

those countries. There are various items of machinery and machine tools for which import licenses are issued. You can import only from the respective country and from nowhere else. Once those licenses are issued to importers, they have to import commodities, may be, at 25 or 30 per cent higher price. Free market operation does not apply in this particular economy. The licenses are conditional and by virtue of that you are compelled to import from that country alone. There is no other alternative but to import from those countries. Therefore, free market operations do not apply in respect of any such bilateral trade agreements.

MR. DEPUTY-SPEAKER : There is one point. 100 units of black pepper has to be exported. In return, now, because we are exporting black pepper from this country we will have to import also others on the prevailing market price, whatever the other thing is, and they get cheaper than market price. Do you want to say that ?

SHRI D.N. PATODIA : No. If they offer cheaper price they will never get it. What happens ? From India we export 2 types of commodities. One commodity is such where the supply is limited, compared to the demand. They are very clever people. Take the case of jute manufactures. In case of jute manufactures, the Russians will offer 2 per cent more than the world price for Indian jute manufactures, and therefore book the goods according to their demand. By that, they create potential demand for their goods in India, and that has to be met by importing from Russia. There is no alternative and import licenses are issued by the import licensing authorities in a manner by which you have no other alternative than to purchase from them. *Inter-ruption.*

SHRI NAMBIAR : When you take loan from America, you will have to purchase only from America.

SHRI D. N. PATODIA : We are talking of trade. We are not taking loans. Please don't confuse yourself. I wish you confine yourself to trade aspect alone.

SHRI NAMBIAR : I want to learn from you. You are a good businessman.

MR. DEPUTY-SPEAKER : It is 5.30. We shall take up the Half-an-hour discussion now.

SHRI D. N. PATODIA : Sir, you may please give me extra time as my time has been taken away by interruptions and disturbances ..

MR. DEPUTY-SPEAKER : That is part of the debate.

SHRI D. N. PATODIA : I wish you give me 40 minutes more because my time has been taken away by interruptions.

SHRIMATI TARKESHWARI SINHA (Bash) : Where will we be if he takes 40 minutes more ?

SHRI D. N. PATODIA : For you I will make accommodation.

SHRIMATI TARKESHWARI SINHA : I do not need it.

SHRI NAMBIAR : Because I am a man, the hon. Member is not accommodating me.

17.30 hrs.

#### HALF-AN-HOUR DISCUSSION

##### Second Public Sector Refinery in Assam

SHRI DHIRESWAR KALITA (Gauhati) : The question of the establishment of a second public sector refinery in Assam has been exercising the minds of the people of Assam. Last August, a starred question was put by Shri Hem Barua on this subject and Government flatly refused to consider this demand. We in Assam protested against that decision. On the 23rd August, there was a general hartal and it was a unique success. I think Government know it very well.

Assam got one oil refinery in 1962. But for that an agitation had to be mounted. Panditji was there. We ourselves had also to go to jail for six months.

Assam was the first State in India to produce oil. In 1886, the first oil well was sunk in Digboi. In 1900, the Digboi Refinery came. We had our first public sec-

[Shri Dhireswar Kalita]

tor refinery only in 1962. But prior to that, if we go through the history of this matter, we see that we had the ESSO refinery in Bombay in 1954, the Burmah-Shell refinery in 1955, the Caltex refinery in Visakhapatnam in 1957—all these being private sector refineries. Then we have the Barauni refinery, a public sector undertaking, established in 1964; the Koyali refinery Baroda set up in 1965 the Ankleswar refinery (in collaboration with Americans) the Madras refinery (which is also mixed) and the refinery at Haldia (also mixed).

These refineries have come up after independence. Though the people of Assam have been demanding a second refinery in Assam, the Government of India have been rejecting it on the main ground that there is no ready market and there will be loss. This is one of the grounds adduced. Then they say that there is transport bottleneck. As regards availability of crude oil, they again bring in the argument of ready market.

