

LOK SABHA DEBATES

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LOK SABHA

Monday, August 3, 1970 | Sravana 12.
1892 (SAKA)

The Lok Sabha met at Eleven of the Clock,
[MR. SPEAKER in the Chair]

**Prime Minister's Assurance Re. Second
Refinery for Assam**

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*151. SHRI DHIRESWAR KALITA:
SHRI C. JANARDHANAN:
SHRI ISHAQ SAMBHALI:
SHRI YOGENDRA SHARMA:

Will the Minister of PETROLEUM AND CHEMICALS AND MINES AND METALS be pleased to state:

(a) whether a Study Committee was constituted to go into the establishment of a second public sector refinery or expansion of the present refining capacity to the tune

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of a little over one million tons in Assam in accordance with the Prime Minister's declaration; if so, who were the members of this Study Committee;

(b) whether the Study Committee had any consultations with the State Government of Assam in finalising the report; if not, the reasons behind it;

(c) whether the Committee has submitted its report to Government; if so, its findings; and

(d) by what stipulated time Government are going to implement the declaration of the Prime Minister?

THE MINISTER OF STATE IN THE
MINISTRY OF PETROLEUM AND
CHEMICALS AND MINES AND
METALS (SHRI D.R. CHAVAN): (a)
to (d). A statement is laid on the Table
of the House.

STATEMENT

(a) Yes, Sir; the Members of the Study Group were as follows:—

| | | |
|--|----|-----------|
| (1) Chairman, Indian Oil Corporation, | . | Chairman. |
| (2) Director, Indian Institute of Petroleum. | .. | Member. |
| (3) Adviser (PC) Department of Petroleum & Chemicals. | .. | .. |
| (4) Chief Project Officer, Department of Petroleum & Chemicals. | .. | .. |
| (5) Member (Prodn.), Oil & Natural Gas Commission. | .. | .. |
| (6) Managing Director (Refineries & Pipelines Division), Indian Oil Corporation. | .. | .. |
| (7) Managing Director, (Marketing Division), Indian Oil Corporation. | .. | .. |
| (8) Managing Director, Oil India Ltd. | .. | .. |
| (9) Adviser, Refineries and Pipelines Division of the Indian Oil Corporation. | .. | .. |
| (10) Representative of Indian Petrochemical Corporation. | .. | .. |
| (11) Joint Secretary (Petroleum). | .. | .. |
| (12) Joint Secretary (Chemicals). | .. | .. |

(b) The studies on the expansion of refinery capacity and the petrochemical complex have been in the nature of feasibility studies. The lines on which these studies were being made were discussed with the representatives of the Assam Government on April 7, 1970 and Assam Government was informed that as soon as the reports were completed further consultations with them will take place. The reports were discussed with the representatives of the Assam Government on July 8-10-1970.

(c) The Committee has submitted its report to Government in two parts, one dealing with the additional refining capacity and the other with the petrochemical complex. These reports outline a programme completely in conformity with the Prime Minister's Statement. The principal findings of the Committee are as follows:—

- (1) It would be most economical and quite feasible to create the additional refining capacity by expansion of the existing Gauhati Refinery.
- (2) The relevant Petrochemical Complex may also be located nearby.
- (3) Crude Oil be transported from the oilfield to the refinery by expanding the OIL pipeline capacity upto Gauhati only.
- (4) Additional million tonnes refining capacity would result in a surplus of about 0.8 million tonnes of products for the transportation of which the capacity of the Gauhati-Siliguri product pipeline be expanded.
- (5) The total cost would be in the region of Rs. 92 crores to Rs. 94 crores, including the cost of secondary processing facilities, at current costs.

(d) Implementation of the schemes will be taken up as soon as the reports are examined and decisions taken.

SHRI DHIRESWAR KALITA: The statement is very short but it contains many things. It has been stated therein that the Government of Assam have been consulted twice, once in April and again in July. May I know from the hon. Minister whether the Central Government have discussed these very findings with the Government of Assam and if so, their reaction in the first instance?

SHRI D. R. CHAVAN: So far as the findings of the Study group are concerned, they were thoroughly, freely and frankly discussed with the delegation that came from Assam between July 8th to 10th. The reaction of the delegation was that they were not satisfied with the conclusions that had been reached in the report of the Study group.

SHRI DHIRESWAR KALITA: The Government of Assam were consulted and they were not satisfied, and I think these findings were also shown to them. What is the demand of the Government of Assam? It is particularly to implement the Prime Minister's declaration made in this very House on 5th December. Secondly, in answer to part (d) of the main question, it has been stated that the report is being examined. May I know whether while finalising the decisions on the report, the opinion of the Government of Assam will be taken into account?

SHRI D. R. CHAVAN: The Government of Assam are associated at various stages in discussions and consultations with regard to the report submitted by the Study group. As I said earlier, the conclusions were also discussed with them, and the Government of Assam were not satisfied with the conclusions; even before taking the decision, the Government of Assam will continuously be consulted.

SHRI DHIRESWAR KALITA: I wanted to know whether before finalising the decisions, the Government of Assam would be consulted or not.

SHRI D. R. CHAVAN: Yes, they will be consulted.

SHRI HEM BARUA: Is it a fact that the hon. Minister of Petroleum and Chemi-

als, when he visited Gauhati, made a statement at a press conference that the crude available in Assam justified the establishment of not one refinery in the public sector but more than one refinery, and if so, when the Prime Minister made the statement on the floor of this House on 5th December, was it that she made the statement without any expert reports supporting her.....

SHRI PILOO MODY: That is possible.

