

Since then I have delved a little into the *Hansard* and some other cognate publications and obtained some helpful material. Before I proceed to that.....

Mr. Speaker: He will kindly bring that to me, we will sit down together and discuss.

Shri Hari Vishnu Kamath: It was raised in the House and then you asked me to get this.

Mr. Speaker: If I feel that there is need for it to be raised in the House, I will ask him to do so.

Shri Satya Narayan Sinha: I would like to inform the hon. Member and this House also that the Defence Ministry's report is being circulated to hon. Members today.

12.13 hrs.

DEMANDS FOR GRANTS—Contd.

MINISTRY OF PETROLEUM AND CHEMICALS

Mr. Speaker: The House will now take up discussion and voting on the Demands for Grants under the control of the Ministry of Petroleum and Chemicals for which 5 hours have been allotted.

Hon. Members desirous of moving their cut motions may send their slips to the Table within 15 minutes indicating which of the cut motions they would like to move.

DEMAND NO. 77—MINISTRY OF PETROLEUM AND CHEMICALS

Mr. Speaker: Motion moved:

"That a sum not exceeding Rs. 16,18,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March 1965, in respect of 'Ministry of Petroleum and Chemicals'."

DEMAND NO. 78—OTHER REVENUE EXPENDITURE OF THE MINISTRY OF PETROLEUM AND CHEMICALS

Mr. Speaker: Motion moved:

"That a sum not exceeding Rs. 87,17,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March 1965, in respect of 'Other Revenue Expenditure of the Ministry of Petroleum and Chemicals'."

DEMAND NO. 135—CAPITAL OUTLAY OF THE MINISTRY OF PETROLEUM AND CHEMICALS

Mr. Speaker: Motion moved:

"That a sum not exceeding Rs. 47,23,96,000 be granted to the President to complete the sum necessary to defray the charges which will come in course of payment during the year ending the 31st day of March, 1965, in respect of 'Capital Outlay of the Ministry of Petroleum and Chemicals'."

Dr. Ranen Sen (Calcutta East): Sir, we are discussing the Demands for Grants relating to a very important Ministry. Before entering into the discussion, I want to ask one question to the Government of India. I want to know why certain other subjects like Orientology, Muslim Wakfs etc., are tagged on to this Ministry which is to perform certain important functions on which depends the future of our country? These subjects have nothing to do with petroleum or chemicals. Therefore, I do not find any reason why these subjects should be attached to this Ministry.

Having said this, I will mainly concentrate on the policy matters related to the work of Ministry. The Government of India has to its credit certain achievements in this respect. During the British days the

[Dr. Ranen Sen]

foreign oil companies used to fleece the country. They used to dictate prices. They used to keep India at ransom taking advantage of the dependence of India on the Britishers. They continued this for a pretty long time. Then, after independence, even the Government of India was compelled to come to an agreement with these foreign firms—Burmah Shell, ESSO and Caltex.

Mr. Speaker: The hon. Member may kindly resume his seat. I might just request the hon. Members, those hon. Members who are desirous of moving their cut motions, to send in the number of cut motions they want to move to the Table within 15 minutes and I will treat them as moved.

Dr. Ranen Sen: They were compelled to enter into refinery agreements with these firms. Those agreements were foisted on India because those agreements went against the interest of India. Gradually, the Government of India came to realise that India must have its own independent oil policy. The Damle Committee made certain suggestions in this respect in its report, which were accepted by the Government of India, although the foreign oil companies tried in several ways to sabotage enquiries that were conducted by the Damle Committee. The Government of India embarked on the correct path. It started the IOC. It established the Indian Refineries Limited and the Oil India Limited. Even though these companies have started functioning, there are sceptics amongst ourselves who did not appreciate the value of these organisations or who did not appreciate the necessity of an independent industrial policy in respect of oil.

Today the policy that has been pursued by the Government of India in this respect has been vindicated. Indian Oil Company has not only

functioned effectively but this year it has amassed a profit of nearly Rs. 60 lakhs. It has saved Rs. 7.28 crores in foreign exchange by making rupee payment to the Soviet Union, which is supplying crude oil to India. This activity of the Government of India has been wholeheartedly supported by the Soviet Union, Rumania and some other Socialist countries. Thanks to their support, we are today on par with many advanced countries. They are going to help India not only in respect of petroleum but also in respect of petro-chemical and other industries.

Today India takes a different route, a different path from that followed during the British days. The work that has been started by the O&NGC some time back has been commendable. It has found out oil as well as natural gas deposits in many parts of India, notably Gujarat. In certain parts of India, the Government of India had handed over the prospecting to Stanvac, particularly in West Bengal. In the eastern part of India the O&NGC have started prospecting and exploration of natural gas and oil. These are good signs for the industrial development of India, because petroleum and petro-chemicals are going to play a very important role in the future development of India.

Despite these achievements, for which due credit has to be given to the Government of India, there are certain weaknesses which are already manifested in the oil policy of the Government of India and it will be a dereliction of duty on my part if I do not point them out today. Some time back, Burmah-Shell, ESSO and Caltex have been permitted to expand their refinery capacity. Foreign collaboration in the State sector has been sought in the Cochin refinery. ESSO is collaborating in the lubricant plant; so much so that

this is nothing but a departure from the industrial policy resolution that we had adopted in 1956. This has gladdened the hearts of big business in India as well as the hearts of foreign private capital. This is what the *Eastern Economist* writes on this subject:

"The Cochin refinery opens a new land-mark in the history of Indian oil industry."

This is nothing but appeasement of foreign private capital in oil industry. This sign was manifested last year when the Cochin refinery agreement was arrived at. This year also when Shri T. T. Krishnamachari made a policy statement in regard to the participation of foreign private and indigenous capital, the foreign journals acclaimed that statement and the *London Economist* wrote:

"If Mr. T. T. Krishnamachari succeeds in carrying through the policy he has enunciated, major oil companies looking for outlets for their surplus will on their part be too willing to expand operation in India."

I think, today there is a definite departure from the independent oil policy that the Government of India was following during the last six or seven years. Not only that, there is a definite attempt at departing from the Industrial Policy Resolution which enjoined upon the Government of India to take the oil industry into its own fold and to make it a State sector industry. We find that all along the line there is a tendency to appease the foreign capital and the big business in India.

I shall cite certain examples in this regard. Knowing fully well that these foreign companies are no friends of ours—even as late as a few years back they wanted to blackmail India into submission and wanted to dictate certain terms to India; this is known to every one—even then we find that the Government of India is tak-

ing to a policy which is more in the interest of foreign and indigenous private capital than the national interest, the interest of India.

Now, a question may be raised that when we require oil, to meet our requirements we have to go in for collaboration with foreign capital and all that. My answer would be that for the time being we may be able to get enough oil but that will ruin our independent oil industry and ultimately these foreign private companies will hold India to ransom, dictate their terms and have India in their grip.

Once upon a time, not very long ago, Shri Jawaharlal Nehru in his *Glimpses of World History* had written that these oil companies were called oil imperialism throughout the world. This he had written a few years back. I want to remind the Government of India, the Oil Ministry, about that important statement made by Shri Jawaharlal Nehru, now our Prime Minister, in the *Glimpses of World History*.

In regard to petro-chemicals also, which is a very new industry in India and which opens up a new vista for the industrial development of India, collaboration has already started. The Mafatlal Group has been given one licence and in Bombay foreign private capital is being invited to start a petro-chemical complex as also in Gujarat. There will be three more petro-chemical complexes and I am afraid, if this policy is pursued by the Government of India, the whole of the petro-chemical industry will be in the grip of the foreigners if they collaborate in this respect because they, being very powerful, will be able to control the industry not to the interest of India but to their own interest.

In regard to fertilisers also the Government of India of late have started giving way to private capital, both foreign and indigenous.

[Dr. Ranen Sen]

In regard to the chemical industry I have to say a few words. The chemical industry has been a happy hunting ground for foreign private capital. In the year 1948 there were Rs. 8 crores of foreign capital in this industry; in 1960 this Rs. 8 crores increased to Rs. 38 crores. This is all foreign investment in the chemical industry. The number of new mixed companies would be 168 in three years alone from 1958 to 1961. The policy pursued by the Government of India in this respect is very dangerous. The chemical industry forms a very important part of our industrial development. The slogan of the big business has so long been: take less loans but higher foreign capital. It seems the Government of India have succumbed to this slogan. Even in respect of State sector, we found that collaboration started with foreign capital. Marck Sharp & Dohme (International) are collaborating with Hindustan Antibiotics and one of the conditions is that the production secrets will not be given to the Indian hands. This is one of the terms. Let our Minister repudiate it in the statement that he may make. But this is what I gather from the newspapers.

Mr. Speaker: Wherefrom did he get it?

Dr. Ranen Sen: From newspapers. Most of this information is culled out from newspapers, magazines and other things.

Mr. Speaker: Then, surely it is a secret stipulation.

Dr. Ranen Sen: I do not know whether it was a secret stipulation or it was known everybody.

Shri Hari Vishnu Kamath (Hoshangabad): The Mahalanobis Committee's Report leaked out very nicely.