Let me cite one simple example. When the Digboi refinery was established in 1900—the hon. Minister will know it—there was not a single motor car in Assam. But still petroleum was produced. There was no ready market.

As for the refineries in Bombay, is Maharashtra consuming all the oil that is produced there? It cannot be. Prior to the establishment of our refineries in India, we have the examples of national refineries in America and Europe. They had also problems to face and they got over them. Uptil now we are purchasing annually from foreign countries Rs. 150 crores worth of petroleum products including crude oil. So the argument of non-availability of ready market when the demand for setting up a refinery is made is a false one. Ready market is necessary for perishable goods like eggs and vegetables.

Oil has an international market. Is it necessary to have a ready market for this article? No. This argument I think will not hold good.

Secondly, about availability, the present commitments of crude to the Digboi, Noonmati and Barauni refineries are to the tune of 3.5 million tonnes and are estimated to increase to 5 million tonnes by

1970 with the anticipated expansion. On the other hand the yield of crude by 1970 is estimated to rise to 9 million tonnes on the strength of the success met in exploring and developing new oil fields at Lakwa, Rudrasagar, Galeki etc. by the ONGC and OIL. Thus an additional refining capacity of 4 million tonnes is required to be established by that time. Up till now whatever oil explored has not been brought out from the oil fields, because Haldia refinery is not working, Barauni is also working not up to full capacity, Noonmati is producing only 0.5 million tonnes and Digboi is producing only 0.5 million tonnes. This four million tonnes you will have to export to the other States from Assam either in crude form or refined form. If you want to export in crude form, you will have to set up a refinery outside. Assam and dual expenditure will be involved. What is the harm in refining this four million tonnes of crude oil in Assam? You can establish a refinery in Assam and develop the State which as you know is richest in resources but lower in output.

The cost of production of oil per tonne in Barauni is Rs. 37.93, in Koyali it is Rs. 37.46, and in Noonmati it is Rs. 21.60. In the private sector in ESSO an Burmah Shell it is a little less at Rs. 18 only. The cost of production at Noonmati can be made less. You were present the other day when there was a discussion regarding the pricing of oil. The Government has appointed a committee under the Chairmanship of Shri Shantilal Shah regarding the pricing of oil but they have not yet come to any conclusion. The practice now obtaining is that the Noonmati refinery has to purchase the crude at the Persian Gulf price plus transport charges to Bombay Calcutta and Gauhati. All these incongruous and incompatible things are going on. So if this pricing committee works out the details and comes to a conclusion, I think the Noonmati refinery's cost of production will be something like Rs. 5 to Rs. 10 per tonne.

So, in that case, if a public sector refinery is established there, naturally if the Persian gulf parity theory is abolished and the cost of production based on selling crude oil, then the public sector refinery in Assam will bring crores of rupees to the

Government. The Government should consider having a second public sector refinery in Assam. The present Noonmati refinery is yielding 0.75 million tons. It has not got any expanding capacity. The production of 4 million tonnes which you are saying is only on paper. You are saying that new explorations are increasing.

Another point is transport. You say that the marketing division is incurring losses. That means that the refinery division are getting profits. There is the transport difficulty because the rail line linking Assam with the rest of India is a metre gauge line. It should be made a broad gauge line. All these difficulties arise on account of our not having a better transport in Assam. We should directly link Assam with India with a broad gauge line.

Secondly, two or three years ago a product pipe line has already been laid from Gauhati and Siliguri. If a second refinery is set up all the production of the refinery can be pumped out by a product pipe line and the present capacity of the product pipe line may be increased. From all accounts, the Government cannot withhold the demand of Assam for a second refinery. The Government of Assam has been demanding times without number and justifying with all the reasons that Assam should have a second public sector refinery immediately.

**THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND CHEMICALS (SHRI RAGHU RAMAIAH):** The main argument of my learned friend seems to be that a quantity of 4 million tonnes will be available, and why not refine it in Assam. That seems to be the main contention of my hon. friend. Now I will give him some figure. I do not know where he got this figure of an additional 4 million tonnes readily available.