SHRI HEM BARUA: May I also know whether it is a fact that the Study Committee appointed in pursuance of the Prime Minister's statement on the floor of the House has not indicated the quantum of production and the pattern of production, and if so, would the hon. Minister kindly enlighten us on this?

THE MINISTER OF PETROLEUM AND CHEMICALS AND MINES AND METALS (DR. TRIGUNA SEN): Firstly, I mentioned in this House that we have appointed an internationally-reputed American firm to go into the details of the proved reserves both in Assam and in Gujarat. We said we are awaiting their report to find out how much oil is available both in Assam and in Gujarat. On receiving the report, we can do the future planning.

So far as the Prime Minister's assurance is concerned, she mentioned that it is possible to have additional refining capacity in Assam, either by expansion of the present refinery or a new refinery, and a petrochemical complex for DMT. This report is based on the report and the Prime Minister's assurance.

It has been asked whether it is economical to expand the present refinery or to have a new grassroots refinery. The committee has reported that it is economically viable to expand the present refinery. This was the report which was also discussed with the Assam Government, but the State Government is insisting that they must have a second, grassroots refinery. That is the point of difference.

SHRI HEM BARUA: What about the first part?

DR. TRIGUNA SEN: I mentioned that Government have appointed a consultancy firm which is going to find out about the availability of oil.

SHRI HEM BARUA: What about the refinery at Gauhati?

DR. TRIGUNA SEN: After the report of the firm is received, we will be in a firm position to say how much oil is available in Assam. As we are also going to explore Tripura and other regions, we expect there will be enough oil so that we can have a refinery. This is my guesswork.

SHRI LILADHAR KOTOKI: When we agitated about this matter of a second refinery in the public sector in Assam, we were given to understand that the quality of Assam crude was such that it needed a non-conventional type of refinery with a view to have a petro-chemical complex with end products. That warranted the hope in the people of Assam that we will have a second refinery of a non-conventional type and a petro-chemical complex. From item (4) of part (c), it appears that the expanded capacity of the Gauhati refinery is going to have conventional products, the surplus of which will be transported to Siliguri by expanding the Gauhati-Siliguri product pipeline. I would like to have a categorical clarification of the actual, final position. Are we going to have a refinery-cum-petro chemical complex with a non-conventional type of second refinery in the public sector in Assam or is it proposed to have a conventional type of expansion at Gauhati and the surplus products as a result will be transported by expanding the product pipe-line?

DR. TRIGUNA SEN: As I said before, the Prime Minister announced on Dec. 5, 1969, in the Lok Sabha:

"Government have decided amongst other things to increase the present refining capacity in Assam by a little over 1 million tonnes in the Fourth

Plan period either through expansion or the establishment of an additional refinery as may be found economically feasible. Based on the availability of raw materials from the existing and proposed increase in refining capacity, Government have also decided that an integrated DMT polyester fibre petro-chemical complex should be established'.

The report of the expert committee is based on this, to implement this statement.

SHRI BEDABRATA BARUA: With regard to part (c) of the reply, has the additional refining capacity also been studied by the committee, and if so, what exactly is that capacity? Secondly, in regard to the petro-chemical complex, have the size and the cost also been assessed? Thirdly, why it is that the Oil India pipeline is going to be expanded, particularly when the ONGC capacity has not been assessed? After all, if the ONGC produces only 3/4 million tonnes will it be still tied up with Oil India? Why not an additional pipeline be created? I would like to know whether, in view of the feelings of the people of Assam, the Government will categorically say that the Prime Minister's statement will be stuck to under all possible circumstances? I would also like to know whether the Assam Government has sent an outline plan for development, which is under consideration.

DR. TRIGUNA SEN: The present capacity of the Assam Refinery is 0.75 million tonnes. As per the statement of the Prime Minister, it is proposed to expand it to 1.75 million tonnes. The cost of the expansion-cum the petro-chemical complex has been estimated at Rs. 92 to Rs. 96 crores. Because the oil is brought to Gauhati by the Oil India pipe, that will be expanded to bring in one million tonnes extra. It is not that we want to have another pipeline. The pipeline is there. So, the extra one million tonnes that will have to be refined in the Assam Refinery will be brought by that pipeline by enlarging its capacity.

SHRI PILOO MODY: It is not clear to me from the statements he has made so far whether the expert committee's report was made to conform to the statement that the Prime Minister has made here or whether the Prime Minister's statement was in keeping with the findings of the expert committee.

DR. TRIGUNA SEN: The expert committee said that there would be about one million tonnes available in Assam and that should be refined either by expansion or by having a new refinery, and that one million tonnes will be made into a petro-chemical complex. The expert committee went into the matter to find out whether it will be economical to expand the existing refinery or to have another grass roots refinery. They have recommended that it is economical to expand the present refinery.

Monthly Price Index of Various Consumer Goods

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- *153. SHRI N.R. LASKAR :
SHRI DHANDAPANI :
SHRI NARAYANAN :
SHRI CHANDRIKA
PRASAD ;
SHRI SAMINATHAN :

Will the Minister of FINANCE be pleased to state :

(a) the monthly price-index of the various consumer goods since the 1st January, 1969 till the 30th April, 1970 ;

(b) whether it is a fact that there had been sharp price rise in May, 1970 for which an analysis has been made ;

(c) if so, whether this sharp price rise continued in, June and July, 1970 ;

(d) if so, whether Government have studied the reasons for this rise ; and

(e) what steps are being taken to check further rise in prices ?

THE MINISTER OF FINANCE
(SHRI Y. B. CHAVAN) : (a) to (e).