

(f) the specific measures adopted to the check infiltration of Pakistani spies into India and also to have a strict watch on their activities and also to repatriate them ?

THE MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS (SHRI K. C. PANT) : (a) to (e). According to the information furnished by State Governments and Union Territory Administrations, no suspected Pak spy has been arrested during the months of March to June this year in the States of Andhra Pradesh, Gujarat, Haryana, Himachal Pradesh, Maharashtra, Madhya Pradesh, Mysore, Nagaland and the Union Territories of Andaman and Nicobar Islands, Chandigarh, Dadra and Nagar Haveli, Delhi, Goa, Daman and Diu, L. M. and A. Islands, Manipur and Pondicherry. Information in respect of the remaining States and Union Territories is awaited and will be laid on the Table of the House when received.

(f) Adequate machinery exists to detect and deal with spies.

**Joint Exploration with West Germany of Peaceful uses of Nuclear and Space Research**

6261. SHRI DEVINDER SINGH GARCHA : Will the Minister of ATOMIC ENERGY be pleased to state :

(a) whether a team of Indian Scientists visited West Germany recently for joint exploration of peaceful uses of nuclear and space research ;

(b) whether any agreement has been signed with West Germany in this regard ; and

(c) if so, the main features thereof ?

THE PRIME MINISTER, MINISTER OF ATOMIC ENERGY, MINISTER OF HOME AFFAIRS AND MINISTER OF INFORMATION AND BROADCASTING (SHRI-MATI INDIRA GANDHI) : (a) No, Sir.

(a) and (c). Negotiations have been in progress between West German Government and India for co-operation in the field of peaceful uses of atomic energy.

12.07 hrs.

**CALLING ATTENTION TO MATTER OF URGENT PUBLIC IMPORTANCE**

**REPORTED MOVE OF FOREIGN OIL COMPANIES TO INCREASE PRICE OF CRUDE OIL IMPORTED BY THEM**

SHRI VAYALAR RAVI (Chirayinkil) : I call the attention of the Minister of Petroleum and Chemicals to the following matter of urgent public importance and request that he may make a statement thereon :

'The reported move of the Foreign oil companies to increase the price of crude oil imported by them.'

THE MINISTER OF PETROLEUM AND CHEMICALS (SHRI P. C. SETHI) : On 28th May 1971 I had informed the Hon'ble House of the concerted action taken by the organisation of Petroleum Exporting countries for raising the posted price of crude and the rate of taxation which resulted in the signing of the Tehran Agreement on 14 February 1971 between the OPEC and the Oil Companies. As a consequence the oil companies increased their price of crude first on 1.12.70, again with effect from 15.2.71 and on the third occasion with effect from 1.6.71, thus making a total increase of 40 cents per barrel in the case of Aghajari crude supplied by Burmah Shell and Caltex and by 41 cents per barrel in the case of Arabian Mix supplied by Esso. I had then informed the House that the Government had made it clear to the Oil Companies that they did not see sufficient justification for the oil companies passing on the entire increase in taxes and royalties to us. However, in order not to affect the country's industrial growth Government allowed import of crude provisionally at the higher prices.

On 5th July Burmah Shell informed Government that from 15th July 1971 their price of Aghajari Crude would be further increased from \$ 1.68 to \$ 1.73 per barrel. Similar notice was given by Caltex on 6th July 1971 stating that their price increase will become effective from 18th July. On 5th July, Esso also gave similar notice that the price of the Arabian Mix will increase to \$ 1.70 per barrel from \$ 1.66 with effect from 10th July, 1971.

Unlike the previous increases in oil price which were sought to be justified by the Oil Companies as following from the Tehran Agreement this last increase, they contend, is justified on the basis of a further increase in the prevailing world prices of crude.

This is a new situation and Government is examining the position with regard to crude prices currently obtaining in the World Market. Meanwhile we are releasing foreign exchange for imports at the June 1st, 1971 prices.

**SHRI VAYALAR RAVI :** Sir, this is not the first time these foreign oil companies try to increase the price and thereby sabotage our economy at a very crucial moment. Unfortunately, we have been giving them encouragement even on *ad hoc* basis and this is the fourth time that they are increasing the price within 8 months.

