

[श्री बाल्मीकी]

की दृष्टि से ड्राई टाईप का सिस्टम है, चारों तरफ़ ड्रापिण्ड पड़ी रहती है और बन्दू फेली रहती है। वह इन बातों को तभी दूर कर सकेंगे, जब वह सफ़ाई वालों को धावास की सहूलियत देंगे, उन के जीवन-यापन के लिए उचित वेतन देंगे, उन को धावश्यक सहूलियतें दे कर उन क जीवन-स्तर को कुछ ऊंचा उठाने का प्रयत्न करेंगे, ड्राई टाइप सिस्टम को हटा कर वेट टाइप सिस्टम, माइन सिस्टम लागू करेंगे।

इन शब्दों के साथ मैं इस संशोधक विधेयक का स्वागत करता हूँ और धाराशा करता हूँ कि माननीय उपमन्त्री जी ज़रूर इस तरफ़ ध्यान देंगे और उन लोगों के जीवन को सुधारने के लिए प्रयत्न करेंगे।

Shri Warlor (Trichur): Sir, it is well and good that we welcome the suggestions contained in this amending Bill. The condition of the coal mine workers is horrible. It is most risky. One has to see how they work and in what conditions they work to know what are the conditions actually obtaining there. We had occasion to go to some of the coal mines. We found that even cooking coal was not given by the mine owners to these coal workers. They are not working in open cast mines. Nowadays they are working with very great risk to their lives. But their conditions of work still remain the same with all that the Government has done through legislations. In 1958, I remember, I had occasion to speak on the very same subject. At that time a major demand was that the contribution made by mine owners or the employers should be on a par with what is collected as contribution from the workers. Until then the workers had been contributing about 8 per cent whereas actually the employers had been contributing only 6-1/4 per cent. On that occasion the Government gave us a promise that they would consider

the matter sympathetically. Finally the Government decided—it is well and good and we are thankful to them for that—that it must be on a par with the contribution made by the workers, that the employers' contribution must be on the same level or same percentage as the contribution made by the workers. But I ask the Government, even after doing that, for which we are thankful—I have expressed our thanks—why not the employer be asked to contribute more than the workers. How can you equate the poor worker with the rich employer?

15 hrs.

Mr. Deputy-Speaker: Now it is 3 O'Clock. We will take up the next item of business. He will continue his speech tomorrow.

15.04 hrs.

MOTION RE: STATEMENT ON OIL POLICY—contd.

Mr. Deputy-Speaker: The House will now take up further consideration of the motion moved by Shri S. M. Banerjee about the statement on oil policy. Dr. L. M. Singhvi will continue his speech. I find he is not here. Shri P. C. Borooah. I will call the Minister at 3.00 p.m.

Shri P. C. Borooah (Sibsagar): Mr. Deputy Speaker, Sir, coming as I do from an oil-bearing area with ONGC right in my home town, Oil India at 25 miles and AOC at less than 100 miles from my place, I feel naturally interested not only in our oil policy, but in everything that concerns oil.

In the statement the hon. Minister said that important developments had taken place in the oil industry of India since the last session of Parliament and he had to restate the oil policy in that context in order to remove the misgivings created by the interested parties to mislead the public. How far this debate has been

successful in bringing forth the oil policy and highlighting its various aspects remains anybody's guess. I find that it has been confined mainly to two points—kerosene scarcity and the laurels for my good friend, the ex-Minister, Shri K. D. Malaviya. I am glad to associate myself with my hon. Friends who preceded me and who said that the name of Shri Malaviya will go down in history as the principal architect in building the national policy on oil in India. It is true that the concept of producing, refining and distribution of oil in the public sector first struck his mind and, with the blessings of our late lamented Prime Minister, Shri Jawaharlal Nehru, Shri Malaviya succeeded in bringing into existence the Oil India Limited and the ONGC for exploration and production of oil, Gauhati, Barauni and Gujarat refineries for refining and the Indian Oil Company for distribution of oil.

To err is human. The lessons learnt from human failings guide the path of posterity. One of the errors on the part of Shri Malaviya was his decision to set up one processing unit at half way at Gauhati and another far away at Barauni for refining the oil produced at Naharkatia. Naharkatia is only 20 miles away from Digboi, the headquarters of the Assam Oil Company. If it was possible for the British to build a refinery at Digboi, as early as 70 years ago, when there was no railway and not a single metalled road in Assam, why today a refinery could not be set up at Naharkatia is the question the people in Assam still ask.

No expert is needed and any layman will say that the country would have been much gainer financially had there been one bigger refinery at Naharkatia with one product pipe-line to Barauni or to any distributing centre, than having two refineries at two different places with collaboration of two different countries and with two sets of pipelines, one for crude and the other for the product. The coun-

try has thus suffered a loss of a good amount in capital expenditure and will go on losing on account of running expenditure of the two refineries. I am happy that Shri Malaviya, having apparently realised his error, did not repeat the Assam mistake in Gujarat and located the refinery there for Gujarat oil near about the oil fields at Koyali.

