

### Amounts Surrendered by Ministry of Defence

1663. **Shri Hari Vishnu Kamath:** Will the Minister of Defence be pleased to state:

(a) the amounts surrendered by his Ministry as unspent and as lapsed at the close of every financial year since 1957-58; and

(b) the reasons in each case?

**The Deputy Minister in the Ministry of Defence (Shri D. R. Chavan):**

(a) and (b). A statement is laid on the Table of the House. [Placed in Library, See No. LT-1684/63].

12 hrs.

### CALLING ATTENTION TO MATTERS OF URGENT PUBLIC IMPORTANCE

(i) REPORTED REVIEW OF OIL POLICY BY GOVERNMENT

**Shri Bhagwat Jha Azad (Bhagalpur):** Sir, I call the attention of the Minister of Mines and Fuel to the following matter of urgent public importance and I request that he may make a statement thereon:

"The reported review of its oil policy by the Government to permit private oil refineries to expand their capacity".

**The Minister of Mines and Fuel (Shri Alagesan):** I am glad to have this opportunity to explain the oil policy of Government to the House.

2. While reappraising the situation relating to the supply and demand of petroleum products following the conditions created by the emergency, Government took a decision in the beginning of January 1963 to expand the capacities of the public sector refineries at Gauhati, Barauni and Koyali by the end of the Third Plan period. Government also decided to permit a marginal expansion of 0.4

million tons in the private sector refineries and to set up a new refinery with a capacity of 2.5 million tons at Cochin availing of the offer made by Messrs. Phillips Petroleum Co. for a participatory project with Government holding 51 per cent shares. While examining the question of putting up another refinery in the South, and in the context of proposals for expansion of the private sector refineries, it was felt that before taking a decision, the matter should be referred to the Planning Commission to consider all the aspects of the problem including the likely additional demand for petroleum products and the best way of meeting it.

3. In this connection, I would like to refer to the reply given by my predecessor in office, Shri K. D. Malaviya, to Starred Question No. 140 of 27th February, 1963. Answering the question regarding permission for expansion of private oil companies, he stated as follows:

"The private sector refineries have already been permitted to operate at the maximum capacities available with them, which are in excess of licensed capacities. As regards their proposal for substantial expansion, all aspects of the problem including the likely additional demand for petroleum products and the best way of meeting it are under consideration."

4. The Planning Commission is engaged in the examination of this question and in the evaluation of the product demands in the various regional areas. The possibility of new refineries being established in the Madras and Calcutta areas, as also expansion of the Cochin refinery by one million tons are kept in view as these capacities may be required to meet the demands of those areas. Detailed information is being collected to assess surpluses/deficits in petroleum products that might arise in the various regions up to 1966 and

thereafter upto 1971. These details are being worked out by the Indian Refineries Limited in consultation with the Institute of Petroleum. It will be time for Government to take a decision on all these issues after the results of these studies are made available.

**Shri Bhagwat Jha Azad:** If Government does not want to change its oil policy, may I know whether it has examined the question whether the refineries in the public sector are in a position to fulfil the increasing demands, before giving permission for expansion to the oil refineries in the private sector?

**Shri Alagesan:** As I mentioned in my statement, the capacities that will be available in the public sector refineries and the production in the private sector in relation to the demands that will arise in the various regions are at present under examination.

**Shri Balkrishna Wasnik (Gondia):** In view of the fact that in the distributing zone of the Bombay refineries, the likely consumption of petroleum products even at the end of the Third Plan will be less than the present production capacity of 7.45 million tons per annum, will not the expansion of the production of the Bombay refineries to 10 million tons, which is the present proposal, . . .

**Mr. Speaker:** The supplementaries should not be read from written manuscripts.

**Shri Balkrishna Wasnik:** May I know if the expansion under consideration will not encroach upon the business of the public sector in the north and south of Bombay Zone?

**Shri Alagesan:** We have two private refineries in Bombay and the public sector refinery is going to come up at Koyali. The total demand that will arise from that region is under study by the Indian Institute of Petroleum. This is a very relevant matter.

When, the question of expansion is considered, it will be taken into consideration.

**Shrimati Renu Chakravartty (Barrackpore):** We could not follow his answer. He is mumbling something.

**Mr. Speaker:** Order, order. He might kindly give the answer again, and a little more distinctly. I could hear him but I do not know if there is some defect in the loudspeaker there. He is quite young and can speak more loudly.

**Shri Alagesan:** I said that there are two private sector refineries in Bombay and the public sector refinery at Koyali is going to come up. The production of these three refineries will be taken into consideration. The demand that will arise in that region, namely, the western region, is under study by the Indian Institute of Petroleum. These two things are related and will be taken into consideration.

