committee's view the Government should make a proper assessment of the sources of energy available in the country and their optimal utilisation. The Committee, therefore, recommend that the Government should prepare a long term energy policy for the country which may *inter-alia* include tapping of all available sources of energy like,

petroleum, gas, coal, thermal, solar and hydro-electric powers and their optimal use. This will not only reduce the import bill of the country, but will take the country to self-reliance in the matter of oil and petroleum products.

New Delhi;
April 28, 1993

Vaisakh 8, 1915 (Saka)

SRIBALLAN PANIGRAHI
Chairman,
Standing Committee on
Petroleum and Chemicals

Statement of Conclusions/Recommendations of the Standing Committee in Petroleum and Chemicals contained in the Report

S.No.	Reference of Para No. is the Report	Conclusions/ Recommendations
1	2	3
1	9	The Committee are of the view that the matter may be sorted out by the Ministries of Petroleum, Finance and Defence and a proper budgetary provision be made in the demands for grants in the subsequent years.
2	12	As elsewhere mentioned in the Report the Committee find that the expenditure of Rs. 2000 crores incurred on exploration and production does not reflect any improvement in production of crude oil. The Committee would therefore, like the ministry to ensure that the money is spent in productive purposes.
3	18—20	Closely connected issue with the funds available to the Ministry from the Annual Plan and Demand for Grants is the massive investments made in Petroleum sector during the 6th, 7th and 8th Five Year Plans. The Committee note that the total expenditure incurred in the sector during 6th Five Year Plan was Rs. 8539 crores. As against the Plan allocation of Rs. 12920 crores made in 7th Five Year Plan, the actual expenditure incurred during the plan was Rs. 16326 crores. As regards the excess expenditure over Rs. 4000 crores during the 7th Five Year Plan, the Ministry has intimated that this helped the crude oil production to reach upto level of about 34 million tonnes in 1989-90. However, inspite of massive investment made in the petroleum sector the production of crude oil has touched a new bottom line at about 27 million tonnes during 1992-93.

The Committee find that out of the allocation of Rs. 1975 crores during 7th Five Year Plan for Refining and marketing sector, a sum of Rs. 1613 crores was spent. Thus there remained a sum of Rs. 360 crores un-utilised. For the 8th Five Year Plan the allocation for the sector has been made to the tune of Rs. 4000 crores. The Committee trust that during the 8th Five Year Plan adequate attention will be given towards refining and marketing sector to increase the refining capacity by utilising the funds fully so that the allocated funds do not remain un-utilised as was the case during 7th Five Year Plan.

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The Committee feel that had the Ministry taken timely steps some of the constraints could be removed and some of the constraints like power-shortage, non-availability of tanker etc. could have been overcome by better coordination with the concerned authorities so resulting in higher production.

1	2	3
5	27	<p>Report of the Technical Committee which went into the problems at Bombay High Wells is reported to be under implementation and the production is likely to go up from the next year onwards. The Committee, therefore, desire that utmost efforts should be made to increase the crude oil production.</p>
6	35 36	<p>The Committee find that as against the current production level of crude oil of about 27 million tonnes, the total annual demand of petroleum products is about 60 million tonnes. By the end of 8th Plan (i.e. 1996-97) the demand is expected to increase upto a level of 79 million tonnes. However, the indigenous production is expected to reach upto 44 million tonnes only leaving a gap of about 35 million tonnes for import. The Committee are concerned to note the increasing import bill year after year. The import bill on account of crude oil and petroleum products in the country during the year 1992-93 was about Rs. 17,000 crores and is expected to increase to about Rs. 21,000 crores in the year 1993-94.</p> <p>To reduce the consumption of oil and petroleum products the Committee were informed by the Ministry that several oil conservation schemes were being undertaken in the petroleum sector. Due to these efforts the Ministry is reported to have saved to the extent of Rs. 332 crores in 1992-93. The Committee strongly feel that the Ministry should strive for at least a ten percent reduction in the huge import bill without hampering the developmental projects in any way. This could be possible by devising various schemes for reducing oil consumption and energy conservation. Needless to emphasise that adequate steps would be taken to educate the public at large.</p>
7	37	<p>The Committee note that the Ministry does not visualise that the country can become self-reliant in the matter of petroleum products in a foreseeable future. In Committee's view the</p>

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Government should make a proper assessment of the sources of energy available in the country and their optimal utilisation. The Committee, therefore, recommend that the Government should prepare a long term energy policy for the country which may *inter-alia* include tapping of all available sources of energy like, petroleum, gas, coal, thermal, solar and hydro-electric powers and their optimal use. This will not only reduce the import bill of the country, but will take the country to self-reliance in the matter of oil and petroleum products.