Leaving aside that aspect, the consumption of oil is going up very fast in our country. It has been estimated that by 1971 we may require some 25 million tons of oil. Our present capacity is to produce about 8 million tons in the private sector and 7 million tons in the public sector. To cope with this demand, effort should be made to set up more refineries, if necessary with collaboration of foreign firms, who will agree to supply crude on our terms. I am glad to note that proposals are there to increase the capacity of the three public sector refineries. Gauhati is to be raised from 75 million tons to 1 million tons, Barauni from 2 million tons to 3 million tons and Gujarat from 2 million tons to 3 million tons. But I am sorry to say that Gauhati which has already been refining very near to 1 million ton is being raised only to 1 million tons, while Barauni which has gone on stream only recently and still to complete the first stage has been raised to 3 million tons. Likewise, Gujarat which has yet to be commissioned, has been raised from 2 million tons to 3 million tons. I do not quite understand why this step-motherly treatment is being meted out to Assam once again?

Mr. Deputy-Speaker: His time is up. He should conclude soon.

Shri P. C. Borooah: The hon. Minister himself has already admitted in the House that the installed refining capacity in Assam is too little and comparatively much out of proportion with the already explored oil reserves in the region. I would request the hon. Minister to reconsider the question of expansion of the Gauhati

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refinery and see that its capacity is raised at least to the level of the Barauni and Gujarat refineries.

So far as the private sector refineries are concerned, the present policy of not permitting them to expand further is all right. I am happy to find that in spite of great pressure the Kabir Ministry has stuck to its guns and has not allowed them to expand their capacity beyond what has given by the Malaviya Ministry in 1963, namely, 2 million to 3.75 million tons to Burmah Shell, 1 million to 2.5 million tons to ESSO and 75 million to 1.03 million tons to Caltex and something to AOC.

Mr. Deputy-Speaker: He should conclude now.

Shri P. C. Borooah: In this connection, I may, with the permission of the House, read out a passage from news item from the *London Economist* of July 1965, captioned "Three Rounds to Delhi".

"In the fight over Indian oil prices western 'majors' have now lost three successive rounds to the government in as many months. They first lost rights to import diesel oil and kerosene when India switched to cheaper Soviet supplies for which it pays in rupees under bilateral trade arrangements. The second round was lost when India was offered higher discounts by an unnamed western source of a flat 20 per cent. The third round was in some ways the most important. Three company-owned refineries in India with a current through-put of 8 million tons area, under their current agreements, allowed to import oil from sources of their own choice at the best prices they can get. . . . Even these cuts will not bring bargaining to an end. Professor Humayun Kabir, India's Minister for Oil said that he hoped for further concessions."

Oil is a very important commodity in the present day context. It plays a vital role in the world's politics and it will play the same role in the defence and the development of our country. As such, production, refining and distribution of oil should be under the control of the Government.

Mr. Deputy-Speaker: His time is up. He should resume his seat.

Shri P. C. Borooah: I come from an oil-bearing area. Yet you have not given me even ten minutes.

Mr. Deputy-Speaker: I am sorry, I can't help it. When there is no time, what am I to do? Now, Shri M. R. Krishna.

Shri M. R. Krishna (Peddapalli): Mr. Deputy-Speaker, Sir, we are discussing the oil policy of the country at a time when the country is faced with a bitter enemy. We are also threatened by the supporters of the enemy that we will not be supplied with petrol and fuel to fight this war. Every Member of this House has expressed his happiness with the oil policy which the previous oil Minister has given to this country and I would also like to share the same feeling.

I am also happy that the hon. Minister, Shri Kabir, and his able lieutenant and associate, the Minister of State, Shri Alagesan, are also equally interested in making this country self-sufficient in oil. Therefore one has to feel that the decisions and efforts of the previous Minister are not going to be damped in any way by the present Minister.

The seven sisters, as these big oil companies are known, have been controlling almost all the oilfields of the world. Even though the concerns, which have come from far off countries, have been making fabulous profits, while the condition of labour under the companies has been very bad. Fortunately, in this country the Government have been careful enough

of these things and have taken decisions also to start oil refineries in the public sector.

When these oil companies were asked to pay proper compensation, facilities and benefits to the workers, probably the oil companies topped the list of those went before the tribunals. Whenever they appeared before the tribunals or just before that, they advocated that their profit is very meagre. One of the companies which has brought out a pamphlet has said that their expenditure is about 47 per cent and that they pay about 41 per cent as tax; so, their profit is hardly 1 per cent. But when the tribunals insisted upon them to place before them all the records of their expenditure, they conceded to make whatever payment the tribunals ordered them to make. This clearly shows that they are also trying to behave like the big business and industrial houses who have refused to place their records before the Mahlanobis Committee.

It has been proved beyond doubt that these oil companies have been dictating terms to the Government, of those foreign countries where they operate and in many countries because of the oil companies influence and economic power Governments had to be changed almost every year. We are very happy that in this country we are not going to face that kind of a situation. Since we are engaged in a war with an enemy who is being supported by many of the oil magnates of the world and by oil producing countries, we will have to see the behaviour of the oil companies in India as to whether they are going to cooperate with and help the Government at a time when it is actually faced with an enemy or whether they are going to behave in a funny manner. This should be the criterion for the Government to decide whether in this country we should allow the private oil companies to exist or whether we should say good-bye to these oil companies.

The nationalisation of all basic industries is the policy of this Government, but in the matter of nationalisation of oil companies the Government is very careful to go cautiously. The Government's intention is not just to throw them out even when they behave in a proper manner. All that the Government and the country would like is to see whether any company, whether it is owned by Indians or by foreigners, is going to help the Government and the country to face the enemy and to come out successful or it is going to hinder the progress that our defence forces are making or of the efforts of the Government.