Dr. Ranen Sen: In Gomia Explosive Factory, it is also stated that 80 per cent of the capital belongs to Imperial Chemical Industries, the only British concern and a very big business concern in the international trade. There are some of the very bad signs, dangerous signs, which have started due to the policy of the Government of India under the Ministry of Petroleum and Chemicals. Therefore, what I want to state is this that it is high time the Government of India take cognizance of this danger, face the situation boldly and try to stand on an independent oil policy. There have been certain offers. Certain gentlemen do not want to hear the praises of Soviet Union, Rumania and other countries. They are giving disinterested help. They are still giving and they will probably give still more. But it is not only Soviet Union but there are other countries—this information is also got from newspapers—Asian countries, who are prepared to help us, for example, Kuwait and Iran. Both these Governments have sent their delegations to India, had talks with our Minister, Mr. Kabir and the best terms have been given by Kuwait. I do not know whether the Government is going to accept those terms. They are even prepared to participate as minority partners in petro-chemical industry. They are prepared to give to India the right of exploring and prospecting in Kuwait. They are even prepared to supply crude oil at a very cheap rate participate in building up Madras Refinery and the distribution will be wholly in the hands of the Indian Oil Company. They do not want any share of the distribution. Let us accept this offer of handsome cooperation from these Asian countries. In the political field, we often speak about the Afro-Asian solidarity and India is committed to that Afro-Asian solidarity idea. Let us have economic Afro-Asian solidarity in this field. That will be advantageous to the interests of India and to those

countries also. I expect a definite statement from the Minister in this respect as to what is happening in this regard, that is, in regard to our negotiations with Kuwait or Iran. Since it is a very important thing which is happening the hon. Minister should make a statement on this.

Then, I want to refer to the synthetic rubber industry. Some of these industries are being handed over to foreign companies like Duncan Brothers, PJB etc. Besides, there is another private sector synthetic rubber plant which has got the licence to produce 15,000 tons of synthetic rubber. According to the Government of India's regulations, these synthetic rubber producers are entitled to import an equal quantity of natural rubber from outside. The natural rubber from outside is cheaper than the synthetic rubber produced in India and even natural rubber produced in India. As a result of the import of natural rubber from outside, the price of natural rubber produced in India would go down because it cannot stand competition with the other rubber. Ultimately, this will affect the rubber industry in India. I am told that all this is being done by the Ministry of International Trade without consulting the Ministry of Petroleum and Chemicals. It seems that there is no co-ordination between them. If there had been some co-ordination, these things would not have happened. Even the Rubber Board was not consulted when these things went on. We would submit that at least the Rubber Board should be consulted, and the Government of India should not take such steps as would affect the indigenous rubber industry or other industry.

While criticising the policies which are being pursued by the Government of India, I do not for a moment suggest that the policy which Government have been following for so long is wrong. On the contrary, I would say

that it is the correct policy which they have been following. It is because there has been some departure that I am constrained to make this criticism.

Finally, I would like to make clear one thing about the participation of foreign equity capital. It is known to everybody, and it is known to almost all the Afro-Asian countries today that the foreign private capital which comes from these imperialist countries ultimately does no good to those countries. This kind of economic penetration ultimately results in some sort of economic and political domination, direct or indirect, on those countries. It is high time that the Government of India take a lesson from modern history and take a stand which would ultimately help the national oil industry in this country.

I want to point out another factor in this respect, and that is in regard to the total output from the refinery that we are going to have by the end of the Third Plan. Today, as it stands, after the expansion of Burmah Shells, Caltex, Essos etc., the total output is a little greater than what the State sector is producing. At the end of the Third Plan, even after we have the Koyali refinery etc., because there is collaboration between foreign private capital and the Government of India organisation, the total outputs from these refineries, private sector as well as State sector ones—'private sector' means foreign capital private sector—would be almost equal. That means that it will take a long time for the Government of India to come first in the race between the foreign capital and the State sector. Unless the Government of India take a correct line from today and take a lesson from modern history, it will take a long time.

I would say that the way to self-sufficiency in oil industry or in petrochemical industry in India is through three things. The first is our own

[Dr. Ranen Sen]

effort, as is being done by the ONGC and the IOC. The second is fraternal help from the Soviet Union, Rumania and other countries. The third is collaboration with these Asian countries. Let us stand on these three pillars and try to squeeze out these foreign oil companies and ultimately nationalise them. I know Shri Ranga would not like this. But I want to ask: if a small country like Ceylon can do it, if a small country like Burma can do it, if Indonesia can do it, why not India which has greater resources, which is a much bigger country? Therefore, I bring it before this House. It is time for Government to nationalise this industry, squeeze out foreign capital from this industry nationalise the oil industry and embark on a correct and independent oil policy that will guarantee the future of India, the future economic development and prosperity of India.

Shri P. H. Bheel (Dohad): Mr. Speaker, Sir, I come from the State, which was formerly a part of the former bilingual State of Bombay. But after the formation of the new State of Gujarat, the tempo of development has not very much increased. The past developmental backlog, in the field of power, transport, irrigation, agriculture and other spheres of industry still continues. This backlog is so heavy that in spite of some efforts, my State has not achieved the requisite momentum in the direction of self-sustaining economy so far.

Sir, there are various impediments in our way, but I will presently examine only those which fall within the purview of the Hon. Minister, whose Demands we are discussing now.

At the outset, I take up the Petro-chemical industries. A Refinery with a refining capacity of 2 million tons of oil per annum with prospects of expansion upto 3 million tons is being set up in the State and the work of construction of the Refinery is proceeding according to schedule and it

may be ready for production in about a year's time. There is no definite indication, however, of the policy proposed to be adopted in regard to the petro-chemical industries to be developed in this area. Dr. Henney, the World renowned French expert has in his report submitted to the Government of India in regard to the development of petro-chemical complexes in the country emphatically stressed the need for the establishment of such complexes as early as possible. According to him the failure to build petro-chemical industries will result in an yearly import bill amounting to about Rs. 51 crores in 1965-66 and about Rs. 150 crores in 1970-71. This alone is sufficient to necessitate immediate action on the question of establishment of petro-chemical industries. It is absolutely necessary not only to finalise but to keep ready the petro-chemical complex much ahead of the date on which the Refinery goes into production and the by-products become available. It is, therefore, highly essential to establish a special agency to co-ordinate and synchronise the plans of establishing petro-chemical complexes in the country in general and the Koyali refinery area in particular so that no time is wasted when the refinery starts operation and raw materials for Petro-chemicals are readily available.

Unfortunately, no clear indication is yet available to the prospective industrialists interested in the development of petro-chemical industries as regards the chemical and other properties of the oil and gas, or the types of by-products likely to be available from the refinery, continuity of supply and the prices at which such products are likely to be made available. It is absolutely necessary to clarify these matters and to adopt a long-term policy in the interests not only of the better and more economic utilisation of the by-products of the refinery, but also to enable the prospective industrialists to plan in time for the establishment of such industries where these could be utilised.

The dispute over the fixing of gas price is very much agitating the mind of our people. Much heat has been generated over the behaviour of ONGC in this connection. It comes as a rude shock to us when we are told that our people will have to pay as much as Rs. 90 to Rs. 100 per 1,000 cubic meters of natural gas to ONGC for the gas produced from the oil fields of Gujarat.

Mr. coal starved, high-cost-economy State, which had some satisfaction from the discovery of gas, was completely disappointed by this attitude of ONGC.

To compare with prices in other States, for instance, Oil India Ltd. charges Rs. 9 per 1,000 cubic metres for Nahorkatiya gas in Assam, while the ONGC asks Rs. 80 to Rs. 100 in Gujarat. The fact that the ONGC has no control over Oil India's policies does not explain away the unconscionable disparity. Again, the ONGC demands Rs. 100 for Ankleshwar associated gas supplied to industries in Baroda, Rs. 90 from the Gujarat Fertiliser Company and Rs. 80 for Cambay gas supplied to the Gujarat Electricity Board. These prices cannot but give a rude jolt to consumers who had hoped that the cost of generating electricity and that of fuel can be substantially reduced with the discovery of oil and gas within the State itself.

Various persons and organisations in the State have objected to the high level of prices. The basic contention has been that the State and its industries should be enabled to secure fuel at cheap cost. The State has all along suffered from one major handicap in its programme of industrialisation, viz. the high cost and irregular supply of coal. The high railway freight more than doubles the pit-head price of coal. Absence of any big hydro-electric projects made cost of electricity quite high.

It was hoped that the cost of generating electricity and that of fuel

for industries would considerably drop with the discovery of oil and gas in the State. The prices now fixed by the ONGC have given a rude jolt to these hopes. Can ONGC take any satisfaction in its work when people start describing it as a nineteenth century monopolist?

I think it is pertinent to point out that the benefits of natural resources found in a particular region are usually allowed to be enjoyed by the industries located thereabout. It is disconcerting to note that Gujarat has been deprived of this natural advantage in the matter of fixing the prices of gas to which it is legitimately entitled. The objective of the Central Government of stimulating regional development can be achieved more readily if a uniform policy were to be adopted in regard to the benefits that may be allowed to accrue to each State in respect of its natural resources.

There is no justification for a policy that varies in its application in respect of one commodity from State to State and from one natural resource to another resource, i.e., one policy for coal and hydro-electric power and another for oil and gas. In view of the need for accelerating the industrial development in Gujarat State and stimulating tempo in this region, it is strongly urged that gas be made available to the industries etc., of Gujarat at a price of coal prevailing at the pithead so as to ensure competitive capacity of the industries of this region.