**श्री रामशेखर प्रसाद सिंह (छपरा) :**  
मैं यह जानना चाहता हूँ कि सन १९६५-६६ के अन्त तक सरकार को तेल की कितनी आवश्यकता होगी, और उस आवश्यकता को पूरा करने के लिये सरकार क्या सोच रही है ? जो प्राइवेट कम्पनियाँ हैं उन को प्रोत्साहित करने से क्या सरकार का काम चल जायेगा या सरकारी कम्पनियों को प्रोत्साहन देने से काम चलेगा ?

**Mr. Speaker:** What will be the requirement by the end of 1965-66?

**प्रधान मंत्री तथा वंदेशिक-कार्य मंत्री तथा अणुशक्ति मंत्री (श्री जवाहरलाल नेहरू) :** उसूल तो यह है कि यह बात देखी जाती है कि कितनी हमारी जरूरत होगी । जाहिर है, हम चाहते हैं कि जहाँ तक मुमकिन हो हम पब्लिक सेक्टर की रिफाइनरीज से उसे पूरा करें। हम यह नहीं चाहते कि प्राइवेट सेक्टर रिफाइनरीज उतनी हो जायें कि पब्लिक सेक्टर दब जाये । लेकिन इस बात पर भी

[श्री जवाहरलाल नेहरू]

गौर करना है कि कितनी जरूरत होगी और कितना हम पैदा कर सकते हैं। उस वक्त यह तय हो सकता है कि हम और क्या तरीका निकालें, उस को पूरा करने का।

**श्री बालकृष्ण सिंह (चन्दौली) :** क्या सरकार को इस बात की जानकारी है कि तेल साफ करने वाले गैर-सरकारी कारखाने जो इस वक्त देश में चल रहे हैं उन के कारण करीब ११ करोड़ रु० प्रतिवर्ष की विदेशी मुद्रा का घाटा होता है, और अब, उत्पादन क्षमता बढ़ाने की अनुमति देने के बाद, इस विदेशी मुद्रा का घाटा १५ करोड़ रु० प्रति वर्ष हो जायेगा ?

**श्री जवाहरलाल नेहरू :** कोई और इजाजत नहीं दी गई है, मालूम नहीं किस का जिक्र माननीय सदस्य कर रहे हैं।

**Shri Rajeshwar Patel (Hajipur):** The hon. Minister stated just now that in January 1963 permission was accorded to expand private sector capacity by 0.4 million ton. What is the reason that prompted the Government at this late stage to accord sanction for expansion to the private sector?

**Shri Alagesan:** This question of marginal expansion was considered in the context of the emergency that has arisen. Moreover, it was possible for the refineries to attain this marginal capacity without much of capital investment or any other commitment. So, it was thought advisable to permit these refineries to go up to that limit.

**Shri Morarka (Jhunjhunu):** Is it not a fact that these private sector refineries are today working at double their original sanctioned capacity? If so, before they were allowed to increase their capacity, were the special concessions which were allowed to them withdrawn or curtailed; if not, may I know why not?

**Shrimati Renu Chakravartty:** Quite right.

**Shri Alagesan:** It is true that the present capacity of these refineries is almost double their original sanctioned capacity under the agreement. While these capacities were sanctioned, permitted or recognised, certain concessions which these refineries enjoyed, namely, duty concession etc., were allowed to be cancelled, or were not insisted upon. But I would like to say that though these refineries were allowed to expand, the production of these products was needed in the country. Suppose, we had not had these various products, we would have had to import them which would have meant a larger out-go of foreign exchange.

**Shri Ravindra Varma (Thiruvella):** The hon. Minister has said that the question of further expansion in the private sector refineries has been referred to the Planning Commission. May I know when this reference to the Planning Commission was made and whether it is a fact that the Planning Commission, the Finance Ministry and the Ministry of Co-ordination have advised the Ministry of Mines and Fuel to explore the optimum possible expansion in the private sector refineries?

**Shrimati Renu Chakravartty:** And why?

**Shri Alagesan:** This matter, as I said, has been engaging the attention of the Planning Commission from January. They have had certain meetings also. I think, the last meeting was held in the month of May, but the studies are still going on. As far as the capacities are concerned, we have to take into account the production that will be there in the public sector refineries and nothing should be done to harm the public sector refineries.

**श्री राम सहाय पाण्डेय :** क्या यह सच है कि चार लाख टन एक्सपॉजिन के बाद भी

बर्मा शैल और कालटेक्स रिफाइनरीज ने और आगे एक्सपैंशन के लिए सरकार को एप्रोच किया है ? मैं जानना चाहता हूँ कि सरकार ने इस बारे में कोई निर्णय किया है, और यदि हाँ, तो क्या और कब ?

**Mr. Speaker:** Whether even after this expansion, these companies have asked for further expansion of their capacities, and, if so, what is the reaction of the Government, or any decision taken.

**Shri Alagesan:** Even after this, two companies came up with proposals for an expansion. But that has not been agreed to because the whole question is under study.