While suggesting that we should not be very hasty in nationalising possible oil companies, I will not hesitate to plead before the Government that the expenditure part of these oil companies should be controlled by the Government. Whenever the Government entrusts the cases of oil companies to the tribunals etc., they always have the habit of showing big expenditure and then get away by saying that their margin of profit is very little. The expenditure account should be known to the Government and the Government should have control over their expenditure as also on the distribution side. Today companies, whether they are some industries or oil companies, in the private sector have got the knack of boosting up the salaries of their imported officials working or charging fabulous prices for machinery which they import from any country they like. In that way they boost up expenditure and the Government is at a loss to find out what is the actual expenditure that the company is incurring. Therefore I would suggest that the Government should have proper control over the expenditure and also on distribution.

The Government has got a very big plan. They will have to refine nearly 28 million tonnes in 1971. Hardly our refining capacity is 7.76 million tonnes only whereas in 1966 it is said that we have to have about 15 million ton-

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nes of refined oil. I do not know how the Government is going to meet this demand. In view of the emergency has the Government imposed any restrictions on the utilisation of this fuel or do they allow the people to use it as they were using it earlier? In countries, like Russia, even during normal times, cars and other vehicles which are for private use have not been permitted to utilise fuel in the manner desired. In the country the time has come when we should also ration the fuel and see that every ounce of fuel used is for the community's benefit and not for individual's benefit. It is time the Government immediately impose certain restrictions and see that the country did not suffer for want of any fuel during an emergency.

Shri K. D. Malaviya (Basti): Mr. Deputy-Speaker, Sir, I rise to say a few words in paying a tribute to the Ministry of Petroleum and Chemicals in the manner in which under difficulties they are trying to prosecute the policy of the Government with regard to oil. The little that I know from papers convinces me that although there are difficulties facing the Government, the framework of the policy which has been accepted by this House and initiated by them is being loyally carried out and the manner in which they are prosecuting this policy, if circumstances favour us, there is no doubt that this country will become self-sufficient in oil in a few years' time and that all that we need to make us strong as a nation from the point of view of oil self-sufficiency will be done under this policy which is being prosecuted satisfactorily by the Government.

I speak only in this generality and broadly because here and there might be things where there could be some alternative suggestions made. The one important aspect to which I would like to draw the attention of the Ministry is with regard to the complicated affairs which they have

to face in developing the petro-chemical industries in the country. There are difficulties with which the hon. Minister is more familiar than most of us—financial resources, the technology and, more than all, the necessity to fit our industry pattern with the latest development aspect of the industry.

As the consuming centre India is going to be one of the biggest consumers of petro-chemical industries' produce but we cannot set up those big dimension plants which are needed because it requires a lot of capital and technical know-how. I, therefore, suggest for the consideration of the Government to find out parties in the world who will be willing to fit into our pattern of policies and assist the Government in developing the petro-chemical industries in our country even though it has to be on a tripartite basis. There are various countries which have developed petro-chemical industries. At least there is one in Asia which has developed marvelously in petro-chemical industries—I refer to Japan. Then, there are some countries in Europe also, like, France and Italy which will be quite sympathetic to our policy and would like to collaborate with us at the Government level. Could it be possible for us to have some sort of cooperation between, say, countries like Japan, U.S.S.R., France and Italy and ourselves to build up this industry and so build it up that in a region we develop an inter-dependent sort of relations where the raw material comes from one country and the consumption is distributed in that region?

I would refer to a big conference which was held recently in Tehran where some of the great experts of petro-chemical industries and oil experts advocated regional organisation of industries like petro-chemical industries. Their recommendation was to seriously consider whether some of the consuming and raw mate-

rial producing countries could not co-operate amongst themselves to organise these industries from the point of view of both consumption and production. For instance, some of the Middle Eastern countries and ourselves and some of the countries which are equipped with the technical aspect of it could be brought into this pattern. What I refer to is that we should examine regional organisation of petro-chemical complex on a bilateral or a trilateral arrangement by which our policy is kept intact and the resources that we need, the technical know-how that we need, are available to us. I am quite sure the U.S.S.R. is willing to offer their assistance and Japan too is willing to offer their assistance. Could it be possible for us to collaborate with Japan and the U.S.S.R. to build up our petro-chemical industries? This is all I wanted to suggest.

The Minister of Petroleum and Chemicals (Shri Humayun Kabir): Mr. Deputy-Speaker, Sir, I am grateful to all the hon. Members who have taken part in this discussion and made many suggestions. The main purpose for which I placed the oil statement before the House was to restate the policy of Government and to give the House an opportunity of discussing its particular aspects.

While some of the speakers have referred to some of the broad aspects, much of the discussion was concentrated on only two questions, one was the question of the distribution of kerosene during the difficult months of May and June and the other was about the success or otherwise of our exploration programme.

Shri Ranga (Chittoor): Even now it is there.

Shri Humayun Kabir: I shall deal with them seriatim and I hope hon. Members will forgive me if I do not refer to them individually. I have divided the comments broadly under the following heads: the exploration programme, the production of crude

oil inside the country, the refining programme and distribution.