**SHRI DHIRESWAR KALITA:** I am a Member of the Estimates Committee. This figure was given to the Estimates Committee.

**SHRI RAGHU RAMAIAH:** I will give you some figures. At the present moment the production of Oil India is of

the order of 3 million tonnes. ONGC'S, from Rudrasagar it is .035 million and from Lakwa it is .060, altogether it is roughly 3.1 million tonnes. By 1970-71, an additional quantity of 1.35 million tonnes is expected from Rudrasagar and Lakwa.

My hon. friend knows that the capacity of the Digboi refinery is about 0.50 million tonnes, Gauhati, 0.75 million tonnes. Barauni is two million. It should be remembered that Digboi is finding from its own field about half of its requirement and it is only taking 0.25. So altogether out to the three millions now available for Barauni we have committed two million and the balance quantity to Digboi and Gauhati. For the additional 1.35 million expected by 1970-71, we have already got the third million capacity built up in Barauni. It is specially built up for Assam oil. There is also a proposal, as my hon. friend knows, to increase the capacity of Gauhati refinery to 1.1 million tonnes. So, these take care of roughly the expected increase of oil production in Assam. Of course, if more oil can be found, that will be a different matter; about the geleki oil-field itself, we do not know the capacity of it. It might be a potential source, and if there is more crude oil coming from it what to do with it would be a question which can be considered then. But at the present moment, it is not true to say that we have crude available in Assam which can be spared for the purpose of another additional refinery in Assam. This is apart from the increase in the capacity of Gauhati which is under discussion with the State Government of Assam and which will be accomplished as soon as some issues which are now being discussed by the two Governments are settled.

**SHRI DHIRESWAR KALITA:** Sir, I beg to differ.

**MR. DEPUTY-SPEAKER:** If the figures are challenged, what can we do?

**SHRI DHIRESWAR KALITA:** If there is more oil available, then the Government can consider the question of setting up a second refinery.

**SHRI RAGHU RAMAIAH:** Then comes the question of economics. My hon. friend himself has referred to certain

[Shri Raghu Ramalah]

points which were being discussed, certain attitudes which were being taken so far. It is true the pricing policy is there. It is based not on the cost of production at the refinery concerned in Assam, but on the basis of import parity, and that has certainly created a certain situation. Now, the Committee is going into that. We do not know what the recommendations of that Committee will be, but today, on the policy which the Government is following, there is no doubt that there is an enormous amount of under recoveries of unrecoverable freight charges, and that is why one argument is that, it will be an economic loss; and that therefore it will not be economically feasible to have another refinery in Assam. Now, some figures...

**SHRI HIMATSINGKA (Godda)** : That will be only paper transactions.

**SHRI RAGHU RAMAIAH** ; The IOC has to pay that. I shall give some figures of under recoveries, on the basis of the existing pricing policy.

**SHRI DHIRESWAR KALITA** : On the present pricing policy.

**SHRI RAGHU RAMAIAH** : On the present pricing policy; I am not hiding anything. Roughly in 1963-64, it was Rs. 115 lakhs; 1964-65, Rs. 138 lakhs; 1965-66, Rs. 143 lakhs; 1966-67, Rs. 104 lakhs. This is on the basis of the present pricing policy. I may also add that this question of building a new refinery has been gone into by the Institute of Petroleum, of building one at Sibsagar in Assam and the equivalent expansion of Baranuni and Gauhati refineries, and on the basis of certain data, it has come to the conclusion that the total investment in refinery and transportation will be Rs. 76.7 crores for a new refinery in Assam for a capacity of two million tonnes per year; and Rs. 69.5 crores for expanding the Gauhati refinery, and Rs. 45 crores for expanding the Baranuni refinery also for the same capacity.

This is one angle from which the economics of it are being looked at.