Sir, there is a powerful oil lobby in the Ministry of Petroleum and Chemicals which is dominated by the IAS—I.C. Selique who always constitute a sort of hindrance to our development, I think it is high time that proper ministerial directions are given to them and I hope hon. Minister, Shri Sethi will be able to control them.

Sir, we are importing about 12 million tonnes of crude every year and according to estimates by the end of the Fourth Plan it will go upto 24 million tonnes and at the end of the Fifth Plan it will be 42 million tonnes. Sir, the increase from 12 million tonnes to 42 million tonnes is a very big quantity. If we accept the present increase in price the foreign exchange involved will be an addition of the order of Rs. 103 crores to the present foreign exchange expenditure of Rs. 116 crores in 1974. This is a huge amount of foreign exchange. These companies are demanding more and more and they don't give the crude on the discount price, but they want the posted price. There is the Agreement, the Crude Import Agreement. This has been made by the three Musketeers. They are responsible for the agreement. They are Mr. Naik (who is under suspension), Mr. Kashyap, Chairman of the IOC and Mr. Bhimbri. I want to know from the hon. Minister whether he will examine the whole agreement and cancel it or with-

draw from it? Even in 1965 the Government of India felt it necessary to explore the possibility of crude deposits in the Assam area but the Government could not succeed to persuade the Oil India. These foreign oil companies are exploiting the situation and it is the duty of the Ministry of Petroleum and Chemicals and the ONGC to see whether we can exploit crude resources in the country itself.

There was an Estimates Committee Report of 1968 and they asked the Government to look into these things and find out the way to get more possibilities of crude within the country itself. What happened in the case of Rostom Crude? The sample of Rostom Crude was sent to the Indian Institute of Petroleum, Dehra Dun for analysis of the lub content. But the report has not come to the Government. Why is Government not taking this report? Is it a fact that Mr. Kashyap is stopping the report? This should be looked into. We sent Mr. Kashyap for negotiations to import Rushan Crude but he could not succeed for the last ten years. In the ONGC Mrs. Leela Menon, beautiful, charming lady of state came in and attractive reports went round her.

While we are facing difficulty regarding Rostom Crude, at Barauni, the 3 million tonne unit was lying idle. This incurred a loss of Rs. 30 crores upon the Government every year. While these foreign oil companies are exploiting the situation, our own capacity at Barauni had been remaining idle. These are because of the mess which is there in the Petroleum and Chemicals Ministry, which is going on.

We sent Mr. Kashyap for UAR for negotiations. The UAR Government refused to negotiate with this gentleman. He is the only Chairman of a public sector undertaking who refused to give a holiday when national mourning was on due to President Nasser's death. They were annoyed. Because of that he could not succeed in his negotiations.

These foreign oil companies should not further exploit our situation.

I want the hon. Minister firstly, to clean up the whole Ministry and secondly, I want to know whether he will implement the Shantilal Shah Committee's Report to nationalise foreign oil companies. This is the only solution, to face this challenge. I would like

[Shri Vayalar Ravi]

to have a clear answer from the Government whether they will accept the challenge posed by these foreign oil companies. These demands of the foreign oil companies pose an encroachment upon our country's economic system. I would like to have a clear answer from the hon. Minister on these points.

SHRI P. C. SETHI : The hon. Member has asked many questions. The first is why we are not purchasing crude at the market prices and why we are purchasing it at posted prices. May I inform the hon. Member that no purchase of crude is made at the posted prices? Posted prices in a sense are national prices which are fixed by the producing countries in order to arrive at the taxes that they have to collect from the oil companies. On this basis, the prices of crude have been fixed by the producing countries; they have at the same time also raised the tax from 50 to 55 per cent. The posted price of crude was about \$ 1.91. but now the posted price of crude as on 1st June, 1971, has been raised to \$ 2.27, but we are getting the crude at \$ 1.68 in spite of the recent increase. Therefore, there is no relation whatsoever except that the posted prices are used for the calculation of royalty and tax by the producing countries. So, there is not much of relationship between the posted prices and the market prices as are claimed by the companies.