MINUTES
STANDING COMMITTEE ON PETROLEUM & CHEMICALS
(1993-94)

First Sitting
16.4.1993

The Committee sat from 1500 hrs. to 1700 hrs.

PRESENT

Shri Sriballav Panigrahi—*Chairman*

MEMBERS
Lok Sabha

2. Dr. Ravi Mallu
3. Shri Sant Ram Singla
4. Shri C.P. Mudalagiriappa
5. Shri V.S. Vijayaraghavan
6. Shri Arvind Tulshiram Kamble
7. Shri Gopi Nath Gajapathi
8. Shri K. Ramamurthec Tindivanam
9. Shri Ratilal Kalidas Varma
10. Shri Hari Kishore Singh
11. Shri Surya Narayan Singh
12. Shri Pius Tirkey
13. Dr. Jayanta Rongpi

Rajya Sabha

14. Shri E. Balanandan
15. Chowdhry Hari Singh
16. Shri Mohinder Singh Lather
17. Shri Jagdish Prasad Mathur
18. Shri Mentay Padmanabham
19. Smt. Satya Bahin
20. Shri S.S. Surjewala
21. Shri Dineshbhai Trivedi

SECRETARIAT

1. Shri G.L. Batra—*Additional Secretary*
2. Shri R.K. Chatterjee—*Deputy Secretary*
3. Shri Ram Autar Ram—*Under Secretary*

At the outset the Chairman, felicitated the Members on their nomination to the Committee and welcomed them to first sitting of the Committee and briefly explained the objective of the Committee and the task ahead of it. The Committee, thereafter, took up for consideration and discussion Demands for Grants for the year 1993-94 in respect of Ministry of

Petroleum and Natural Gas. Since the Demands for Grants of the Ministry of Chemicals and Fertilisers are yet to be laid on the Table, the Committee decided to consider them at a future date if felt necessary.

2. After some discussion, it was decided that for the information of the Members of the Committee the Secretariat should prepare a background note on the policy of the Government with regard to production *vis-a-vis* import of petroleum and gas in the country, highlighting the exploratory works undertaken or proposed to be undertaken to improve the production of petroleum and gas. The note should also give the statistics regarding availability of oil/natural gas in the country, quantum of oil and natural gas going waste and similar other information. They also desired the Secretariat to prepare a brief note on Demands for Grants for the current year 1993-94 in comparison with the last 2-3 years budgetary provisions. The Chairman also requested the Members to send their suggestions, if any, to the Lok Sabha Secretariat, in this regard.

3. The Committee decided to hold their next sittings on 21st, 22nd and 23rd April, 1993, subject to availability of Committee room to consider the notes and also to take evidence of the representatives of the Ministry of Petroleum and Natural Gas with a view to get clarification on Demands for Grants.

4. The Chairman thanked the Members of the Committee for the keen interest shown by them in the deliberations of the Committee in the examination of Demands for Grants of the Ministry of Petroleum and Natural Gas. He expressed his confidence that Members would continue to extend their whole-hearted support and cooperation to the Committee in due discharge of its responsibilities.

The Committee then adjourned to meet again on 21 April, 1993 at 1500 hrs.

MINUTES
STANDING COMMITTEE ON PETROLEUM & CHEMICALS
(1993-94)

Second Sitting
21.4.1993

The Committee sat from 1500 hrs. to 1700 hrs.

PRESENT

Shri Sriballav Panigrahi—Chairman

MEMBERS

Lok Sabha

2. Dr. Ravi Mallu
3. Shri R. Prabhu
4. Shri C.P. Mudalagiriappa
5. Shri V.S. Vijayaraghavan
6. Shri Arvind Tulshiram Kamble
7. Shri M. Krishnaswamy
8. Shri Gopi Nath Gajapathi
9. Shri K. Ramamurthec Tindivanam
10. Shri Janardan Prasad Misra
11. Shri Kashiram Rana
12. Shri Hari Kishore Singh
13. Shri Devendra Prasad Yadav
14. Shri Uddhab Barman
15. Dr. Asim Bala
16. Shri Muhiram Saikia

Rajya Sabha

17. Shri Balbir Singh
18. Chowdhry Hari Singh
19. Shri Jagdish Prasad Mathur
20. Shri V. Narayanasamy
21. Smt. Satya Bahin
22. Shri Dineshbhai Trivedi

SECRETARIAT

1. Shri G.L. Batra—*Additional Secretary*
2. Shri R.K. Chatterjee—*Deputy Secretary*
3. Shri Ram Autar Ram—*Under Secretary*

The Committee considered the list of points for official evidence of the representatives of the Ministry of Petroleum and Natural Gas in regard to the Demands for Grants of that Ministry for the year 1993-94. The Committee approved the same and desired that additional information in respect of some more points (as in Annexure 'A') may be called for.