As more than one hon. Member mentioned, the discussion is taking place at a time when the oil policy has a special significance. One assurance that I can give to the House is that we have taken steps to see that the defence needs are met to the full and, as far as we can judge, they shall be met to the full and there will not be the slightest difficulty about that. This may occasionally mean some curtailment here and there, though till now we have tried to avoid such curtailment. We are trying to meet the full Civil requirements, but so far as the defence requirements are concerned, they shall be met to the fullest extent.

Shri Ranga: Have the oil companies given their assurance and co-operation?

Shri Humayun Kabir: My hon. friend asks me about the companies. I can repeat here what I said in the other House. Some hon. friends still seem to live in the delusion that the oil companies are more powerful than Governments. This may have been true in the past, but at least for the last six or seven years, it has been proved again and again that the smallest Governments are more powerful than the most powerful oil companies....

Shri Ranga: My hon. friend has taken my observation from the wrong end. I wanted him to say that we have the assurance and the co-operation of the oil companies. Instead of that, he is becoming bellicose....

Shri Humayun Kabir: In any case, there has been no reason to suspect any lack of co-operation from any of the oil companies.

Shri Ranga: That is what I wanted.

Shri Humayun Kabir: The House will probably be glad to hear that

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The Government of India has today entered into a new agreement to set up a new plant in collaboration with one of the major oil companies of the world for producing lubricants inside India. This will also go a long way in meeting the requirements of essential needs. It is an indication of the way in which the oil companies are also responding in this crisis.

Shri Ranga: There should be no quarrel between the Government and the companies.

Shri Humayun Kabir: Regarding exploration, that question has been discussed again and again I would say that while the Oil and Natural Gas Commission has done very good work, there have also been certain drawbacks in the past because it did not have a whole-time Chairman. It was from the very nature of the case inevitable that when the Chairman had other more important responsibilities, he could not give his whole-time attention to the Commission. But since the appointment of the whole-time Chairman in September, last year, the work of the Commission has improved materially. This is reflected in both exploration and production. During the last one and half years or, I should say, two years, several new fields have been proved and some extremely interesting structures have been discovered. The crude reserves at Lakwa and Rudrasagar are certainly of the same order as the reserves at Naharkatiya and, maybe, according to some estimates, twice as much. Similarly, substantial reserves are expected at Navagam and Kalol on Gujarat side. Interesting structures have been discovered in the off-shore areas of Gulf of Cambay, in the Madras coast and near Calcutta. As I mentioned to the House earlier, I may say that if these structures prove to be oil-bearing, it will solve not only the problem of crude oil in this country but, if these structures are oil-bearing of the order expected, it may also solve the problem of foreign exchange of the country as a whole.

The exploration programmes for Godavari delta as well as Andamans and Tripura have been drawn up.

The utilisation of rigs has been considerably improved and better control of stores established. The Public Undertakings Committee, in their latest Report, had pointed out certain defects in the past working of the Oil and Natural Gas Commission. They had pointed out a discrepancy of about 10 crores in accounting of the stores at the end of 1963. I am glad to inform the House that due to the action taken since then, this discrepancy of 10 crores was reduced to 3.2 crores by the middle of 1964, and since then another crore worth of material has been located so that the discrepancy today is only about 2 crores and that also, I expect, will be very soon set right. These are only indications of the way in which the working of the Oil and Natural Gas Commission has improved. The accounts are now up-to-date and for the first time in its history the Oil and Natural Gas Commission has completed accounts for 1964-65 and has submitted them in time. This is on the side of administration.

On the side of drilling, it is the actual results which show the progress. It is not as my hon. friend Mr. Banerjee has said—he talked about all kinds of things—that Under Secretaries and Joint Secretaries have been running the Oil and Natural Gas Commission . . .

Shri S. M. Banerjee (Kanpur): I never said it.

Shri Humayun Kabir: Some hon. Member referred to it; he said that some Under Secretaries and Joint Secretaries have been running this Oil and Natural Gas Commission. But the results indicate otherwise. In 1961-62, the Oil and Natural Gas Commission was able to drill approximately 75,000 metres; in 1963-64, they were able to drill 1,61,000 metres; in 1964-

85, it was 1,72,000 metres and in 1965-86, the programme is 2,25,000 metres, that is, we have increased it by about 50 per cent since the end of 1963. I think for the first time, the Oil and Natural Gas Commission will fulfil the target. In the past, the performance of the Oil and Natural Gas Commission has always been less a minimum of 50 per cent of target and the maximum was 70 per cent. This year, 1965-86, will be the first year when the target will be fully completed and we hope that there may be a slight over-fulfilment as well. It will have increased, as I said, by 50 per cent within a year and a half.

Some Members referred to the terms of agreement for expansion of offshore areas. One or two Members said that there were disturbing trends. I am thankful to Shri Malaviya who said that he had not found any disturbing trend. In fact, it should be remembered that the policy of the Government is not settled by any individual Minister; the policy of the Government is the policy of the Cabinet; the policy of the Government is approved by the Parliament and no Minister can change that policy without the approval of the Government and the Parliament. No one has come to the Parliament for any change in that policy. All that I can claim is that perhaps the implementation has been a little more successful and if this disturbs my hon. friends, then I am helpless. I shall continue to disturb them by trying to bring about improvements.