It will be too much to assume that these three officers who are connected with certain inquiries by commissions are so powerful as if they have made these companies raise the prices. This price increase, as has been claimed by the companies, is on account of the fact that the oil producing countries have entered into a settlement or agreement with the oil companies according to which they have raised the posted prices and they have at the same time also raised the tax which they were collecting. On this account, there has been an increase of payment by the oil companies to the producing countries of 40 cents. Now, most companies have said they have passed on the entire increase of 40 cents which they are now paying extra to these producing countries, to the consumers in India, that is to say, the entire burden has passed on.

We have been of the view that this entire burden should not have been passed

on to us, because according to an exercise done by us, there is still enough margin left with these companies. Therefore, in spite of the increase by the producing countries in the various taxes which these companies have to pay, there could have been a case and there is a case that the entire burden should not be passed on to the consumer. It is based on this alone that while taking into consideration the prices of the petroleum products, although the Shantilal Shah Committee's recommendations are there to the effect that for every 10 cents increase there should be 4 per cent increase in the petroleum product prices, Government have agreed to a petroleum product price increase only of 8 per cent, that is to say, the price increase is equivalent to 20 cents and not equivalent to 40 cents. But in view of the security of the country and in view of the fact that industrial production is not to be hampered at the present juncture, we have taken a decision that we would go on making provisional payment with regard to this, and provisional payment is being made.

But with regard to the present notice which has been given, this has no relevance whatsoever even with regard to the producing countries' agreement, that is to say, the Teherane agreement. This price increase of 5 cents or 7 cents of which these companies have given notice is according to them only in view of the fact that they claim that the world prices of crude have hardened. We have not accepted this position, as I have said in my statement already. The position is that we are releasing them foreign exchange based on the prices as on 1st June, and not in accordance with the notice which they have given.

With regard to the question of Rostom crude, may I point out to the hon. Member that as far as Rostom crude utilisation is concerned, the crude will be utilised either in Barauni or in Haldia? At the moment, the refiners which are there are tailor-made and, therefore, according to the present situation, unless there is modification in these refineries, Rostom crude cannot be used. But this does not mean that we are losing on Rostom crude. We are selling Rostom crude to other countries such as Rumania, CFP in France etc. at the same value and price at which we are getting the

other crude. Therefore, there is no loss as far as Rostom crude is concerned.

**SHRI VAYALAR RAVI :** Why could we not use it at the Cochin refinery ?

**SHRI P. C. SETHI :** We cannot use it there. As I have said, the Cochin refinery is not meant for Rostom crude ; if we are to use it there, then we would have to make alterations there which would not be commensurate to the use of Rostom crude. As far as the price is concerned, we are not losing on Rostom crude.

The hon. Member has also raised the question why Shri Kashyap who had not declared a holiday was sent to the UAR. As the chairman of the Indian Oil Corporation he was the authority considered proper to negotiate with the UAR and, therefore, he was sent to the UAR. The negotiations were very good, and we have received a sample of the UAR crude, and that is being examined. If the crude is found suitable, further action with regard to use of this crude will be done.

On the question of nationalisation and cleaning up of the Ministry, I have said during the course of the debate on the Demands of this Ministry that various commissions of inquiry and CBI inquiries are on and as soon as they are complete and responsibilities located, action would certainly be taken. The cleaning up process has been started and there need be no doubt that suitable action against officers wherever responsibility is located will be taken.

The nationalisation question is being examined in its entire aspects. There are various pros and cons to this. These are being examined. At the same time, the particular clause in the refinery agreement which is not suitable to us is also being examined with a view to whether we cannot take suitable action to amend it along with other aspects.