I quote here what Dr. Henney of the French Petroleum Institute in one of his speeches stated about the reasonable price of gas. According to him, it may be 50 nP. per 1,000 cubic feet. It is also reported that the ONGC too had considered and also discussed the guaranteed supply at the price of 50 nP. for 1,000 cubic feet with the various major consumers of gas in Gujarat and the officials of the State Government.

[Shri P. H. Bheel]

It is hoped that the Government of India as well as the Arbitrator appointed by them to deal with this question will take these factors into account so as to enable the State to wipe off the backlog of development and achieve the pace of growth attained by other States by fixing the price of gas at a reasonable level, keeping in view pithead costs of natural fuels.

I understand that by the end of October, 1963, 122 million cubic meters of gas had been burnt up at Ankleshwar. The value of this gas at the proposed value of Rs. 100 per 1,000 cubic metres is about Rs. 1.25 crores. This amounted to 20 per cent of the Oil and Natural Gas Commission's total earnings from the sale of crude oil, which amounted to Rs. 6.92 crores. If the ONGC can avoid such gross national loss, the question of conflict between the Gujarat Government and the Central Government over the fixing of price would not arise. Why not try to economise and thus help the State economy and also strengthen the Central Exchequer?

This is all, I can say in conclusion: let us be wise and not shift the blame and responsibilities.

Mr. Speaker: I have allowed the speech to be read because it was the maiden speech of the hon. Member, but if there are any other hon. Members who have yet to make their maiden speech and they want to read it, it should not be long. It should be very concise, because otherwise everybody, the Members as well as the visitors, loses interest in that. We do not have a sense of reality in the debate, and it will develop into some kind of seminar. Therefore, I would request hon. Members that if there is a maiden speech, it should be very brief and concise, so that interest in the debate can be kept up.

Shri Oza (Surendranagar): We are discussing the Demands of a Ministry, which, in my humble opinion, has to play a very important, vital and strategic role in the future industrial development of this country.

Unlike the previous speaker from the Communist group, I request the Ministry not to be inflicted with any obsessions or inhibitions, and I would urge them to go ahead with the exploitation of our natural resources to the last degree, consistently with our industrial policy resolution, as rapidly as possible. It is said that in future our oil companies will suffer from some competition from foreign concerns who will hold us to ransom. I am not afraid of such a possibility at all, because this is a sovereign country, and the Government is strong enough to tackle problems as and when they arise. Out of such fear, not to allow the present development and to drain away whatever little foreign exchange we have got, I think, will not be a wise policy.

I am glad that the Ministry is in the hands of two energetic Ministers, and I am sure they will do the needful in the matter. We know that a country's progress is measured by the type of fuel it uses: whether it was cow dung or wood or some other developed commodity.

Shri Hari Vishnu Kamath: I am sorry to interrupt, Sir, but there is not even half the quorum though it is not yet 10 o'clock. It is an important Ministry and there are not even twenty Members in the House!

Mr. Speaker: Let the Bell be rung—now there is quorum.

Shri Oza: I was referring to the standards by which a country's progress in industrial development is measured. Taking that standard we are at the lowest rung of the ladder in the world. For historical reasons,

it is so. Now that we are going ahead with our oil exploration. I am sure that we will find our proper place.

I am glad that our technicians of the ONGC are doing very good work, wonderful work but I have a feeling that the work is getting diffused. I think we should do it more intensively and in a more concentrated manner. Not that I belong to Gujarat and so I plead for concentrated work in that region. It is now a well known fact that Gujarat is almost floating on oil. But over a number of years we see that the work goes on very slowly, not as expeditiously as possible. I am afraid that we are not tapping the industrial resources of the country as we should. The report says that at 4-5 places the work is going on. With what result? We do not know, the result of drilling operations near Kalol which is the proposed capital site of Gujarat, or in other places. We hear there are rich possibilities in the little Rann of Kutch. In Kutch also I think we are not reaping the benefits that we should because of the diffusion. I request the hon. Minister to concentrate on the fields where there is some certainty that it will at least repay the money and labour that we spend and also see that the other areas are free for other purposes. Today, for instance, the capital site at Ahmedabad in Gujarat—there, we are hesitant about pushing ahead with the capital project because we do not know where oil will be found and to what extent. I request the hon. Minister to go ahead with this programme more intensely and in a more concentrated manner.

The previous speaker referred to the oil prices and the price of gas. We are told that the price of gas in Assam is more or less a 'throwaway' price. There is no purchaser and so they are just realising Rs. 7-9 or whatever it may be. In Gujarat it is not the case. The matter has been referred to arbitration by Dr. V. K. R. V.

2442 (A) LSD—4.

Rao without going into details, I wish only to say that it should not be distress price in Gujarat. Gujarat is far away removed from the coal fields; coal reaches Gujarat after a very long haulage; it becomes costly; industries could not thrive; they are languishing for want of the right type of coal or the desired quantity of coal. So, it does not mean that ONGC should insist upon having distress price from the industrialists of Gujarat. After all, whatever industries develop in Gujarat, it would be for the larger interests of the country and no hindrance which is not legitimate should be put in the overall development of any part of the country. The matter is under arbitration and I shall not speak about it more.

This Ministry is also entrusted with chemical industries. Chemical industry has shown remarkable progress over the past few years. In June 1962, the average index of production for chemicals and chemical products was about 184 (base year 1956). As against this, the general index of industrial output stood at 150. In June, 1963, the figure for chemical production went up to 219, while the overall index touched the point of 159, seasonally adjusted. The basic industrial chemicals as also inorganic chemicals made marked progress, the indices for them in June 1963 being about 398 and 503 respectively. I congratulate the Ministry on this rapid strides in the development of our chemical industry. We should not be complacent about it because the foreign exchange that this industry earns year by year goes up. I think we should tap all our resources and encourage all our entrepreneurs to see that the chemical industry grows fast and we are able to export as much as possible to fulfil our foreign exchange needs.

This brings me to the question of petro-chemical industries to which the hon. previous speaker referred. There

[Shri Oza]

is practically no petro-chemical industry existing earlier; it is a new industry, almost; it started about 40 years back. It is said that 50 per cent of the new industries that have come up in the United States during the last fifty years are of this nature: today they play a vital role in the new technology. We should also have a perspective planning from now on for our petro-chemical industry.

We should not lag far behind. It is true that we are having steel mills and cement factories and we are laying the base for rapid industrialisation of this country. It is all necessary, but I am afraid if we concentrate only on this aspect of industrial development, our development will become obsolete in times to come. So, we have also to emphasise the development in this sphere also, namely, chemical industries and petro-chemical industries in particular.

13.00 hrs.

The Ministry is not unaware of the important aspects of this subject, and as early as 1961, the Ministry had appointed one committee under the chairmanship of Mr. Kane, the Industrial Adviser. That committee went into all the details and all the prospects of this petro-chemical industry and has given its findings to the Ministry in 1961. This committee has fixed tentative targets for the production of several items such as organic chemicals, plastics, synthetics and such other things like carbon black and nylon used in plastics. These targets are to be fulfilled both in quantity and in value by the year 1966. Unfortunately, we have only got two years left before the third Five Year Plan comes to an end, and yet, what do we see? I am afraid we have not made any headway in this respect. Maybe there are some reasons, I do not know. But I think the Ministry should have been more alert and should not have allowed time to pass.

Then, we have invited the help of the French Petroleum Institute, headed by Dr. Henney, which was referred to by the previous speaker. That expert also made very nice suggestions. For example, we know that the Gujarat refinery is to be of the capacity of three million tonnes in the first phase. It has been fixed. The first part of it will be over by the end of 1964, that is, this year. The second phase will be over by May-June, 1965, and the third phase will be over by December, 1966. The first phase is going to be over after one year. With all humility, I may ask this question: what have they done so that they will be able to utilise all the by-products that will come after the refinery goes into commission by the end of this year, after nine months or so? The report tells us that a letter of indent was issued on 16th December, 1963, to the National Organic Chemical Industries Limited, Bombay, for the establishment of a naphtha cracker in Bombay with an annual maximum cracking capacity of 2.25 lakhs tonnes of naphtha and for the manufacture of polyethylene, etc. I am very happy to learn this, because unless we have got this cracking capacity, not much headway can be made. Dr. Henney had said that a cracking capacity of 1.25 lakh tons would be enough at the beginning, but I am glad that the Ministry has done advanced thinking and has decided to put up a plant with a capacity of 2.25 lakh tons. It is a good thing because in course of time the capacity will have to be expanded so that we may not be lagging behind. But what about the creation of what they call the petro-chemical complex in Gujarat? Still, they are in a very preliminary stage. The report tells us that this project will be implemented in four phases; negotiations are in progress with potential foreign collaborators for participation in this complex. I do not know which of them will be effective. There are so many potential foreign collaborators abroad, and I think this is rather a sad thing. I request the Minister to

be very vigilant about it and finalise these negotiations with whomsoever they want to do it.