2. The Committee decided that the written replies to the list of points may be obtained from the Ministry of Petroleum and Natural Gas before taking the official evidence on 23 April, 1993.

The Committee then adjourned at 1700 hrs. to meet again at 1500 hrs. on 23 April, 1993.

25. Royalties is paid to various States from where the oil is extracted. Please furnish a note on the subject detailing *inter alia* the amount payable annually, the arrears, the revision of the rates etc.
26. It is understood that foreign airlines are buying petrol in India in Indian currency. However, Air India is required to refuel its crafts by paying in foreign currency. What are the reasons for this?
27. Please furnish a note on the HBJ gas pipe line *inter alia* giving the capacity enhancement, demand and supply of gas to power and fertiliser plants in Gujarat. A note on gas leakage in Andhra Pradesh.
28. A brief note on contract with Russian Government for supply of crude oil *inter alia* giving salient features of the quantum of crude oil under the deed, continuation of the deed etc.
29. A brief note on the demand and supply position of LPG in the country including its import/export.
30. A brief note on exploration programmes for the Cauvery basin.
31. The Government is reported to have decided to convert Oil and Natural Gas Commission into a Limited Company. In this context do you justify the provision of funds for the ONGC in the budget of the Ministry out of loans taken from World Bank.

MINUTES
STANDING COMMITTEE ON PETROLEUM & CHEMICALS
(1993-94)

Third Sitting
23.4.1993

The Committee sat from 1500 hrs. to 1700 hrs.

PRESENT

Shri Sriballav Panigrahi—Chairman

MEMBERS

Lok Sabha

2. Shri Burelal Jatav
3. Dr. Ravi Mallu
4. Shri Surinder Singh Kairon
5. Shri Sant Ram Singla
6. Shri R. Prabhu
7. Shri C.P. Mudalagiriappa
8. Shri V.S. Vijayaraghavan
9. Shri M. Krishnaswamy
10. Shri Gopi Nath Gajapathi
11. Shri K. Ramamurthec Tindivanam
12. Dr. Laxminarain Pandey
13. Shri Kushiram Rana
14. Shri Ramnihore Rai
15. Shri Uddhab Barman
16. Dr. Asim Bala
17. Shri Simon Marandi
18. Shri Muhiram Saikia

Rajya Sabha

19. Shri Lakkhiram Aggarwal
20. Shri Balbir Singh
21. Chowdhry Hari Singh
22. Shri Jagdish Prasad Mathur
23. Shri S.S. Surjewala

SECRETARIAT

1. Shri R.K. Chatterjee—*Deputy Secretary*

At this sitting the Committee were scheduled to take oral evidence of the representatives of the Ministry of Petroleum and Natural Gas on Demands for Grants of the Ministry for the year 1993-94. However, as

reporting assistance for verbatim recording of the proceedings could not be made available, the Chairman in consultation with other members of the Committee present in the meeting decided to postpone the evidence to a future date. Members agreed that informal discussion with representatives of Ministry of Petroleum and Natural Gas might continue to obtain clarification on various points. Thereafter members discussed a number of points *inter alia*, role of Ministry of Petroleum and Natural Gas in the monitoring of investment in Petroleum Sector, Pricing Policy of petroleum products, availability of gas for fertilisers, surveys undertaken for locating oil reserves in Cauvery basin, progress made towards commencement of production in Karnal Oil Refinery and sought clarifications.

The Committee also asked the representatives of the Ministry of Petroleum and Natural Gas to furnish notes on the following points to the Secretariat.

- (i) Surveys conducted, if any, or proposed to be conducted for location of oil resources in Cauvery basin area; and
- (ii) The austerity measures that can be undertaken by the Ministry to reduce the huge import bill of Government.

The Committee thereafter decided to meet again on 27 April, 1993 at 0930 hrs. to take official evidence of the representatives of Ministry of Petroleum and Natural Gas on the subject under examination.

The Committee then adjourned.

MINUTES
STANDING COMMITTEE ON PETROLEUM & CHEMICALS
(1993-94)

Fourth Sitting
27.4.1993

The Committee sat from 930 hrs. to 1245 hrs.