**SHRI BIRENDER SINGH RAO** (Mahendragarh) : I would like to ask the following questions : What are the names of the oil exporting countries whose organisations have taken concerted action for raising crude oil prices ? Is there any clause in the agreement between India and these

foreign oil companies to prevent arbitrary raising of prices from time to time ? If not, are Government thinking of annulling this agreement immediately ? What percentage of the total requirements of India's civil and military needs in crude oil and petroleum is being met by these foreign companies ? During the past, what action has been taken by the Government of India to reduce the dependence of the country on these foreign companies ? Is the increase in the price of oil supplied to India uniform or is there some discrimination indulged in by these countries between India and other countries to which oil is being supplied ? For instance, these very oil companies are also supplying oil to Pakistan and other neighbouring countries. As this burden has been placed on consumers in India alone or is it being fairly distributed to all the consumers of the countries to which these companies are supplying oil ?

**SHRI P. C. SETHI :** As far as the Tehran agreement is concerned, six countries of the Middle East are parties to it. I would like to point out that even though other countries like Libya, Algeria and other North African countries are not parties to this agreement, the prices of crude have hardened there also. The signatories to this agreement are Iran, Iraq, Abu Dhabi, Kuwait, Saudi Arabia and Qatar.

As for the quantity, we are producing about 6.8 million tonnes of crude in the country at present ; 12 million tonnes of crude are being imported. To this extent we are dependent on these countries. As I have pointed out, search for crude both in land and off-shore is on and we are making earnest efforts to locate further quantities of crude in our country.

**SHRI BIRENDER SINGH RAO :** What percentage is being supplied ?

**SHRI P. C. SETHI :** As for the question of prices, although the posted price of crude is there, the crude is being supplied at different prices. It is possible that underhand dealings might be there because it was our information that when crude was being supplied we were not getting a discount at a particular period of time, we started getting discount actually from 1963 which was further increased in 1969 and later it was increased till 1970. So it is possible that they might be allowing

[Shri P. C. Sethi]

to some consumers a discount which might be less or more than what has been given to us.

SHRI H. M. PATEL (Dhandhuka) : Mr. Speaker, Sir, it is clear from the hon. Minister's reply that we are in a somewhat helpless position, our own production being 6.8 million tonnes and the import being 12.8 million tonnes, and our demands are increasing. Against this background I would like to put some questions with regard to the steps which the Government are taking : (a) in order to increase our own production, off-shore drilling, etc., what is our programme, and what do we expect and at what rate do we expect some increase ; in short what are our expectations ? (B) At the time of the Tehran increase, it was said by the Government that enquiries were set afoot to probe other sources for obtaining crude. What success has the Ministry achieved as a result of that ?

One other question I would put is this. It is understood that Japan is able to resist the oil companies' pressure with success. What is the reason for that ? Has the Government made any enquiry about that ; has it considered whether we cannot adopt similar measures ?

SHRI P. C. SETHI : As far as the question of steps for increasing the supply of crude or locating crude in our country is concerned, our assessment is that we would be able to tap our own crude to the tune of about nine million tonnes by 1973-74 and if luck favours us it may even go up to 10 million tonnes till 1973-74 in terms of whatever efforts we are making ; that is the maximum target that has been put.

Off-shore drilling is going on at Aliabet and we are taking up the off-shore drilling at Bombay High where the strata of deposits are such that the possibility and probability are said to be much higher. If, therefore, we are able to get good oil, then, of course, the situation would completely change. But, at the same time, it is not only the Bombay High area, but in the entire continental shelf that we have to get this survey done, and after the detailed surveys are done, we can tap other sources keeping in view the overall resources at our disposal. In the Andaman and

Nicobar area also, there is said to be a good possibility. Therefore, all possible efforts including off-shore are being made.

Then, as far as the inland exploration is concerned, we are starting drilling in a big way, and in Tripura also the possibilities of deposits are said to be good, and concerted action is being taken in that matter.

As far as other alternate sources of crude are concerned, just now I have pointed out that we are in touch with UAR, and from there samples have come. We are testing the samples, and it will be our endeavour to proceed further, after testing the samples from the crude, to tap the resources.

About other sources which we are trying to locate, I would not like to disclose the sources at present, because we are still in a delicate stage of negotiations, and therefore, it would not be advisable to disclose the other sources that we are going to tap in this matter. But I would like to tell the hon. House that we are seriously engaged with regard to the search for oil from alternate sources.