So far as the policy is concerned, the policy which was laid down some years ago has been, and will continue to be, followed because this policy is in the best interest of the nation. While I would not be behind anybody else in recognising, in this connection, the great work of my predecessor, Shri Malaviya, we should not forget two other great figures who really laid down the oil policy of the country, namely, late Maulana Azad and late Dr. Shanti Swarup Bhatnagar. It

should not be forgotten that it was in the years 1952-53 that Dr. Bhatnagar took the initiative. We should not really forget the services of these two great men who are no longer with us.

The Industrial Policy Resolutions of 1948 and 1956 have been scrupulously observed and, in fact all that we have done is to define this policy more carefully in August last year. This policy was at the back of the agreement which was entered into with Stanvac. The same policy was followed when there was an agreement with Burmah Oil Company, leading to the formation of Oil India. Therefore, there is no change in the policy. There will be only some slight change in the way the policy is being implemented. These are the explicit definitions that we have laid down. I think the policy today is firmer than what it was before August 1964. The policy now laid down is that foreign collaborations will be only where ONGC will have a majority share. This was not the case in the past. In the case of Indo-Stanvac, India had only 25 per cent share; in the case of Oil India, India had first one-third share and later fifty per cent share. But, in future, the policy that has been further elaborated in August 1964, is that the ONGC will have a majority share. The collaboration will be mainly for offshore areas where expenses and risks are much greater.

An hon. Member: What is meant by majority share? Is it 51 per cent?

Shri Humayun Kabir: Majority share means majority share.

An hon. Member: 51 per cent or 60 per cent? What is the majority here?

Shri Humayun Kabir: This will depend on particular cases. The question of oil is entirely different and every industry has to follow its own logic. Cases will also differ where the risks are greater; where greater foreign exchange is involved, we may have to offer greater inducements to a collaborator. These are

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obviously commercial considerations, but the national interest will always be observed.

The foreign collaborators will be asked to undertake a minimum exploration expenditure, provide free foreign exchange and cover the major part, if not the entire risks. Surely these terms are much better than those which were secured at the time of the formation of Oil India.

Regarding production, there has been considerable progress in the last two years. The total production of crude in the country in 1962-63 was less than 1.25 million tonnes. The production in 1964-65 was more than twice the production of 1962-63. The production has been further stepped up since May 1965 and we hope to step it up further by the beginning of 1966. Arrangements have been made for this purpose.

The following figures will give some idea of the progress already achieved in the country:—

In 1956, out of a total consumption of five million tonnes of all types of petroleum products, about two million were imported; in 1961, out of a total consumption of almost eight million tonnes, the amount imported was about 2½ million tonnes; in 1965, out of a consumption of over 5½ million tonnes in the first six months, the imports were only about 1½ million tonnes. This, in itself, indicates the progress made in recent years to become self-supporting as far as possible.

I have already told the House in my statement that, so far as diesel is concerned, by the end of the Third Plan—within another six or seven months—we shall be almost self-sufficient. So far as kerosene is concerned, by the end of the Fourth Plan, we shall have attained substantial self-sufficiency, though some small quantities may have still to be imported.

In respect of Refineries also, there has been considerable progress. Here also I would like to recognise the excellent work done by my predecessors, both Mr. Malaviya and Mr. Alagesan. The work of Shri Alagesan should not be forgotten. The work which he did during the six months he was in charge when he set the Gauhati Refinery in order should be remembered and the House should pay tribute to him for that. It is true that the Gauhati Refinery was commissioned in January, 1962, but it was not till late 1963 that its teething troubles were overcome and in 1964 its production was stabilised. The House will be glad to hear that, in the last few months, the Gauhati Refinery has established almost a record; it is working at about 110% efficiency with an installed capacity of 0.75 million tonnes, its production today is in the region of a million tonnes.

The teething troubles of Barauni Refinery were overcome much more quickly. Trial runs began in July—August, 1964, and the Refinery was commissioned in January, 1965. In the last two months, the production has been established and it is hoped that soon Barauni will be able to repeat the performance of Gauhati. This also is a good sign. Whereas it took almost two years to stabilise the production at Gauhati, in Barauni within about a year, the production has been stabilised. It shows that our people are gaining experience and the Refineries are doing better than they did in the past.

In the case of Koyali Refinery, trial runs with water have begun and it is expected that the Refinery will go on steam by early October. In fact, I do not wish to say it, but it is possible that it may go on stream even during September.

The Cochin Refinery is expected to be commissioned by January, 1966.

All these show that the progress has been maintained.

The question of cost was referred to by some hon. Member. It is difficult to compare the cost of one refinery with another as each refinery is tailor-made according to the quality of crude, the product pattern and flexibility built into it. In spite of this, there has been a progressive reduction in the cost within battery limits of the refineries in the public sector. These costs were about Rs. 15 crores for Gauhati with a capacity of 75 million tonnes, of about Rs. 26 crores for Barauni with a capacity of two million tonnes, of a little over Rs. 22 crores for Gujarat with a capacity of two million tonnes, of Rs. 22 crores for Cochin with a capacity of 2.5 million tonnes and of less than Rs. 20 crores for Madras with a capacity of 2.5 million tonnes. These figures are revealing. We have been able to bring down the expenses of refinery substantially in spite of the fact that prices everywhere are going up. Materials are more expensive; engineering goods are more expensive; services are more expensive; in spite of all these, we have been able to make some substantial reduction in the cost of a refinery.