**Shrimati Sharda Mukerjee** (Ratnagiri): I would like to know if it is a fact that the Production Committee of Secretaries recommended in 1962 that efforts should be made to explore the possibility of expanding the capacities of the refineries in Bombay and Vizag. and that the existing agreement which exists with them should be changed and that these companies should be brought under the Industries Development and Regulation Act and, if so, what is the Government's decision on it.

**Shri Alagesan:** With reference to the cancellation of the agreement, the Government has been negotiating with these companies. As I said, certain parts of the agreement, by way of concessions, have already been given up. We are negotiating with these companies so that the whole agreement will be given up and they will be brought under the Industries Development and Regulation Act.

**Shri Hem Barua** (Gauhati): May I draw your attention to the statement of the ex-Minister of Mines and Fuel in Parliament? On 29th August, 1962, he said—I will read out only the relevant parts of it. . . .

**Mr. Speaker:** How long will those relevant parts be?

**Shri Hem Barua:** Very brief, if I am not interrupted, of course. This is what he said on the 29th August, 1962:

"At least 51 per cent of refining capacities should be in the public sector."

Then, on 23rd January, 1963, he said:

"These refineries have already been permitted to operate at the maximum existing capacities available with them which are in excess of the licensed capacities. As regards their proposals for substantial expansion, all aspects of the problem including the likely additional demand for petroleum products and the best way of meeting it are under consideration."

This was repeated in almost the same language, in the same words, on 27th February, 1963.

In view of the fact that the private sector refineries were allowed to expand their capacities under the auspices of the ex-Minister for Mines and Fuel, Mr. Malaviya, in contravention of the Industrial Policy Resolution and also it was under his auspices that a recommendation was made to the Planning Commission to allow the private sector refineries to expand their refining capacities, may I know whether the Government propose to deviate from this policy of fraternisation with the private sector initiated by the socialist Minister or to adopt a new policy allotting a larger share to the public sector?

**Mr. Speaker:** The whole question could be put only in a dozen of words.

**Shri Jawaharlal Nehru:** The hon. Members questions are package questions and it is rather difficult to answer them. One gets confused at the end as to what he said in the beginning. However, what the previous Minister said—or what is quoted—is the policy we hold by today. There is no difference. That is, he

[Shri Jawaharlal Nehru]

wants to encourage the public sector in oil and we are doing so. We are not quite sure how far he developed it. Enquiries are being made. If by that encouragement, we find that our demands are fulfilled more or less, no question arises of further permission being given to the private sector refineries to expand their production. But that is a matter being enquired into. Unless circumstances more or less compel our doing so, we do not propose to allow any expansion of the private sector refineries.

(ii) DISCOVERY OF PAKISTAN SPY RING

**Shri Hem Barua:** I call the attention of the Prime Minister to the following matter of urgent public importance and I request that he may make a statement thereon:

"The discovery of a Pakistani spy ring."

**Shri S. M. Banerjee (Kanpur):** Before the Prime Minister makes his statement, may I know one thing from you? This calling-attention-notice has been admitted....

**Shri D. C. Sharma (Gurdaspur):** I have also sent a notice.

**Shri S. M. Banerjee:** Is the hon. Prime Minister going to answer the question in regard to our officials who have been declared *persona non grata* by the Pakistan Government, or is he going to deal with only this particular notice?

**Mr. Speaker:** Whatever notice has been admitted would be answered.

**Shri S. M. Banerjee:** We have given two notices. That is why I want to know.

**Shri D. C. Sharma:** I have also given two notices.

**Shri Jawaharlal Nehru:** Shall I answer? There are so many Members who want to have their say.

**Shri Hem Barua:** They are his own people.

**Shri Jawaharlal Nehru:** This morning, hon. Members may have seen reports in the press of some news which was broadcast last night from the Pakistan Radio that the Air Adviser to the High Commissioner for India in Pakistan and three other members of the High Commission staff have been declared *persona non grata* by the Government of Pakistan. As a matter of fact, we have not had any intimation of this either from our High Commission in Pakistan or from the Pakistan Government.

But it would appear, and I think it is a legitimate inference, that this action on the part of the Pakistan Government is in a sense a retaliatory action to what has happened here.

What happened here was that some days ago, three Pakistan High Commission staff members, namely the personal assistant to the Air Adviser to the High Commissioner of Pakistan, the chauffeur to the Air Adviser and a peon were arrested by the Delhi police along with an Indian national on September 3rd....

**Shri Ranga (Chittoor):** What is his name?

**Shri Jawaharlal Nehru:** ...about a week ago, that is, on September 3rd, when the Pakistanis were seen contacting the Indian to return certain papers said to be classified military documents. During interrogation, the Pakistan High Commission personnel admitted that the documents had been given to them by the Air Adviser who had received them earlier from the Indian national.

**Shri Nath Pai (Rajapur):** Is that Indian national an official or a private citizen? We would like to know, because it does not appear anywhere in the press who he is. If not his name, at least his status may be disclosed.