

LOK SABHA DEBATES

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LOK SABHA

Thursday, April 7, 1960/Chaitra 18,
1882 (Saka)

The Lok Sabha met at Eleven of the
Clock.

[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

Expansion of Burmah-Shell Oil Company

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- *1324. { Shri R. C. Majhi:
Shri Subodh Hansda:
Shri S. C. Samanta:
Shrimati Maftda Ahmed:
Shri P. G. Deb:
Shri Aurobindo Ghosal:
Shri B. Das Gupta:
Dr. Ram Subhag Singh:

Will the Minister of Steel, Mines
and Fuel be pleased to state:

(a) whether it is a fact that Burmah
Shell Oil Company has submitted a
proposal to expand its refineries;

(b) whether this proposal has been
accepted by Government; and

(c) if so, what is the total estimat-
ed cost of expansion of this project?

The Minister of Mines and Oil (Shri
K. D. Malaviya): (a) Yes Sir.

(b) Under examination.

(c) Rs. 11.58 crores.

Shri R. C. Majhi: May I know
whether the whole cost will be borne
by the Burmah Shell Oil Company or
whether they have requested that
some portion of the cost may be borne
by the Central Government?

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Shri K. D. Malaviya: The proposal
has been made by the Burmah Shell
refineries to expand their capacity. I
cannot say anything more than that
just now. As I said, the matter is
under consideration.

Shri B. Das Gupta: May I know
whether the Burmah Shell Oil Com-
pany gave a proposal to expand their
refineries, that is, to start another re-
finery in West Bengal in collabora-
tion with the Government of West
Bengal?

Shri K. D. Malaviya: No, there is no
such proposal.

Shrimati Maftda Ahmed: May I
know the present production capacity
of Burmah Shell and the increased
capacity proposed by their expansion
programme?

Shri K. D. Malaviya: The present
capacity of the Bombay refinery is
about 2.6 million tons (proceeding of
crude oil). Their proposal is to
expand these 2.6 million tons to about
4 million tons, or to be exact, to 3.97
million tons per annum.

Dr. Ram Subhag Singh: May I know
the nature of the expansion pro-
gramme which has been proposed by
the Burmah Shell Oil Company and
also whether Government have finalis-
ed their scheme regarding oil ex-
pansion under the private sector, and
whether the two are conforming to
each other?

Shri K. D. Malaviya: As the pro-
posals have emanated from the
Burmah Shell refineries, Government
are finding it difficult to accept them.
The proposals are elaborate and they
deal with the specific expansion of
many petroleum products which come
under the purview of the existing
Burmah Shell Refineries. As I said,

we are finding it difficult to accept all the suggestions, and, so, they are under consideration.

Shri Aurobindo Ghosal: May I know whether the Burmah Shell Oil Company has proposed some separate refinery or the extension of the present project?

Shri K. D. Malaviya: The suggestion is to expand the existing installations at Bombay and to add some small units to produce one or two more products in the same locality.

Shri Hem Barua: May I know whether the annual saving in foreign exchange that is likely to accrue out of this proposed expansion of the Burmah Shell refinery has been computed, and if so, what it is likely to be?

Shri K. D. Malaviya: They have produced their own figures in regard to the saving in foreign exchange, which may or may not be acceptable to us. I am, therefore, not in a position to say more about it, except that the proposals, as they appear to us, present certain difficulties.

Shri Hem Barua: What is their computation?

Shri K. D. Malaviya: According to their computation, they think that during the Third Plan period, there can be a net saving of about Rs. 13 crores in foreign exchange.

Shri Narayanankutty Menon: May I know whether it is a fact that a medium-sized refinery is more economical, in view of its vast possibilities in India, and if so, whether Government have taken into consideration that aspect also? Have they also taken into consideration the fact that the production pattern of the existing Burmah Shell Refinery is not at all suitable for the consumption pattern in India, while considering the proposal of the Burmah Shell refinery for expansion?

Shri K. D. Malaviya: In its generality, the production pattern from the existing refineries do present certain difficulties, so far as consumption of those products are concerned. These are complicated technical problems which are receiving the consideration of Government as well as the oil refineries. But Government are also considering the propriety of minimizing the size of the existing refineries with a view to easing the transportation and communication problems.