This is not the only point. Some hon. friends referred—and very rightly—to the fact that we should try to be self-supporting as far as possible in respect of construction of refinery. The main items of refining equipment like columns and pressure vessels are not yet manufactured in the country. Items like heat exchangers, tubes, valves, etc., are, to some extent, manufactured and we are using them as far as possible.

In the Gauhati refinery, the foreign exchange component was about 50 per cent of the cost. In the Barauni refinery it was about 40 per cent of the cost. In the Gujarat refinery it will be about 30 per cent of the cost only. So, we have here again steadily brought down the foreign exchange component of the refineries which are being constructed. This progressive

decrease in the volume of the imported equipment has been brought about by greater use of indigenous material.

Members will also be glad to learn that Indian engineers are being increasingly associated in design of the refineries. In the case of the Barauni refinery, in the expansion programme, to some extent, Indian engineers have helped. In the case of the Koyali or the Gujarat refinery, a much larger share was given to Indian engineers and we shall associate Indian engineers also in Madras and in any subsequent refineries that we may build. In this way, we hope to build up within the country the necessary technical efficiency which is required for the construction of refineries.

My hon. friend Shri P. C. Borooah asked why the Barauni refinery was being expanded, why the Gujarat refinery was being expanded and why there was no comparable expansion taking place in Gauhati. The main reason for that is the question of distribution. Experience throughout the world shows that it is more economic to establish a refinery at the consumption centre; it is cheaper to bring the crude even from a distance and distribute the finished products near the consumption centre. But even then, we have in view the development of the Gauhati refinery. My hon. friend had possibly forgotten that within Assam there are two refineries. In fact, at present, with the exception of Maharashtra, Assam is the only other State which has two refineries, and these two refineries have to send a large part of their products outside Assam. As Assam is industrialised and the whole of Eastern India is industrialised, we shall certainly keep in mind the very valuable suggestions of Shri P. C. Borooah.

I would submit that we have improved the terms of collaboration in every case. The costs have been brought down and better terms secured for purchase of crude wherever necessary. Take the Cochin refinery

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itself. In the agreement which was signed for that refinery, the foreign collaborators were allowed a ceiling of 1.94 dollars per barrel of crude landed at Cochin. In terms of that agreement they had actually negotiated for a price of 1.57 dollars per barrel f.o.b., but we did not accept that. Under pressure and through negotiation, in July this year we were able to persuade them to accept 1.48 dollars per barrel, which means a saving of 7 cents per barrel. Since 1 million tonnes means $7\frac{1}{2}$ million barrels, with a production of $2\frac{1}{2}$ million tonnes, the saving for that at the rate of 7 cents per barrel comes to a saving of—at 7 cents for 20 million barrels—that is, 140 million cents, which means about 1,400,000 dollars, which is a substantial amount. One single transaction has given us this saving.

Similarly, in respect of the transport of crude, the terms today are far better than they were before, and the terms of the Madras refinery are superior to anything that we have obtained for Cochin. We are also laying down the policy that in future all such crude will be transported in Indian shipping wherever it is available. In fact, we are also thinking of collaborating in this matter to see if joint shipping companies can be built up to handle the transport of crude.

I agree that it may have been necessary to offer specially attractive terms at the time of forming Oil India. But the fact remains that this placed an undue burden on the Government. The refineries are paying at import parity prices, but the Government are subsidising Oil India to the extent of Rs. 60 per ton. It is a huge amount. No such agreement will be entered into in the future. In fact, the terms obtained for the Madras refinery are far more advantageous to India than any terms secured till now.

Shri A. N. Vidyalkar made a most constructive speech, but one remark which he made surprised me a little.

He said that in future the refineries were likely to be established in the private sector. I really do not know where he found it in my statement, because I have stated categorically in my statement that all future refineries shall be in the public sector. Therefore, I think that it was probably a slip of the tongue or whatever it may be; he is a very careful Member, and I never expected from him this kind of a mistake.

He also referred to the question of expansion and suggested as if some expansion had been allowed during the last year and a half. He seems to have forgotten that whatever expansion in the private sector refineries has taken place has taken place before 1963. From a capacity of about 2 million tonnes, Burmah Shells went to 3.75 million tonnes. Esso's capacity was raised from 1 million tonnes to 2.5 million tons; Caltex has also been given an expansion. But after the Ministry Petroleum and Chemicals was formed, no expansion has been given. In fact, we have laid down the policy that in future when every region has one or more refineries, then the question of expansion will be looked into purely from the point of view of distribution and if only economics justified it. Then we may consider it from the point of view of the overall interests of the country.

My hon. friend, Dr. Ranen Sen, in an otherwise constructive speech seemed to question the agreement we had reached in regard to the Madras refinery with NIOC-AIOC and asked the reasons for it. The reason is simple, that they offered the best possible terms and these terms were so attractive that we had no option but to accept them. We hope that this refinery will be set up in time and fulfil the expectations we have about it.