As was pointed out by the previous speaker, there is entrepreneurship in Gujarat. There is capital; there is knowhow and there is also the initiative and the drive. The people are looking forward to utilise all the by-products of the refineries. But the Ministry is not at all helpful. They say that it is going to be in the public sector. I am not quarrelling with it. But under the pretext of doing everything in the public sector, let us not delay things. Now that this plant will come up with a cracking capacity of 2.25 lakh tons, it is essential to put up the petro-chemical industry as the expert says. The plant will come up and I think we should not lag behind, and with every other phase of the refinery, we should go ahead with our petro-chemical industry also and plan in advance, so that nothing comes in the way of this country which badly needs to save foreign exchange. Dr. Henney has said that this country should spend Rs. 500 crores over the next eight years on petro-chemical industry. If it is not going to do so, looking to the industrial development and the character of the development in this country, it is no good. It shall have to bear the burden of Rs. 140 crores in 1971. It will be a very bad day when we have to foot such a heavy bill so far as the foreign exchange is concerned. Instead of earning foreign exchange and starting other chemical industries, because of want of drive or initiative or because of some negotiations which are protracted and not put an end to as early as possible, this country which wants to save its foreign exchange should not be put to the dismal fate of having to spend Rs. 140 crores on petro-chemical products. So, I request the hon. Minister to finalise these negotiations as early as possible so that our petro-chemical industries develop very fast.

As I said, this Ministry is concerned with very important and strategic

developmental activities of this country. I am sure that in times to come everything will get obsolete but not this type of industry which is going to replace so many traditional things like traditional fibre, traditional wool and so many other things. Only chemicals will fulfil the rising tempo of consumer demands. I wish the Ministry godspeed, and as I said in the beginning, it is in the hands of two young, energetic people. I am sure that without suffering from any obsession or any inhibition, it will go ahead so that it will be possible to exploit all our natural resources to the greatest extent.

Shri Liladhar Kotoki (Nowgong): Mr. Speaker, Sir, I rise to support the Demands of the Ministry. At the outset, I must congratulate the various organisations dealing with the production of petroleum and chemicals which are so vitally needed both for development and defence. With the reorganisation of the Ministry, I have every hope that the process of exploiting our resources will be further accelerated to cope with the growing demand in the country for these vital items.

Before I make certain observations, I would like to draw the attention of the Ministry to the Annual Report which does not give complete information and at places does not give any information at all. But the note in the Demands is more informative than the report. I will refer to paragraph 6 dealing with production. There no mention has been made regarding the gas in the Assam oilfields. Then again in paragraph 10, regarding the technical training institutes, the last sentence says that so far 80 trainees of the Cambay institute have been trained for appointment as rigmen. I think mention should also have been made of the other two institutes—at Barauni and Sibsagar.

Coming to paragraphs 25 and 26, dealing with the pipelines, the pipeline

[Shri Liladhar Kotoki]

from Gauhati to Siliguri is not mentioned there. Where the Barauni pipeline will go is also not mentioned in the report. But in the note we find all this information. I do not want to refer more to this aspect of the question, but I do hope that in future reports, fuller information will be given.

The progress so far made for the utilisation of the natural gas of Ankleshwar and the Assam oilfields has been rather slow. Wastage of this gas should be stopped as quickly as possible. So far as Gauhati is concerned, I do not find any reason why a small plant for the utilisation of the gas for domestic purposes could not have been set up and the gas utilised. I feel very sad when I find the gas in the refinery being burnt. I will request the Ministry to expedite the setting up of a gas plant at Gauhati.

13.12 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

Diesel and kerosene are very important items. The demand for both these items is growing. So, the production of these items should be accelerated. So far as Gauhati refinery is concerned, from the report I find—and I also know personally—that there were some initial mistakes so far as the kerosene plant was concerned and it delayed production for four months. There was again trouble for water-supply. The report says that the teething trouble may be said to be over. In future, all possible care should be taken so that these defects will not delay such vital undertakings.

When the proposal for the Gauhati refinery was first discussed, we suggested that instead of a crude oil pipeline, product pipeline should be taken up and that was then turned down.

Now product pipeline has been accepted. So, my suggestion is that the Gauhati refinery should be expanded to the maximum capacity expeditiously. The product pipeline has already been constructed from Gauhati to Siliguri. If necessary it may be extended to other consuming areas.

Even the expansion of the Gauhati refinery may be limited for various reasons. When that stage comes, I will suggest a second refinery to be set up at Silghat. I mention Silghat because it was at first selected by the expert committee and land was acquired. Some preliminary steps were also taken but, somehow, the site was shifted to Gauhati. I am glad that at least we have got a refinery at Gauhati and as I have already pleaded, its capacity should be expanded to the maximum. I do suggest that we should have a second refinery at Silghat because even the needs of the eastern region for full development and defence will require a very large quantity of petroleum and other products which the expanded Gauhati Refinery alone will not be able to meet. Now that you have taken up the product pipeline, there will be no difficulty to supply the surplus that will be produced in the refineries in Assam to other consuming areas.

There is a feeling in Assam that in private sector industries, local people do not have any sense of participation. That feeling has somehow been directed to the public sector institutions also. For some time, the Chairman of the Indian Refineries was Shri Dev Kanta Barua who was a Member of this House once and now the Education Minister in Assam. I am mentioning this only to show that there will be no dearth of suitable and competent persons from Assam to hold positions of all India importance of this nature. That applies to Gujarat also. My point is that suitable persons should be represented in the

boards of management and also in Selection Committees of public sector industries or enterprises, so that the people in those localities may have a sense of participation in them.

Coming to employment, there is again a feeling that the people in these localities do not get adequate representation. I have a concrete suggestion to make in this direction. So far as Grade III and Grade IV employees are concerned, there will be no dearth of local people, if necessary with some training, being given. So far as Grade II employees are concerned, preference should be given if suitable candidates are available locally.

Regarding training institutes, I have already referred to the lapse in the report. There also care has to be taken to see that the people of the locality get preference in these institutes and they are trained, so that they can be taken over in the public sector or elsewhere after they are properly trained. This lack of training is the real difficulty felt by the Ministry itself and that is mentioned in the report. I am glad that these training institutes have been established and I would suggest that their capacity should be enlarged, so that the gap that we have in the technical personnel may be filled up without delay.

The last point I would like to deal with is about the petro-chemical industries. In the Demands for Grants, it is mentioned at page 21:

"The natural gas produced will be utilised as industrial fuel raw material in the petro-chemical industries and as a domestic fuel."

That refers to the oilfields of Assam. I am glad that a step has already been taken to establish a petro-chemical unit in Gujarat. I want to know whether any step has been taken for establishing a petro-chemical industry in Assam and if so, what is the progress about those steps. If not, may I

request the Ministry to engage their attention to establish this most important industry in Assam.

With these observations, I support the Demands for Grants of this Ministry.

Mr. Deputy-Speaker: According to intimation since received from Members, the following cut motions are desired to be moved relating to the Demands under the Ministry of Petroleum and Chemicals: Cut motions Nos. 1 to 10. Hon. Members may move them.

Shri Sivamurthi Swamy (Koppal): I beg to move:

"That the demand under the head 'Ministry of Petroleum and Chemicals' be reduced by Rs. 100."

[Need to supply petrol and other fuel oils to run agricultural machinery. (1).]

Shri A. V. Raghavan (Badagara): I beg to move:

(i) "That the demand under the head 'Ministry of Petroleum and Chemicals' be reduced to Re. 1."

[Issue of licences to develop synthetic rubber without reference to the Rubber Board. (2).]

(ii) "That the demand under the head 'Ministry of Petroleum and Chemicals' be reduced to Re. 1."

[Policy regarding issue of licences to import natural rubber. (3).]

Dr. M. S. Aney (Nagpur): I beg to move:

(i) "That the demand under the head 'Ministry of Petroleum and Chemicals' be reduced by Rs. 100."

[Establishment of Refineries. (4).]

(ii) "That the demand under the head other revenue expenditure of the 'Ministry of Petroleum and Chemicals' be reduced by Rs. 100."

[Policy at progress of the revision of gazetteers. (5)]

Shri A. V. Raghavan: I beg to move:

"That the demand under the head 'other Revenue Expenditure of the Ministry of Petroleum and Chemicals' be reduced by Rs. 100."

[Need to supply petrol through the Indian Oil Company pumps in Kerala. (6)]

Shri R. Barua (Jorhat): I beg to move:

(i) "That the demand under the head 'Capital Outlay of the Ministry of Petroleum and Chemicals' be reduced by Rs. 100."

[Need to tackle the problem of aromex for Noonmati Refinery. (7)]

(ii) "That the demand under the head 'Capital Outlay of the Ministry of Petroleum and Chemicals' be reduced by Rs. 100."

[Need to tackle the problem of aromex (Iomex) deposit of Noonmati Refinery. (8)]

(iii) "That the demand under the head 'Capital Outlay of the Ministry of Petroleum and Chemicals' be reduced by Rs. 100."

[Need to ensure efficient working of Noonmati Refinery. (9)]

Shri A. V. Raghavan: I beg to move:

That the demand under the head 'Capital Outlay of the Ministry of Petroleum and Chemicals' be reduced by Rs. 100."

[Need to expedite the work connected with the oil refinery at Cochin. (10)]

Shri R. Barua: Mr. Deputy-Speaker, Sir, at the outset, I must welcome Shri Kabir to this Ministry. I hope with his administrative experience he will enthuse and infuse

some amount of purposefulness in this important Ministry.

Petroleum is a very important strategic material both for effective defence purposes and for industrial economy, and in the world today it occupies a very strategic position. Therefore, it calls for a certain amount of care, caution and purposefulness, as I have already indicated.