As far as Japan is concerned, to which the hon. Member has referred, Japan's consumption, as compared to ours, is tremendous. It is something round about 200 million tonnes as compared to our 12 million tonnes. Therefore, it is possible that Japan might be able to get some discount underhand, than would be given to us. That is a possibility which I would not completely rule out.

SHRI P. NARASIMHA REDDY (Chittoor) : This is an important matter to which the attention of the House has been drawn, and I would just seek information on one or two points, as much ground has already been covered.

It is a matter to be clarified and a matter to be reassured why these foreign oil companies are resorting to frequent and unauthorised price hikes. It is true and it is an admitted fact that the world survey of marketing and production trends with regard to crude definitely points out that whereas the demand for crude on a world-wide basis is increasing at four per cent, the production is increasing at 10 per cent, and whereas it is reasonable and natural to expect a continuous fall in the crude prices. We are now faced



with this spectacle as far as this country is concerned, of a consistent increase in the crude prices. This phenomenon has got to be explained, explored and a reassurance given to this House by the hon. Minister in charge of petroleum and chemicals.

Secondly, the hon. Minister has been pleased to say that rustom crude has been accruing to this country as a result of off-shore explorations and collaboration with Iran but has been rejected by the foreign oil refineries on technical grounds and that the oil accruing to this country is being disposed of elsewhere. What is the price at which it is disposed of to other countries and what is the price the oil companies are now proposing to charge us? Is there any difference between the two? If there is difference, why not the oil companies be confronted with this fact and asked to scale down their prices accordingly?

Thirdly, I am aware that according to the agreements which we have entered with the foreign oil companies as far back was 1951; when unfortunately neither our Government nor the concerned authorities had the technical know-how and were taken out for a ride by these companies, the capacity of the refineries for which we were committed to allow import of crude was only about two million tonnes or so. Since then they have expanded their capacities phenomenally, three or four times. Are we committed to allow them import of more crude on their own terms or are we free to dictate our terms or put some control over the price of crude for these additional capacities?

It is with this view that the Oil Price Committee had recommended the setting up of a single agency for purchase of oil so that crude imports could be channelised through that agency. Will the Government consider setting up such an agency at least now?

In view of the assurance given by the Minister that the nationalisation of foreign oil companies is not ruled out and that it is under active examination, but in view of also of the fact that it may take sometime, may I request the Minister to let me know whether the setting up of the petroleum commission as suggested by the Oil Prices Committee would be considered so that the question of renegotiating the agreements

can be taken up with more concentration and despatch?

SHRI P. C. SETHI : I have pointed out at the beginning that the present phenomenon of price increase has come on account of the Teheran agreement between the oil-producing countries and the oil companies. On account of the Teheran agreement the posted price of crude which is to be fixed by the producing countries had been raised and at the same time the rate of tax which was 50 per cent has been raised and the total increase is about 40 cents. This entire 40 cents is collected by the producing countries from the oil companies. As far as the phenomenon of price increase of which notice was given by the companies previously, that is explainable. As far as the present notice is concerned, which seeks a price increase of 5-7 cents it is not explainable because they have only said that the world price of crude is hardening and that is why we have not accepted this position.

As far as the Rustom crude is concerned, I should like to point out that the entire crude being imported by these companies is to the tune of 7.5 million tonnes and the total crude that is available from the Rustom field is only 0.8 million tonnes. As I have said the use of Rustom crude will depend on the type of the refinery. Even if one of the companies would have agreed to use the Rustom crude, that would not have solved the problem, because the Rustom crude is limited. The price we got for the Rustom crude is comparable to the other crude which we are purchasing.