Now I come to the question of distribution. Most members were concerned, and rightly so, about the difficulties faced by the public in respect of high speed diesel oil and kerosene

in May/June. I fully share their concern. We have tried to take all possible measures to overcome the difficulty. Nevertheless, there was difficulty in May, and partly in June for reasons beyond our control. There was, first of all, a reduction in the foreign exchange allocation of about Rs 10 crores between October 1964 and March 1965. There was a further cut of another Rs. 10 crores between April 1965 and Sept. 1965. A cut of Rs. 20 crores in all in a total budget of about Rs. 100 crores is a very big cut. Also, as my hon. friend, Shrimati Tarkeshwari Sinha pointed out, the Finance Ministry never indicate these cuts beforehand. They cannot, from the very nature of the case. Till the last moment, we hoped that the foreign exchange would be available and we did not want to allow any panic or any kind of uncertainty to prevail. But only at the last moment, these cuts were indicated. Nevertheless we were able to take some measures as a result of which we were able to face the difficulty largely, I will not say, completely.

I wish only to place before the House certain facts and figures. I know my hon. friend, Shri Madhu Limaye has no belief in statistics and figures. He said I have given certain statistics. After all, neither he nor I can go to every single retail dealer throughout India in the five lakh or more villages and in the many towns. We have to go by the figures supplied to us and we have to be sure that the figures are correct. The total all-India requirement of kerosene is about 90,000 tonnes a month more than the indigenous production. In the case of highspeed diesel, it is about 40,000 tonnes more than what we produce ourselves. We covered this by adequate imports. In fact, we had a little margin. I will not give many figures but only one or two. In the month of July 1965, we actually supplied throughout the country about 180,000 metric tonnes against the expected consumption of 160,000 metric tonnes so far as diesel oil is concerned, in other words, about 20,000 metric ton-

nes excess was given in order to create confidence. Similarly regarding kerosene, about 200,000 tonnes were supplied to the different areas as against an expected consumption of about 180,000 tonnes, again an excess of 20,000 tonnes. In terms of actual sale in July 1964, the sale was a little over 250,000 kilolitres. In July 1965, the sale was almost over 270,000 kilolitres so that here also the increase was more than 5 per cent.

I do not even then deny pockets of scarcity. We have tried to maintain supplies to every area. We have tried to maintain supplies throughout the country as a whole. For this, I would like to thank the Soviet Union which had at very short notice made very large supplies available to us. We have also requested every State Government to keep an eye on the situation. I have personally written to every Chief Minister to keep the situation under control, and I have asked them to let me know if there are any difficulties or shortages anywhere. I may say I have received no letters indicating any shortages. Even then, when any Member of Parliament has indicated shortage, we have made enquiries. We have arranged that every month a report of the supplies in the area and the movements to that area will be made available to the State Government and to every District Collector. These are the measures which we can take.

Members will, however, appreciate my difficulty. The Central Government has two major responsibilities in respect of supply of petroleum products. The first is to ensure that indigenous production plus imports are together adequate for the requirements of the country; the second is to ensure that each supply area receives an adequate quantity in an equitable way. Oil companies have been compelled to do that since 27th May, and we have not received any complaints as I said. We have also asked IOC to expand sales, but certainly it is not possible for the Central Government to go into the retail trade. The Kerosene Price

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Control is administered by the State Government, and we have requested the State Governments to utilise it wherever necessary. I do not deny shortage in pockets here and there, but it is due to maldistribution which the Central Government cannot deal with. It is partly a law and order problem, partly a question of retail distribution, which are the exclusive responsibility of the State Governments, where any attempt by the Centre to interfere would only cause confusion and delay.

I shall also indicate the way in which IOC rose to the occasion. IOC has increased its sales substantially. In 1962-63 it sold a little less than 6½ lakh KL; in 1964-65 this was 17·2 lakh KL; in 1965-66, it is planning to sell 34·5 lakh KL, and in the four months from April to July, it has already sold almost a million KL. The progress has been substantial. In fact, it has been almost trebled between 1962-63 and 1964-65, and since last year the sales this year will be almost double. This is almost a phenomenal rate of progress of IOC.

Some Members referred to the question of pumps. Here also, the figures are telling. IOC pumps are increasing at a very fast rate. Towards the end of 1963 IOC had 650 pumps out of a total of about 12,000 pumps. That was at the time this Ministry was formed. Within one year the pumps were doubled and were 1,150 out of a total of about 13,000 on 1st January, 1965, but since then the progress has been even more rapid. In the last six or seven months, the progress has been so rapid that today IOC has 1,700 pumps. From 1,150 on 1st January, it has come to 1,700 in 1965, and we may say that in the last 18 months or so, IOC pumps have trebled. This is certainly a rapid rate of progress, and I am sure that the House would like to congratulate IOC for this work.

IOC's imports have also increased from about 5·5 lakh tons in 1962-63.

In 1964-65 it was over 10½ lakh tons. This year it is planning to sell over 1·6 million tons, i.e., over 16 lakh tons.

Two other recent measures will also help to ease the position so far as the distribution of kerosene is concerned. We are asking IOC and all other oil companies to sell kerosene through their own depots. To that extent there may be some easing of the situation. We are also taking measures for supply of coal in urban areas, so that more kerosene may be released for the rural areas. We are also planning to bring inferior kerosene on a much larger scale, which may be distributed in the rural areas. We have also decided to issue an order banning the use of kerosene for any purpose other than illumination and cooking. This will become a criminal offence. One of the reasons for the shortage has been that people have mixed it with high speed diesel oil and adulterated it for traction. If we can stop that—it is going to be a criminal offence—this will also help to ease the situation.