The Government of Assam themselves have sent a paper recently on the economics of second refinery in Assam. There

they have tried to meet some of the points raised by the Petroleum Institute in their study as well as the matter of under-recoveries I referred to earlier and also embodying some of the points raised by my hon. friend. We are making a close study of that document. I would assure the House that we shall give it very serious consideration. But the main point still remains. For creating any additional refinery capacity in Assam, assuring that the economics are in its favour, which itself is a matter for study, there must be more oil. That question cannot arise at this state. That is why in answer to the question put by my hon. friend and also earlier by Mr. Hem Barua, I said that at present, there is no proposal for establishing a second oil refinery there. But when more oil is found, and if all the economic studies are found to be favourable—it would be a matter for consideration—I would assure the House that there is nobody here, much less in my ministry, who is against doing industrial justice to Assam or any other part of the country. Assam is as much a part of our country as any other State and I do not want this idea to get round that in the centre, we are not treating Assam properly. I would assure the House that whatever we can do for the industrial development of Assam will be done.

**SHRI BEDABRATA BARUA (Kaliabor)** : Crude oil availability is not the only criterion. Refineries are located in areas where crude oil is not available or it is being imported. Our Digboi refinery is dying and it has to be supplemented. Even in the British days, we had one refinery and a second toy refinery there. I want to know whether after meeting the requirements of Baranuni and Noonmati refineries if there is more crude oil available, Government commits itself to having a second refinery in Assam.

I do not know whether the Government is aware of the very strong feeling born out of this denial of employment opportunities and development of Assam, where crude oil is being pumped out. It is not only depriving Assam of a second refinery but it is depriving Assam of the refinery gas, which is so essential for the petro-chemical complex.

About the market, is the minister not aware of the expert opinion in USA that transporting crude oil is less economic than transporting the products through smaller pipelines? I want to know whether the Government would refer the matter to experts and taking into consideration the development needs and of Assam and regional imbalances, whether they will make it practicable to have a second refinery in Assam, even if it means having some development in some other directions like transport, etc.?

**SHRI HEM BARUA (Mangaldai) :** Out of the nine refineries in the country only three are in the public sector and the rest are in the private sector, managed by foreign experts. Although Assam is top-most in the country in the matter of natural resources, it is lowest in the country so far as industrial development is concerned, as a result of which the youth in Assam are getting restive because the unemployment problem is mounting. When this demand for a refinery came, Shri Asoka Mehta, the then Minister, offered a very queer argument that a refinery cannot be established there because of the fact that there is market for finished oil in that State. He forgets one basic fact that there is no market for finished steel product in the States where steel plants are located. Shri Raghū Ramalah, who is young and ebullient should realise the stupidity and untenability of this argument. Now he comes out with another argument, that there is no sufficient crude oil available in the State. But he forgets the oil finds in Gelaky, Rudrasagar and Lakua which come to 9 million tonnes, though according to government estimate it is only 5 million tonnes. If they deny the legitimate demand of the people of Assam for a second oil refinery there, because the unemployment problem is mounting up there we will be forced to build up such a massive popular movement which would break the backbone of this government... (Interruptions). My question is this.

Although Shri Raghū Ramalah thinks that there is no crude oil available in Assam, while making this statement, which supersedes the statement made by his predecessor, Shri Asoka Mehta, did he take note of the oil finds in Lakua, Rudrasagar and Galaky? The impression that we get

is that somehow or other the Indian Government is trying to deprive the people of Assam of their legitimate dues. Do not create an impression in the minds of the people of Assam that you do not like that State and so you want to create regional imbalance by neglecting that State. Then they offer another argument, security reason. Who will defend our frontiers in the Himalayan region if we are attacked by China?

**MR. DEPUTY-SPEAKER :** The hon. Minister has not referred to it.

**SHRI HEM BARUA :** So, for security reasons also you could not by-pass our State or its legitimate demands. Therefore, I want a clarification of his statement about the non-availability of crude oil in that State in the light of oil finds in those three places I mentioned earlier.