In America, we know, the oil magnates have an important say in the matter of framing certain policies of the State and they also play an important role in international politics. The Middle-East countries even today are suffering due to this oil problem. True it is that they have enough of oil, but when it is controlled by or interferred by these foreign companies of a very high standing and having very extensive paraphernaia, naturally, they influence the policies of those countries.

Therefore, in our case, we must see where we stand today. During the last 12 years, it must be said to the credit of the Ministry, the oil policy was guided in a very careful way. During the last six years, naturally, we have made ample progress. Our refining capacity was only 0.4 million tons and it has been raised to 8.50 million tons. It is really a great achievement. Measures were also taken and are being taken to establish new refineries and go in for further production in crude oil as well as in other sectors.

From the report we find that sufficient stress has been given on exploration for crude oil. It is also said that we are going to extend our activities to the whole of India. But while saying so we must be conscious about our own limitations. This is a very sophisticated problem. Therefore, it requires very expert know-how, in which we have very limited resources. Again, we want a large number of technical people to

go into this exploration aspect. Thirdly, it involves serious risks. It is a speculative business. Therefore, if we want to do it, naturally, we shall have to seek international collaboration. Unless we get that it will be futile and infantile to jump into a very ambitious programme of exploration of oil.

That again, brings us back to the question of collaboration with foreign capital. My suggestion in this respect will be, before we go in for extensive collaboration we must find out whether we can intensify our activities instead of going in for speculative business and, at the same time, creating political complications. I do not suffer from any exnophobia, nor do I say that no foreign collaboration should be invited. What I mean to say is, if international collaborators are invited to join the exploration business, naturally, they will not come in simply to throw their money without getting any profit out of that. They will naturally need some sort of equity participation in the future industries to be set up. Therefore, this being a very delicate matter, I hope the Ministry will look into it very carefully before they go in for any collaboration.

With regard to our needs, it is said that we are going to produce sufficient petroleum by 1970-71. Our annual production, according to the report, will be to the tune of 30 million tons. That is a good statement to be made. But the question is, what should we do? Should we straightaway invite foreign capital participation or should we proceed rather cautiously to achieve that target. It may be argued from the side of the Ministry that we are spending about Rs. 57 crores—round about that—by way of foreign exchange in importing petroleum and petroleum products. Therefore, if we want to save our foreign exchange, naturally, we shall have to go ahead with the production programme.

This, again, comes in conflict with the future political perspective of the

country. We should not forget that during the last Chinese invasion they had to stop coming to India not because they were not fully fortified but because for fuel supply they had to depend on Russia and when they found it was not possible they had to cry a halt. Therefore, all these implications are there.

Coming to the question of production, I submit that more intensive activities are necessary so far as Barauni and Gahauti refineries are concerned. They are far behind schedule. Gauhati refinery came up long after the scheduled time. Barauni refinery is also far behind schedule. It also reminds me that even in the case of Gauhati there was no perspective planning. Even after it had gone into stream, it had to be stopped because of water scarcity. Water was sought to be pumped from the Brahmaputra and there was no investigation nor any vigilance to detect whether the silting process was going on gradually for years together. Suddenly when it stopped in the month of November there was a report that Brahmaputra shifted its course suddenly and therefore there was water scarcity. I am afraid I cannot agree with this view as disclosed in the report. The silting business was going on there for years together. There was no vigilance on the part of the management concerned. The result was that the entire plant stopped working for days and months involving a huge loss to the country. Even today, I have seen, nothing is being done to have a modern system of self-circulating water supply. Unless that is done, I am afraid the same trouble will land this plant into serious loss.

In the case of kerosene production, I have seen that the iomex deposit there is creating a headache for all. If it continues like this, production of white kerosene will again have to be stopped. After so much of experience and so much of planning I do not understand why these important factors were not taken note of and

[Shri R. Barua]

why there was lack of perspective planning. I hope the present Minister will look into the matter and see that these defects are not only removed from the Gauhati refinery but, also, they are not repeated either in Barauni or in other refineries.

Coming to the management, it is my feeling that people who are in charge of the management are not enthused or infused by a sense of responsibility and a sense of patriotism. There should be some amount of patriotism in these people so that they feel this is a national property and if it fails the nation fails. I hope the present Minister will look into it and see that the right type of people are placed in charge of these refineries so that they can not only run the refineries well but they can infuse a sense of discipline and patriotism amongst their subordinates also.

So far as the Gauhati products are concerned, I have seen from a paper that in the agreement with regard to the sale of products to foreign concerns there are certain loopholes. They have got a production manual and personally I am not conversant with the details of the clauses but I think this is a matter which should be very thoroughly and carefully looked into by experts whether these loopholes can be plugged so that if actually we are losing and going to lose some money in future, that may be saved.

Coming to the petro-chemical complex, we have not so far been vigilant about the importance of this industry. It is very encouraging that the present Minister is taking the right step in going ahead with the petro-chemical aspect of the question. As has already been stated by some of the previous speakers, the petro-chemical industry is going to play a very important role in our industrial economy in the years to come. That is very true. Dr. Henney in his report says that in 1962-63 our import

bill on petro-chemicals was Rs. 40 crores and it will go up to Rs. 140 crores five years hence. He has suggested the establishment of five petro-chemical complexes—Gujarat, Bombay, South India, Barauni and Calcutta. Out of these five Gujarat and Bombay have already been taken in hand by the Ministry. It is really very good that petro-chemical industries will be started in these two places. Though it will involve an expenditure of about Rs. 262 crores I hope they will be started in the other places also very soon.

I attach more importance to petro-chemicals than exploration because exploration is more speculative whereas petro-chemicals is not. It is going to give us a return very soon after its establishment. Therefore, instead of having extensive exploration, let us have more of petro-chemical industries. Of course, I am not saying that we should neglect exploration; it should also proceed in an intensive way, but more profitable investment will be in petro-chemicals.

In this connection, I would like to know why in Naharkatiya the carbon black and synthetic rubber plant have not been established so far. It may be that there is some difference of opinion with the State Government or it may be that there is shortage of gas or gas is going to be diverted elsewhere. In any case, the gas which is produced in Naharkatiya should be properly used. If they cannot establish a carbon black or synthetic rubber plant, let there be some industry which can profitably utilise the gas for productive purposes.

With regard to participation of foreign capital, I find that the Kuwait Government is anxious to have minority participation for the establishment of petro-chemical industries. I hope some negotiations are going on. The House would be very much interested to know the result of those negotiations and how the Government is going to proceed with the Kuwait Government in the matter of such industries in those sectors which I have already mentioned.

With regard to fertiliser, we are yet far behind our requirement. It is very encouraging that Nangal is giving a very good record of work. We must congratulate the management of Nangal Fertilisers for the good work they have done. But, on the other hand, the Sindhri fertiliser has shown signs of cracking. The Minister should take very serious notice of it and see how these symptoms of fatigue can be removed in future. Since we are going to have more fertiliser plants, both in the public and private sector, it is time that we make a proper assessment of our capacity, requirements and how the existing defects can possibly be removed.

Having said this much about the establishment of petro-chemical industries, I should like to submit that proper assessment of the employment potential of such industries should be made much ahead of their establishment. In those regions where these industries or plants are to be put up, there should be training facilities much ahead of the establishment of such industries. Because, when you establish some such industries some skilled hands are necessary for running such industries. If there is no training programme in different skills and trades much in advance, the local people are bound to be dejected and it creates a vicious circle and some kind of discontentment. Politically speaking, we cannot afford to have such discontentment at this stage of our country's economy and political position. Therefore, the Ministry will do well to make an assessment years ahead of the employment potential and then make arrangements for proper training so that as soon as the plant comes into operation the local hands can be utilised in different trades of the industry. I hope the Ministry will examine this question and make arrangements accordingly. I find from the report that some training facilities are provided in different parts. All the same, they are not sufficient to meet the needs of the people. So, the only way of effective-

ly counteracting the discontentment of the local people is to have proper training facilities in suitable places where these industries are to come up.

Shri L. N. Bhanja Deo (Keonjhar): Mr. Deputy-Speaker, Sir, I must congratulate the O&NGC for having located oil fields in Gujarat and for doing similar work in other parts of the country too. But I am not very happy about the progress of work in other areas, specially in Assam. That is why now the search for oil in that area has been given to Messrs. Ruddis, an industrial mining association of Yugoslavia. After the exploration in that area was done to some extent by the Russians. I do not understand why the Ministry did not want to utilise the talents of Oil India Limited, who are also working in that area, especially when in that concern the Government of India and the Burma Oil Company have 50:50 shares. It is also mentioned in the Report that Oil India is doing exploration work in Assam in about 510 sq. miles of area and its activities in that region have been very satisfactory.

Apart from this, their drilling speed and efficiency is supposed to be one of the best in the world. I will, therefore, suggest to the hon. Minister as to why we should not utilise the local talent available there to speed up our activities there. I suggest this because I am very doubtful whether this Yugoslav company will be successful where the Russians have failed before.