Shri S. C. Samanta: May I know when this proposal came before Government and whether in the proposal there was any mention of the share of the cost to be borne by the Central Government?

Shri K. D. Malaviya: No, the proposals which have been made are on the understanding that the terms of the agreement, that is, the old agreement of 15th December, 1951 shall apply to this expanded refinery also, that is, we are asked to consider this proposal under the old arrangements.

Shri Ram Krishan Gupta: May I know whether Government have received similar requests from other oil companies?

Shri K. D. Malaviya: I heard something about such proposals, but I cannot say that we have formally received such proposals.

Shri P. R. Patel: In view of the fact that oil has been struck in five wells in Cambay and we may have to put up a refinery there, may I know the reasons why this refinery will be allowed to be expanded?

Shri K. D. Malaviya: I have not said that we are allowing this refinery to expand. We are only saying that the proposal made by the Burmah Shell Oil Company is under consideration of Government.

Shri Raghunath Singh: May I know whether while sanctioning the expansion of the refinery, the hon. Minister

will care to press the Burmah Shell Oil Company to take at least 50 per cent. of the oil in Indian tankers?

Shri K. D. Malaviya: That is a rather difficult question on which Government cannot commit themselves.

Shrimati Masida Ahmed: May I know whether Government have finalised the pattern of production for the two State refineries at Gauhati and Barauni?

Shri K. D. Malaviya: Yes.

सेठ प्रचल सिंह : क्या मंत्री महोदय कृपा कर के यह बतलायेंगे कि जो बर्मा शैल प्रायल कम्पनी की रिफाइनरीज का विस्तार किया जा रहा है तो इस से गवर्नमेंट और पब्लिक का क्या फायदा होगा ?

श्री के० डे० मालवीय : प्रमी बर्मा शैल प्रायल कम्पनी का जो विस्तार का प्रस्ताव है उस से जाहिर है कि अगर यहां पर रिफाइनरीज लग जायेंगी तो जो बाहर से हम सामान खरीदते हैं और फॉरेन एक्सचेंज भेजते हैं वह छाया बच जायगा ।

Shri Ramanathan Chettiar: May I know the net foreign exchange that is likely to be saved after the expansion of the refineries by Burmah Shell and the other oil companies?

Mr. Speaker: That was what was asked earlier.

Shri Ramanathan Chettiar: I want to know what the saving will be after the expansion.

Mr. Speaker: I do not know. It is the same thing which is asked after hair-splitting.

Shrimati Renuka Ray: The hon. Minister stated in reply to a question that the present basis of sharing of costs between Government and the Burmah Shells has been suggested for the expanded programme. May I know what that present basis is? Is it 25 per cent., or else, what is Government's share now?

Shri K. D. Malaviya: I did not say that there was any present basis of participation between the Burmah Shells and Government, so far as the refinery is concerned. What I know is that there is the agreement between the Government and the Burmah Shell refinery entered into in 1951, according to which, they are the sole masters of the Bombay refinery, which position it is difficult for us to accept.

Mr. Speaker: Next question.

Shrimati Masida Ahmed: May I ask one question more?

Mr. Speaker: I have already allowed her to ask three questions.

Shrimati Masida Ahmed: No, only two.

Mr. Speaker: All right. She may ask one more question.

Shrimati Masida Ahmed: May I know the number of Indians employed by Burmah-Shell Refineries?

Shri K. D. Malaviya: I have not got that figure with me.

Ordnance Factory, Khamaria

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*1325. { **Shri Ram Krishan Gupta:**
Shri D. C. Sharma:

Will the Minister of Defence be pleased to refer to the reply given to Starred Question No. 1125 on the 22nd December, 1959 and state:

(a) the further progress made in completing the investigations relating to losses and deficiencies found in the Stores of Ordnance Factory, Khamaria; and

(b) is so, the result thereof?

**The Parliamentary Secretary to the Minister of Defence (Shri Fatehshah-
rao Gaekwad):** (a) and (b). A statement is laid on the Table of the Lok Sabha.