These are some of the measures taken. While we shall therefore make every effort to maintain supplies of kerosene at reasonable prices, I would urge on hon. Members to remember one other thing, a very serious development which has taken place recently, the present conflict with Pakistan which, as every hon. Member knows, has been forced on us against our wishes. That has put a great strain on the kerosene supply position owing to the increased off-take by the defence forces. This increase is even larger than was anticipated. The defence forces have some idea: so much quantity required during peacetime; so much quantity might be required in case of hostilities. Actually the consumption is much larger than what had been estimated as possible consumption during hostilities. We are therefore diverting more to the defence forces. They are now

drawing almost twice of what was anticipated. I am sure that Members will agree that defence requirements must be given the first priority. Even though it means a certain amount of hardship and difficulties for us, we shall have to face it. That is part of our contribution to the war effort, to the defence of the country. Nevertheless, we are doing our best to maintain supplies as far as possible. We are approaching friendly countries; as I said earlier, the Soviet Union has helped and is still willing to help. This will help us perhaps to overcome this difficulty.

There is one last point before I conclude. Mr. Malaviya made a most interesting suggestion about the petrochemicals. I entirely agree with him. That is the way in which we have actually been proceeding. We are trying to build up petro-chemical complex through the collaboration of many parties, on terms advantageous to the country. A major part of the basic industries will remain in the public sector and we shall be obtaining substantial assistance in free foreign exchange in order to build up this industry. We are particularly keen on this, as with its development, we can not only sustain the economic growth of the country, but I feel, if the petro-chemical industries are developed in a proper manner they may give the much needed fillip to our economy. I would conclude by saying this. Just now we are passing through very strenuous times. The morale of the country is extremely high. The defence forces have given us a splendid account of themselves. Let us at the home front do everything possible to sustain their courage and show signs of unity and to work unitedly, providing them with those services and those goods that they need in order to carry on their duty to the country and maintain the honour and integrity of this land.

Shri S. M. Banerjee: Mr. Deputy-Speaker. I thank the hon. Minister for providing such assurances to this House. I am happy to note that we are moving towards self-sufficiency in

the matter of diesel oil and kerosene by the end of the Third or Fourth Plan. I thought he would give some idea about the role of the oil companies in the so-called shortage of kerosene. I am sorry that he did not even mention that. Our air services had to sustain heavy losses because of defective supply to the Caravelles aircraft. There is some enquiry about it. I do not know. The other day the hon. Minister of Civil Aviation said: we have gone into the matter. I want to know clearly whether any chemical analysis had been made of the oil supplied by Esso. If it is proved that there was defective supply, after analysis and after investigation, we should take some action against that particular firm. Esso is known even to the Minister. I must congratulate him for standing against the pressure given by this particular company. They circulated a brochure and it was replied to by the Ministry. Of course it was not under the initials of any responsible officer or anybody else; it was an anonymous document. I would like to thank the hon. Minister who feels that these companies should not think that they are more powerful than the Government. That is a very good thing; that feeling should be there. I am glad that the Government have realised that they are more powerful than the oil companies, and the companies should be given a proper warning about it.

16 hrs.

About the nationalisation of these oil companies, I put up this demand which was supported not only by the Opposition Members but by Members on the other side, the Members of the ruling party—Members like Shri Bhagwat Jha Azad and others—who said it was high time that the oil companies were nationalised, because, at the time of aggression on Kutch by Pakistan they betrayed our confidence. They wanted to betray us, and even today, at the time of emergency, at a time of national crisis, I am sure they may again betray us. So, it is high

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time that we took a decision on nationalising the oil companies.

The hon. Minister has hinted that there may be some cut in the local consumption of kerosene oil because of our requirements for the defence forces. I am one with him in the matter of defence. When the country wants everything for the purposes of defence and to defend our motherland, I wish to make an appeal to all the people of this country that they should be prepared to suffer in this respect, because it is suffering for the sake of a noble cause. But there was no defence requirement in the month of May, June or July, 1965. So, the scarcity should not be termed as anything concerning with the defence of the country. We are ready to share in the suffering for the defence of the country but steps should be taken to safeguard the interests of the consumer and of the common people, and it should not be shielded under the pretext of defending this country.

One last word about the agreements with the oil companies. I want to bring to the notice of the hon. Minister that agreements are flouted by the oil companies, not only oil agreements but agreements with ordinary persons and the companies. Take for instance a small agreement with an ordinary person and the Caltex Co. I say in this House that a particular gentleman

rented his house; it was taken on rent by the Caltex Co. in the Golf Links. The agreement was to run for five years. Then it was renewed for another five years. Even after the lapse of 10 years, this Caltex Co. which is so powerful has not left that house, because all sorts of pressure are being brought on that poor person, that gentleman who is the houseowner, Mr. Bhandari. They want to keep this house. This is a matter of shame for such big oil companies to do like that. I would not have mentioned this in the House but for the pressure which is brought on the houseowner, that particular individual. I would like the Minister, though it is not within his power to evict the company, to see that he uses his good offices to see that even such small agreements are not violated by the oil companies.

Mr. Deputy-Speaker: The question is:

"That this House takes note of the statement on oil policy by the Minister of Petroleum and Chemicals laid on the Table of the House on the 16th August, 1965."

The motion was adopted.

16.08 hrs.

The Lok Sabha then adjourned till Ten of the Clock on Thursday, September 16, 1965/Bhadra 25, 1887 (Saka).