In this context I would mention that it is very necessary that we speed up the search for oil not only in that area but in other areas also. I say this because though the Middle East countries want to give us crude oil in which we are deficient for refining purposes, as has already been mentioned by different speakers—specially I will refer to hon. Member, Dr. Sen from Bengal, who initiated the debate—the other countries want to give us oil at cheap rate for refining, probably they do so with certain ulterior motive in the end like what we are facing with re-

[Shri L. N. Bhanja Deo]

gard to the Russian finished products. They gave it to us at a very attractive price in the beginning but now they want certainly to raise the freight charges; thereby what little concession we got at the outset is going to be taken away in another manner, by a backdoor method. So, our Ministry should be very vigilant and see that similar tricks are not played upon us by other countries, whether they are from Asia or from other parts of the world, who try to give us attractive terms in the beginning but who try to boost up the price later. There is already a great controversy about the posting of price in the Persian Gulf area and the oil interests there are already demanding that the price should be put up in those regions.

It is now realised that the consumption of petrol products will be about 16 million tons by 1966 and over 30 million tons by the end of the Fourth Plan period. Unless indigenous oil to that extent is discovered in the country we will always be dependent on the crude supplies from other countries. The setting up of oil refineries will assume greater importance as in Cochin.

The Cochin refinery agreement has been cited as a model agreement and probably that pattern is going to be followed in the Ministry when we set up the refineries at Madras and at Haldia. I am happy that two more refineries will be coming up in the country, but at the same time we should not be very complacent and happy about this model agreement. If we go into the rigidity of the pattern of this agreement which I will now try to put before this House, it is for our consideration whether by actually getting a 51 per cent share and controlling the interest of the company by the rigid pattern of this agreement we are not being deprived actually of certain benefits which probably we would have got if we had even a 50 per cent share just like Oil India.

Though this refinery is set up with 49 per cent capital of the participants

and our interests are 51 per cent, the agreement is not very flexible because it is based on the consumption of middle distillates for which probably there is a greater demand in the country because it is a less developed country and in a developing economy there is bound to be lesser need for middle distillates. But when we have a generating economy our pattern will have changed. It has to be considered whether this refinery could then be adjusted to meet our other requirements of the products that will be in more demand in the country at that time. I say this because it is not always possible to change the pattern of the refinery unless it is based on the most modern concepts and has automatic plants and is flexible so as to be suitable for adjustment of those plants to our developing economy in times to come.

Then, while signing this contract we straightaway signed an agreement with Messrs Philip and Company for purchase of material worth over Rs. 13 crores from that country. As I have stated before, these plants are changing according to the pattern of the development of countries where the petrol by-products are required according to the advanced requirements of the country. In this context I will submit that we hear that in America they are scrapping the uneconomic units. My fear is—I will not be surprised—that one of such units after being repainted may be passed on to us as a new unit to meet our requirements. I hope, the Ministry will be very watchful to this aspect of the question.

The management clauses are so rigid that they leave the affairs in the hands of the Managing Director, who is the nominee of Messrs Philips, for ten years or until all loans are repaid whichever is later. The Managing Director will be virtually controlling the policy and the governance of the Company and in spite of our owning 51 per cent shares we will have very little say in the

matter. I would be very happy to know from the hon. Minister whether this aspect has also been gone into by the Ministry.

Besides this, in the agreement we have assured them of a 6 per cent margin of refining profits on a barrel of crude oil with no guarantee that the cost of production will be such as to ensure a sale price within the ceiling fixed by the Damle Committee. If it exceeds that, then what the Damle Committee has proposed for the country will be practically offset when the prices go beyond what is guaranteed to them by our agreement for refined crude oil.

Moreover, an area has been earmarked for them for the sale of their products. It has also been assured to them that in time to come that may be extended if their whole requirement is not disposed of in that area. I hope, the hon. Minister will examine as to what will be the fate of the products that come out of the refinery at Madras when ultimately that refinery comes into full production if their area is extended. That aspect also has to be examined and, I think, we should not always be too happy and complacent or excited about the agreement that has been entered into in setting up the Cochin Refinery. No doubt, the Ministry did it with the best of interests and to extract greater benefits for our country and the Government. But in the changing pattern, it has also to be examined whether that has to be adhered to while we set up the refineries at Haldia and Madras or it has to be altered to meet our national policies and requirements.

In that context, I would like to bring out another aspect regarding the assurance given in that agreement about the repatriation of the profits which have been guaranteed by the I.D.A. and what will happen ultimately. At a particular time when we are more in need of foreign exchange they may want to repatriate their whole capital during that period of time, so we will have practically no control over the

matter and we cannot effectively stop the accruing profits being taken over by them since they are guaranteed by the I.D.A. So, that aspect also has to be examined carefully.

Having said that, I would like to mention certain things for the consideration of the Ministry regarding the strengthening of the O.N.G.C. which has been doing very good work indeed since it has been set up. But at the same time, I would urge the Minister to say whether the time has not come to examine whether we should have autonomous regional organisations under the policy control of the O.N.G.C. at Delhi as we are doing with the Hindustan Steel where we have set up the steel plants in the public sector. Ultimately the policy and other matters are controlled by the Hindustan Steel, but the regional plants have got certain autonomous powers to go ahead with the work. So, I want to know whether a similar pattern should not be followed to strengthen the hand of the O.N.G.C. so that they could do more effective work in respect of transport and research for oil and research.

I must congratulate the Ministry for what the Oil Ministry has been doing and I am very happy that this petro-chemical industry also has been now tagged on to this Ministry. The petro-chemical industry for some time to come is going to play a very leading role in the development of the under-developed countries and I am very happy that this has now been attached to this Ministry.

Before concluding, I will just draw the attention of the hon. Minister to the setting up of a fertiliser plant in Orissa for which a proposal has come to the Government and it is going to be done through the media of coke and coal industry so that they will have low shaft furnace in Talchar which area is very rich in coal and not only that will encourage the putting up of a low shaft furnace in that area but the by-products will be utilised, such as, urea for fertiliser and other distillates for which there will be great demand

[Shri L. N. Bhanja Deo]

when the port of Paradip is developed fully so that we cannot only meet the necessities of those particular areas but also export them to the South-East Asian countries and other parts of the world.

Having said all that, I am very happy that this Ministry is now under the charge of the hon. Minister who is known to be free from any inhibition and he will do all that is required for the integrated development of the country, whether it be private or public sector so far it is for the good of the country as a whole.

Mr. Deputy Speaker: Shri Alagesan.

The Minister of State in the Ministry of Petroleum and Chemicals (Shri Alagesan): I thought I would be called a little later.

Mr. Deputy Speaker: Shri Maniyangadan.

Shri Maniyangadan (Kottayam): Mr. Deputy-Speaker, Sir, I am glad to support the Demands for Grants of this Ministry. This is a new Ministry as far as the present set up is concerned and I hope that this Ministry of Petroleum and Chemicals will discharge its functions entrusted to it with credit and to the good of the country.

Now, with regard to the research for oil, several hon. Members have made several suggestions. I do not want to go into all those matters. It was recently reported that in certain areas of India there is oil available. I am particularly referring to the information that I am told has been conveyed by the Government of Kerala to this Ministry regarding the availability of oil in the sea-bed from Warkala to Cochin. Some preliminary investigations have been made. But my information is that no serious note has yet been taken of this matter. I would request the Ministry to take serious note of this and do some research in that area.

Regarding this petro-chemical industry, I only want to refer to one

aspect which was already referred to by my hon. friend from West Bengal and that is regarding synthetic rubber. In this connection, I am afraid, the figures given by the Ministry in its Annual Report are not fully correct. They say:

"About 50 per cent of the total requirements of natural rubber is at present being met from indigenous production from the plantations in South India."

According to the figures available from other quarters, namely, the Ministry of International Trade and also from the Rubber Board, the indigenous production meets much more than 50 per cent of the requirements of today. According to the figures available from the Rubber Board, in 1963-64 the total production of natural rubber in the country was 41,000 tons, while the consumption in rubber goods manufacturing industries comes to only 59,000 tons. Of course, there are other varieties of rubber which we have to import also. I am not referring to that. I am only referring to the natural rubber. Then again, the Planning Commission had set up a committee to assess the requirements of natural rubber in India by the end of the Third Plan. According to them, it was 1 lakh tons and I am told this Ministry has assessed the requirements at 1,41,000 tons. I am referring to these figures because I am afraid this Ministry feels or is under the impression that much more natural rubber is needed in the country than what is actually required. I am not against licences being granted to producers of synthetic rubber. But I would point out that natural rubber is produced mainly in South India and there too mainly in Kerala. About 94 per cent of the total production of natural rubber is in Kerala, and the economic set-up in that State will be completely shattered if that plantation industry is put to trouble. It is a matter concerning not just one or two individuals. Of course, it may con-

cern a few large planters, but I should like to bring to the notice of the Ministry that there are more than 66,000 small holdings in rubber and about 600 in plantations. So, it is a question vitally affecting more than 66,000 families, and in addition there are the people employed in them also, whose number will come to about a lakh. So, this question has to be considered in that context.

14.00 hrs.

The question whether we shall be able to produce as much natural rubber as is required for our country is a matter that has to be gone into. I have no objection to that matter being gone into, but what I would submit is that it must be done in an objective way. The Working Group of the Planning Commission and this Ministry have arrived at different figures. I do not know how that has happened. Anyhow, from the figures now available we find that in 1963-64, the total consumption of rubber is only about 80,000 tons. By the end of the Third Plan, it may go up to one lakh tons. I am sure it will never go up to 1.41 lakh tons. As regards the production of natural rubber, the target fixed by the Planning Commission is 45,000 tons. By the end of 1963-64 we have exceeded the target fixed for that period, and our production is now about 41,000 tons. There is no reason to think that the production of natural rubber will not be going up as expected.