**श्री रवि राय (पुरी) :** उपाध्यक्ष महोदय, मैं कालिता साहब को धन्यवाद देना चाहता हूँ कि उन्होंने प्रसन्न में दूसरी प्रायल रिफाइनरी के सम्बन्ध में सवाल उठाया। मैं मन्त्री महोदय से पूछना चाहता हूँ यह एक बड़ी विडम्बना है कि तेल हमारे देश का है, लेकिन अधिकांश रिफाइनरीज विदेशी कम्पनियों की हैं, इस विडम्बना को पाटने के लिए आप क्या कर रहे हैं? उपाध्यक्ष महोदय, मैं एक नोट को उद्धृत करना चाहता हूँ जो प्रसारित करता है कि असम में कूड-प्रायल की जो फाइण्डिंग मिली है, उनके घाँके क्या हैं—

"Besides oil, natural gas is also available in abundance in Assam. It is estimated that Naharkatiya and Moran oil fields alone can deliver 60 million to 100 million cft. of gas a day after meeting the local requirements of Assam State Electricity Board and Namrup Fertilizers Limited. On the basis of equivalent heat value this amounts well over 500,000 tonnes of mineral oil a year. Therefore, not only in the interests of economic and industrial uplift of Assam but equally also in the wider interests of the country's economy, it is necessary that the utilisation of this great industrial assets

is ensured by putting up a new refinery with petro-chemical industries in Assam."

मैं पूछना चाहता हूँ कि क्या इस तथ्य के साथ आप सहमत हैं ? क्योंकि आपने यह जवाब दिया कि ग्रामाम सरकार का जो नोट मिला है उस पर विचार कर रहे हैं—इसका मतलब यह है कि कुछ हद तक मान रहे हैं ।

मेरा दूसरा सवाल यह है कि कूड प्रायल के सिलसिले में जो नोट मैंने पढ़ा है, उसमें जो तथ्य दिये गये हैं उनको मद्देनजर रखते हुए क्या आप सदन को यह आश्वासन देंगे कि जल्दी से जल्दी आसाम में दूसरी रिफायनरी का गठन किया जायेगा ?

SHRI HEM BARUA : There is no petro-chemical complex in the State.

श्री शिव चण्ड भा (मधुबनी) : उपाध्यक्ष महोदय, मंत्री महोदय ने बड़ी हमदर्दी के साथ कहा कि चूंकि आसाम में पर्याप्त मात्रा में कूड प्रायल नहीं मिलता है इसलिए पब्लिक सेक्टर में दूसरी रिफायनरी नहीं खोली जा सकती । न केवल आसाम बल्कि पूरे देश के सम्बन्ध में मैं पूछना चाहता हूँ कि कितना अनटेप्ड-कूड प्रायल है, उसका आपने हिसाब लगाया है ? उसमें से कितना एक्सप्लायटेड है और कितना अनएक्सप्लायटेड है ? उसको आप कितने दिन में एक्सप्लायट कर लेंगे ? यदि इसका हिसाब सरकार ने लगाया है तो वे प्रीकडे क्या हैं ?

जब हमारे देश की ऐसी परिस्थिति है कि हमारे पास कूड-प्रायल नहीं है तो क्या कभी भी हमारा देश प्रायल के मामले में सेल्फ-सफिशिएन्ट होगा या बिबेचों पर ही निर्भर करेगा ?

एक तो कूड-प्रायल मिलता नहीं और दूसरे पैसे की कमी है, अंसा कि मंत्री जी ने कहा कि इतने करोड़ लग जायेंगे और

आसाम सरकार ने रिपोर्ट भेजी है, उसके मुताबिक कुछ बातें हो रही है, मैं कहता हूँ कि थोड़ी बेर के लिए मान लीजिये, कूड-प्रायल मिल जाता है और पैसे का भी इन्तजाम हो जाता है तो क्या भारत सरकार इस स्थिति में है कि आसाम में दूसरी रिफायनरी अपने इन्डीजिनस-नो-हाऊ की बदौलत कायम कर सके ? अगर उसमें फारेन-कोलाबोरेशन की जरूरत होगी तो कितनी और नहीं होगी तो उसको कहाँ तक इन्डीजिनस रूप में बनाता जा सकेगा ?