The hon. Member has rightly pointed out, about the refining capacity granted to these companies. It was : 2 million tonnes for Burmah Shell ; 1.5 million tonnes for Esso and Caltex 0.675 million tonnes for Caltex. It was 4.5. But in January 1963 the situation was such that these companies expanded the capacity and the Government allowed them import of crude from abroad 3 or 3.5 for Burmah Shell, 2.25 for Esso and 1.25 for Caltex. Therefore, the total capacity at which they are now working is 7.7 million tonnes. Although they say that they can, with further modification, increase the capacity, Government is not agreeable to that proposition, but in view of the fact that petroleum products are needed in the country

[Shri P. C. Sethi]

and we are in a situation where it would not be desirable to reduce the quantum of petroleum products, it would not be a prudent policy to reduce the quantity of crude being refined by these companies. As I have said, the refinery agreements and the question of nationalisation and equity participation are under active consideration of the Government.

12.36 hrs.

RE : ADJOURNMENT MOTION

श्री अटल बिहारी वाजपेयी (ग्वालियर) : अध्यक्ष महोदय, मैंने एक काम रोको प्रस्ताव दिया है। मेरी प्रार्थना है कि आप उस पर फिर से विचार करें।

अध्यक्ष महोदय : मैंने उस पर एक काल अटेंशन नोटिस मंजूर किया है।

श्री अटल बिहारी वाजपेयी : यह काल कटेशन नोटिस का मामला नहीं है। असम में जो घटनायें हुई हैं, और जो आज के अखबार में छपी हैं, बड़ी गम्भीर हैं। दस लोग मारे गये, जिनमें औरतें भी मारी गईं। ऐसा लगता है कि पाकिस्तानी फौज लगातार हमले कर रही है। त्रिपुरा में जो शरणार्थी आये हैं उन में पांच शरणार्थी मारे गये। जम्मू के मैदर क्षेत्र में पाकिस्तानी घुस रहे हैं। ऐसा लगता है कि बंगला देश को मान्यता देने में सरकार द्वारा जो देर हो रही है उस से पाकिस्तान जगह जगह हमले कर के दुनिया का ध्यान बंगला देश की ओर से हटा रहा है। मेरा आप से निवेदन है कि फाइनेंस बिल पर इस के सम्बन्ध में चर्चा उठ सकती है, मगर देश की रक्षा के मामले को सदन इस तरह से टाले यह ठीक नहीं है।

अध्यक्ष महोदय : इस पर काल अटेंशन मोशन आ रहा है।

श्री अटल बिहारी वाजपेयी : काल अटेंशन से बात नहीं बनती है।

MR. SPEAKER : I have already admitted a calling attention notice.

श्री अटल बिहारी वाजपेयी : जो घटनायें हो रही हैं उन पर सदन चर्चा न करे क्या आप का यह मत है ? मैं समझता हूँ कि इस पर चर्चा करने का यही अवसर है। मेरी आप से प्रार्थना है कि आप फिर से विचार कीजिए।

MR. SPEAKER : A calling attention notice has been admitted.

श्री अटल बिहारी वाजपेयी : काल अटेंशन से बात नहीं बनेगी।

अध्यक्ष महोदय : इस पर ऐडजर्नमेंट मोशन नहीं आ सकता।

श्री अटल बिहारी वाजपेयी : क्या आप का कहना है कि हम इस समय ऐडजर्नमेंट मोशन नहीं रख सकते ?

MR. SPEAKER : What is going on at the border this side or that side is a continuous process. It has been going on for a long time. It is not a particular or recent happening. Whatever happens we allow to be discussed through a calling attention motion.

श्री अटल बिहारी वाजपेयी : मुझे बड़ा अफसोस है कि आप हमारी अपील पर विचार नहीं कर रहे हैं।

अध्यक्ष महोदय : मैंने काल अटेंशन रक्खा है। इस में अपील करने की कोई बात नहीं है।

श्री अटल बिहारी वाजपेयी : आप हमारे ऐडजर्नमेंट मोशन को स्थगित रखिये। कल मंत्री महोदय को सुन लीजिये और फिर इस को लाने की इजाजत दीजिये।

अध्यक्ष महोदय : वह तो स्थगित हो ही जायेगा।

श्री अटल बिहारी वाजपेयी : आप ने उस को रद्द कर दिया है। आप उस को स्थगित रखिये और मंत्री महोदय को सुनने के बाद निर्णय दीजिये।