In this connection, I may also point out that the total plantation area under rubber is 3,61,142 acres out of which by the end of 1962-63, the total area tapped is only about 20,700 odd acres. So, we find that every year more and more areas are coming under tapping. There are other activities also undertaken by the Rubber Board for developing this plantation industry. The subsidy system for replanting is now working. All these will definitely increase the production of natural rubber. Moreover, the Rubber Board has after some investigation come to the con-

clusion that during the Fourth Plan period, at least a lakh of acres more could be brought under rubber plantation.

Taking all these matters into consideration, we must assess what exactly will be the quantity of natural rubber that is required in India, and then only further licences should be issued. During the Third Plan period, at first a licence was issued to a factory for production of 20,000 tons. Subsequently, sanction was accorded for expanding that factory to produce 30,000 tons, and I am told that now they are thinking of producing 15,000 tons. We find that the price of the synthetic rubber produced in that factory, namely, Messrs. Synthetics and Chemicals, which has been issued the licence, when compared with the price of natural rubber available in India and that of synthetic rubber which we used to import, is too high.

I am also told that the capital cost has gone up to Rs. 18 crores in this company. It is a matter that has to be looked into how the cost has gone up so high. They had technical collaboration from foreign countries also. In spite of that, the sum of Rs. 18 crores, according to me and according to persons who know better, is too much. This is a highly inflated figure. I am told that their idea is to see that by deducting depreciation allowance, by about ten years they may be able to write off about 80 per cent of the total capital. I want that this aspect also should be gone into by the Ministry.

Even now, some natural rubber is being imported for our needs. The system hitherto was that the quantity needed by each manufacturer was assessed by the Rubber Board and then licences were issued to each manufacturer specifying the quantity which he could import. Recently, the Rubber Board, by a resolution, practically unanimously have requested the Government that this system must be changed and that the issue of licences to manufacturers directly by Government must be stopped. The

[Shri Maniyangadan]

Rubber Board or the STC may import the required quantity of rubber and then it may be distributed to the manufacturers to the extent required by them. The reason is this. The price of imported rubber is very low when compared with that of indigenous rubber. So, every manufacturer who has more influence will get a licence for more quantity, so much so that the natural rubber that is produced in the country will not get a reasonable price. Now, I am told that Government have decided that if anybody wants to import natural rubber from outside, he must purchase an equal quantity of rubber out of the synthetic rubber produced in India. The price of synthetic rubber is about Rs. 4.40, while that of the imported rubber is Rs. 2.32. In order to help this particular concern, Government have now asked the manufacturers of rubber products to purchase from this concern at this high cost, and only if they do so, they will be given import licence for importing an equal quantity of rubber at a very low cost. The result of this would be that the producer of rubber here or the plantation industry here would find that their rubber would not be purchased by these manufacturers. I submit that this sort of concession to big concerns is not in accordance with the policy which the Government of India have announced.

I may submit that I am not against private manufacturers; I am not against the private sector, and I have no objection to granting licences to them. But we find that here is a matter where there is no co-ordination. One aspect is under the Ministry of Petroleum and Chemicals, another is under the Ministry of International Trade and a third is under the Ministry of Industry. So, I would submit that when these matters are being looked into, the Ministry of Petroleum and Chemicals, about which alone I can speak just now, must have some idea from the other Ministries also as to what they are doing. I may also submit that

the Rubber Board is a statutory body which has been created for the purpose of development of rubber and for the purpose of looking after the interests of manufacturers as well as the plantation industry. My submission is that the opinion of the Rubber Board must be taken before anything is done in this regard. They are not now being consulted. That must be done and a co-ordinated policy must be followed in order not to destroy the interests of thousands of small holders in the country.

Dr. M. S. Aney: I have moved two cut motions to two Demands of this Ministry, Nos. 77 and 78, and I shall speak on both of them in a general way.

I regard this Ministry's work as of special importance at this juncture in our country and I wish to express my appreciation of the work already done by the Ministry in this direction. The discovery of oil in India was a very important landmark in our economic development. One of the chief objectives of the present Government is to strive for the industrial prosperity of the country and bring it up to a higher state of efficiency. One of the major needs for this industrial development is the easy availability of oil. From that point of view, the discovery of oil in Assam and Gujarat made by the Ministry after long efforts is a matter on which we must congratulate it.

Before I discuss something about the refineries, I want to make a general observation on another point. This Ministry deals not only with technical matters like petroleum and chemicals but also with matters like the International Congress of Orientalists, Wakfs, History of the freedom movement, publication of gazetteers and so on. These are different subjects which do not seem to me to be alike to each other in a natural way.

It has been a matter of surprise for a Sanskrit writer that Panini who was a great grammarian has brought

together in the sutra *shiva, yuwa* and *maghava*:

“इव कुमघोन मतदिर्त्त”

Shwanam means dog; Yuvanam is youth and Maghavanam Indra. Panini has combined all these three heterogenous things. And the poet says:

“इवानम् युवानम् मघवान माह”

Three different and entirely dissimilar things in the universe have been brought together in one and the same aphorism.

Something like that has been achieved by the Government of India by bringing together within the purview of this Ministry all these heterogenous matters. But I am glad it is under the charge of a person who is not only a scholar in one subject but a person of versatile brilliance and I am sure that under his leadership he can do something to bring all these things together to serve a useful common purpose.

I turn now to the question of the refineries. Many of my hon. friends who spoke have given information about it. But I wish to point out this, that after having discovered oil, it was necessary for Government to make some efforts for starting refineries also with pipelines for carrying the crude oil from the oil wells to the place of the refineries. I find there are five or six refineries here—Gauhati, Barauni, Gujarat and Cochin; and two are in contemplation, one at Haldia and the other at Madras. The refineries at Madras and Haldia which are envisaged will have a total capacity of 5 million tons. But I would like to know what shall be our ultimate requirement.

There are also private refineries. Burmah-Shell, Esso and Caltex have been allowed to start their own refineries; on certain conditions, they are permitted to increase their throughput upto 3.75, 2.5 and 1.05 million tonnes per annum respectively.

What I want to know is what shall be the ultimate requirement of our country, when our industries will be in full swing, and whether the efforts that have been made, both by Government and by private efforts, will enable us to be self-sufficient in the matter of our oil requirements. Because this is one of the things which is very essential for our economy.

While considering this matter, there is another factor. Though it may be necessary for us to have foreign collaboration, what should be the relation of these foreign collaborators with the Indian Government? Will it be only a kind of collaboration for oil production or will there be certain terms and conditions incorporated in the collaboration agreements which will in any way encroach upon our sovereign rights and will create difficulties for us or will enable them to have a stranglehold on our economy? This is a point which I believe the Minister will consider. I say this because I find it mentioned that the Burmah-Shell and Esso group of companies have offered to terminate the refinery agreements and to operate the refineries under ordinary industrial licences if Government give them certain safeguards. The proposed safeguards are under discussion'. If it be not against public policy for the hon. Minister to have discussion of the 'safeguard' these concerns should have? I would like him to say, how has he been trying to safeguard the sovereignty of India in collaborating with these foreign companies? This is a point that has to be clarified.

I do not want to speak about other matters, namely, chemicals and so on, because other hon. Members have already touched on them. But I take up the other point in which I feel the same interest as the hon. Minister himself. The first is as regards the recent Congress of Orientalists. Here I have got nothing to say against what has been done. I

[Dr. M. S. Aney]

join with him in saying that it was a good success. Some of the criticisms which have appeared outside emanated out of want of proper information of the kind of work that was done there. It was certainly a very great thing that about 500-600 foreign experts came to India and had been able to establish contracts with workers in the same line in this country. It was a matter of great joy for us to find scholars from distant countries taking a keen interest in Indology, in ancient Indian culture and our past achievements; some of them have able to show more results than what some of our own men have been able to show.

Another thing that struck me as somewhat sad is that our men take an interest in only local questions of Indian culture, and very few of them are able to take up those big questions which are of universal application. However, that was one thing which was a matter to be noted by those who are working in the field of Indian research. From that point of view, the conference has served to broaden the outlook of workers in this country also.

Then, I come to the second point, and that is about the revision of the Indian Gazetteer. Whatever may be said about the British Government,—and I have got very little of good to say—as a humble student of history I am free to confess that much good spadework had been done by them to enable Indian students and scholars to have a proper historic perspective of our past glory. Among the works they have done, I regard the four volumes of the Gazetteer as laying down the very basis of the historic work they have done for India. That India of the British days is no more. Those who made that Gazetteer had ruled India in a particular way, and India had progressed in some ways. They have gone. Not only that. With their departure from India, gone is the old India as it was. India no longer connotes the same geographi-

cal area as it did in those old days. Today India means India of old minus West Pakistan on the one side and minus East Pakistan on the other side. So, we have to revise those old Gazetteers from that point of view.

There is another thing. In the 60 or 70 years since they were published, a lot of new information has come in and new changes have also occurred, all of which have to be properly incorporated and described in our books. I therefore want my hon. friend who is a great student of history and Indian culture, and I may say of world culture, to give particular attention to this and edit these things.