PRESENT

Shri Sriballav Panigrahi—Chairman

MEMBERS

Lok Sabha

2. Dr. Ravi Mallu
3. Shri Sant Ram Singla
4. Shri A.G.S. Rambabu
5. Shri V.S. Vijayaraghavan
6. Smt. Suryakanta Patil
7. Shri Gopi Nath Gajapathi
8. Dr. Laxminarain Pandey
9. Shri Hari Kishore Singh
10. Shri Devendra Prasad Yadav
11. Shri Uddhab Barman
12. Dr. Asim Bala
13. Shri Pius Tirkey
14. Shri Muhiram Saikia

Rajya Sabha

15. Chowdhry Hari Singh
16. Shri Mohinder Singh Lather
17. Shri Jagdish Prasad Mathur
18. Shri V. Narayansamy
19. Smt. Satya Bahin
20. Shri Vishvjit P. Singh
21. Shri Dineshbhai Trivedi

SECRETARIAT

1. Shri R.K. Chatterjee—*Deputy Secretary*
2. Shri Ram Autar Ram—*Under Secretary*

REPRESENTATIVES OF THE MINISTRY OF PETROLEUM AND NATURAL GAS

1. Shri T.N.R. Rao—*Secretary*
2. Dr. A.N. Saksena—*Financial Adviser*
3. Shri Naresh Dayal—*Joint Secretary (Exploration)*
4. Shri Falguni Raj Kumar—*Joint Secretary (Railway)*

5. Shri S.R. Shah—*Joint Secretary (Administration)*
6. Shri Devi Dayal—*Joint Secretary (Marketing)*
7. Shri Avinash Chandra—*Adviser (Exploration)*
8. Shri M.B. Lal—*Adviser (Refinery)*

The Committee took oral evidence of the representatives of the Ministry of Petroleum and Natural Gas on the Demands for Grants of the Ministry of Petroleum and Natural Gas for the year 1993-94. Although examination of the Committee generally related to various provisions made in the Demands for Grants of the Ministry for the year 1993-94, the discussion extended to areas like exploration and production of crude oil/gas, sudden decline in production, rising trend in import bill for import of crude oil and gas, etc.

Members also expressed their concern over the considerable costs at which crude oil and petroleum products are imported to bridge the gap between demand and availability of oil and petroleum products in the country. They impressed upon the representatives of the Ministry to find ways and means for best utilisation of the available oil/gas and avoid wasteful expenditure.

Some members raised their concern over privatisation of certain activities in petroleum sector and desired that a sound oil management policy should be formulated for checking imports of crude oil and petroleum products. The Committee asked the Ministry of Petroleum and Natural Gas to furnish separate notes on privatisation of petroleum sector and also on the issue of bonus and certain other matters. The Ministry promised to furnish the notes by 27 April, 1993 evening.

The Committee then adjourned to meet again on 28 April, 1993 to consider and adopt the Draft Report.

MINUTES
STANDING COMMITTEE ON PETROLEUM & CHEMICALS
(1993-94)

Fifth Sitting
28.4.1993

The Committee sat from 1500 hrs. to 1700 hrs.

PRESENT

Shri Sriballav Panigrahi—Chairman

MEMBERS

Lok Sabha

2. Dr. Ravi Mallu
3. Shri Sant Ram Singla
4. Shri C.P. Mudalagiriappa
5. Shri V.S. Vijayaraghavan
6. Shri M. Krishnaswamy
7. Shri Gopi Nath Gajapati
8. Shri K. Ramamurthec Tindivanam
9. Dr. Laxminarain Pandey
10. Shri Kashiram Rana
11. Shri Rameshwar Patidar
12. Shri Hari Kishore Singh
13. Shri Uddhab Barman
14. Dr. Asim Bala
15. Shri Muhiram Saikia

Rajya Sabha

16. Shri Balbir Singh
17. Chowdhry Hari Singh
18. Shri Pasumpon Tha. Kiruttinan
19. Shri G.Y. Krishnan
20. Shri Mohinder Singh Lather
21. Shri Jagdish Prasad Mathur
22. Shri V. Narayanasamy
23. Shri Montay Padmanabham
24. Shri Vishvjit P. Singh
25. Shri Dincshbhai Trivedi

SECRETARIAT

1. Shri R.K. Chatterjee—*Deputy Secretary*
2. Shri Ram Autar Ram—*Under Secretary*

The Committee considered and adopted the draft first report on Demands for Grants of the Ministry of Petroleum and Natural Gas for the year 1993-94 with certain modifications (Annexure) and authorised the Chairman to finalise the Report.

The Committee authorised the Chairman to present the report on their behalf to the House on Thursday, the 29th April, 1993.

ANNEXURE

Amendments/modifications made in the Draft Report on Demands for Grants of the Ministry of Petroleum & Natural Gas for the year 1993-94.

Page	Para	Amendments/Modifications
8	18	Last line "The Committee are of the view that the desired objective of the huge investment have not been achieved" may be deleted.
12	26	At the end the following may be added: "resulting in higher production".
15	37	For "the Committee regret to note that the Ministry even does not visualise that the country can ever become self reliant in the matter of Petroleum Products in a foreseeable future. In Committee's view the Government should make a proper assessment", the following may be substituted: "The Committee note that the Ministry does not visualise that the country can become self-reliant in the matter of Petroleum Products in a foreseeable future. In Committee's view the Government should make a proper assessment."