18 00 hrs.

SHRI RAGHU RAMAIAH : I have always very great respect for a senior Member like Shri Hem Barua, but I am sorry to disappoint him on this occasion because he had forecast the backbone of the Government being broken by the Assam public. I have greater faith in the public of Assam than Shri Barua himself. I have still greater faith in the sanity and wisdom of the policies pursued by the Government of India and I am sure that the policy pursued by the Government of India will be so fair, as it has always been fair to Assam, that no such calamity as so jubilantly forecast by Shri Hem Barua will ever have any occasion to occur.

SHRI HEM BARUA : We will organise it there, if you want us to.

श्री रवि राय : आप मान लीजिए, कोई दिक्कत नहीं होगी ।

SHRI RAGHU RAMAIAH : Having said that, I would like to clarify again what I said. I did say that at the present moment the estimates, of oil do not justify a second refinery because the estimates, I may repeat, are 4 million and odd tonnes by 1970-71 which are already committed.

SHRI DHIRESWAR KALITA : It is completely wrong.

SHRI RAGHU RAMAIAH : If you show me wrong, I will be happy.

SHRI DHIRESWAR KALITA : I will show you the document. From your own department I have got it.

**SHRI RAGHU RAMAIAH** : I am giving you the figures that I have got. If you have different figures, you give them to me. I am willing to learn from you. Certainly all of us have to learn and I shall be very glad to learn. If I find that there is a mistake in my figures, I shall give correct figures after checking them up.

Shri Hem Barua also said that I did not take into account the Gelaki oil field. At the present moment it is only a small production. We have yet to find out what its real potential and capacity will be. I did not say that for all time to come this is all the oil which Assam will produce. No man will ever say that, much less myself. All I said was that by 1970-71 this what is expected. If more oil is found, we will certainly work out the economics of it. The standard of economic justification which we apply today may not be there a few years hence. For instance, the pricing policy may change; or, for instance, as one of my hon. friends said it may become cheaper, to transfer petroleum products than crude, although the present view is that in relation to white products it may be cheaper but if you take the black products it is costlier.

I am not shutting the door for all time to come. These are the difficulties. Once abundant oil is found, let us, certainly, at that stage, look into the economics of it and do what is best for Assam and what is best for the country. We will do that.

**SHRI HEM BARUA** : You will establish a refinery then ?

**SHRI RAGHU RAMAIAH** : If economics of it justify, if there is enough crude, the refinery should be there. It is

not a question of anybody giving anything. If the economics of it so justify, if there is abundant crude, certainly, we shall look into it.

**SHRI BEDABRATA BARUA** : After the needs of Barauni and Gauhati are fulfilled, if there is surplus crude oil, can the Government commit that there will be a second refinery in Assam ?

**SHRI RAGHU RAMAIAH** : As I have already said, subject to the economics of it, the matter can be considered. Who am I to give an assurance ? The oil must be found; the economics of it must justify. All those hypothetical things I should assume and give you an assurance ? What satisfaction will that give you ?

**SHRI HEM BARUA** : Will the expanded refining capacity of Barauni and Noonmati be able to absorb all the crude which is found in the State of Assam ?

**SHRI RAGHU RAMAIAH** : As regard gas, much of it is committed and there is, certainly, a part which is uncommitted. Already, we are in correspondence with the Government of Assam. They have sent a proposal for the establishment of a petrochemical complex. We are looking into it. There has been some difference of opinion as to the viability of it. That is being gone into.

**MR. DEPUTY SPEAKER** : The House stands adjourned to meet again on Monday at 11 A.M.

18.07 hrs.

*The Lok Sabha then adjourned till Eleven of the Clock on Monday, December, 9, 1968 Agrahayana 18, 1890 (Saka)*