The work then was done by a great Indian administrator of old days, Mr. Hunter, whose name will be remembered by all those who are students of history. I want my hon. friend, the Minister, to give this work to a person with a proper Indian outlook, who has a sufficiently broad view, who can face the truth whether it is palatable or unpalatable to him. I want a frank man of that type to edit these Gazetteers.

I know a committee was appointed—I do not know the names of the gentlemen constituting it—and the two books which have been published by them in the name of Indian history may be good in their own way, but from the strictly historical point of view, we do not find sufficient justice done to the Indian view in writing those books. That is the general opinion, not only of a lay man like myself but of those who have made a study of history and a life study of it. Bearing this fact in mind, I want him not to go the fashionable way in selecting men for a committee of this kind, or to appoint a big man to be the head of it, but to appoint a man who has really made a study of Indian history and has got what is called a genuine Indian outlook, without being under

to anybody else outside. I would request him to find out a scholar of that kind to be the general editor of this work.

I make this suggestion because you are in charge of district gazeteers also. I do not know whether the district gazeteers that have been published in the different States at present, written in the vernacular languages, are being supervised by the body here or not. I have seen and read some of the district gazeteers published in Bombay Presidency. I do not want to say anything against anybody, but I must say that not sufficient care has been taken to see that historic truth, faithful historic truth, is kept therein. A good deal of political bias of one kind or another has entered into the writing of these books, and some of the chapters, particularly in the Gazeteer of the District of Kolhapur, I was horrified to read. Reference was made in that book to the struggle for Indian independence and the part played by Kolhapur State in those days. I do not know whether the Government of India and this Ministry have any responsibility in that matter. If they have, and if they are going to publish district gazeteers, then it is necessary for them to see that no district gazeteer is published by any State unless it has been previously submitted for examination by the Central body which has to do similar work for the whole country, because the books published by the Government from two different places should show a common view before the people of India, and they should not go against each other. That care has to be taken. It is for this reason that I have made a reference to this question of gazeteers.

I shall close my observations with this important remark. This is a department, on the proper working of which depends our smooth economic progress hereafter. The ability that

has been shown is commendable, but much more will have to be done by this department in order to help accelerate the progress of India towards its goal, and I hope that will be done. I once more thank the department for what it has already achieved and give my support to the Demands.

श्री रामसेवक यादव (बाराबंकी) :
उपाध्यक्ष महोदय, मेरा एक निवेदन है आप से। देश के कोने कोने से लाखों आदमी महंगाई, भूख और अकाल से पीड़ित इस सदन के सामने एकरूत्र हैं। मेरा निवेदन है कि आप इस सदन को स्थगित कर दें और माननीय सदस्य और सदन के नेता उनके दुःख को मुर्ते। यह अकाल, भूख और महंगाई का प्रश्न है और बहुत महत्वपूर्ण है।

उपाध्यक्ष महोदय : आप बैठिए।

श्री रामसेवक यादव : **

उपाध्यक्ष महोदय : कोई निवेदन न करें आप बैठिए।

This will not form part of the record.

श्री रामसेवक यादव : **

श्री किशन पटनायक (सम्बलपुर) :
अभी तो कोरम भी नहीं है।

Mr. Deputy-Speaker: In the middle of the debate, no Members can get up like this and go on. He has to give notice and raise any point if he wants to. Otherwise, he cannot raise it. The quorum bell is being rung. There is no question of another speech.

श्री रामसेवक यादव : जब तक कोरम नहीं है मैं आपसे निवेदन किये देता हूँ। मेरा निवेदन सुन लें।**

**Not recorded.

श्री रामसेवक यादव : उपाध्यक्ष महोदय, मैं आप से बड़ा विनम्र निवेदन करना चाह रहा हूँ

Mr. Deputy-Speaker: I am very sorry that the hon. Member goes on like this.

श्री रामसेवक यादव : श्रीमन्, यह एक बड़ा महत्वपूर्ण प्रश्न है और मैं आप से निवेदन करूंगा कि इस तरह के महत्वपूर्ण प्रश्न पर विचार करने के लिये आज सदन को स्थगित करें छोटे छोटे सवालों को लेकर सदन स्थगित हुआ है फिर यह तो . . .

उपाध्यक्ष महोदय : ऐसे नहीं होता है ।

श्री रामसेवक यादव : मेरा निवेदन है कि आप मेरी पूरी बात सुन लें . . .

उपाध्यक्ष महोदय : आर्डर । आर्डर

श्री रामसेवक यादव : मेरी बात तो सुन लें

Mr. Deputy-Speaker: I am not going to allow like that. Please sit down. I will have to take very serious action if the hon. Member does not sit down.

श्री रामसेवक यादव : मेरा निवेदन तो सुन लें । अब इस से ज्यादा कोई गम्भीर बात नहीं है . . . (इंटरप्शंस)

श्री बागड़ी (हिसार) : हंस लो जितना हंसा जाय लेकिन याद रखो कि जिस तरह से भगत सिंह को फांसी देने वालों का आज मुंह काला कर रहे हैं उसी तरह से . . . (इंटरप्शंस)

उपाध्यक्ष महोदय : आर्डर, आर्डर ।

श्री रामसेवक यादव : **

Mr. Deputy-Speaker: Order, order. I have been requesting the hon. Member not to raise points like this. In spite of the direction of the Chair he is disobeying it. These remarks will not form part of the record.

श्री रामसेवक यादव : उपाध्यक्ष महोदय, मुझे इस से बहस नहीं कि यह रेकार्ड में रहे या न रहे लेकिन यह एक महत्वपूर्ण सवाल है . . .

Mr. Deputy-Speaker: I ask the hon. Member to leave the House. You are disturbing the proceedings of the House. (Interruption). I am very sorry. I ask the hon. Member to go out of the House.

श्री रामसेवक यादव : चूंकि आप ने मुझे बाहर चले जाने का आदेश दिया है इसलिए मैं दुःख के साथ आप के इस आदेश का पालन करने हुए सदन छोड़ रहा हूँ लेकिन यह माद रहे कि देश की भूखी और गरीब जनता आप की इस तरह की उपेक्षा और बेवफाई के रुख को कभी भी माफ नहीं करेगी ।

Shri Ram Sewak Yadav then left the House

Shri Ravindra Varma: (Thiruvella): Am I to understand, Sir, that you have named the hon. Member?

Mr. Deputy-Speaker: Yes.

Shri Kishen Pattnayak: On a point of order.

Mr. Deputy-Speaker: No point of order.

श्री कृशन पटनायक : मेरा एक प्वाइंट ऑफ आर्डर है और वह यह कि आप ने जो निर्देश दिया है कि यह तमाम डिस्कशन हाउस की प्रोसीडिंग्स में से निकाल दिया जाये तो उसके पहले तो कोरम की बात उठाई

बई थी इसलिए जब कोरम को आप ने पूरा नहीं किया तब यह प्रोसीडिन्स कैमे चल रही थी ?

Mr. Deputy-Speaker: Now there is quorum. There is no point of order.

श्री किशन पटनायक : इसके प्रोटैस्ट में मैं भा सदन से वाकआऊट करता हूँ ।

Shri Kishen Pattnayak then left the House

श्री बागड़ी : घर तालियां बजाने वालों और खुश होने वालों यह मत भूलना कि जिस तरह से बाहर इविद का मुंह काला कर रहे हैं उसी तरह से जब तुम्हारा मुंह काला किया जायेगा तब तुम को पता चलेगा । दःखी और भूख से पीड़ित जनता तुम्हारा भी मुंह काला करेगी ।

Shri Bagri then left the House.

Mr. Deputy-Speaker: Order, order. **Shri Alagesan.**

Shri Alagesan: Mr. Deputy-Speaker, I should thank the hon. Members who participated in the debate and made very valuable and constructive suggestions. I should especially thank the last speaker, I mean the last speaker who participated in the debate, the Grand Old Man of the House, Dr. M. S. Aney, for having done us the signal honour of participating in this debate and making very valuable suggestions.

On the previous two occasions, during the discussion on Budget demands, I told the House something of the poetry of river and power. In the beginning of the current year I thought I would have to deal with the same theme. As the year proceeded, the situation changed, and I thought I would have to unfold the epic of oil and coal to the House. But, as the year advanced, there was a further change in the situation, and as a result, it is my privilege today to tell the House something of the Romance of chemicals and petrochemicals.

It is rather difficult to define the chemical industry. Perhaps it may be easier to define it in a negative way. All non-engineering industries may be generally called chemical industries. There are more than 10,000 different chemicals manufactured by the chemical industry. A few large-scale chemicals that are fundamental to the chemical industry are: ammonia, sulphuric acid, nitric acid, benzene, phenol, phosphates, etc.

The chemical industry does not always manufacture the end-products of consumer use. It manufactures what are called intermediates. Because of this, the chemical industry as such is little known to the public. But the articles produced by it go more into everyday use than those of any other industry. If you will permit me, I shall liken it to God. Though everything springs from God and He permeates each and everything, still He is not so very obvious or visible. This may be the case with the chemical industry also.

The products of the chemical industry which are raw materials for other end-products may be end-products in themselves and have direct uses. Another interesting feature is that these uses may be very different from one another.

The chemical industry produces everything from products of household use to things like fertilisers, explosives, conventional fuels and rocket propellents. The productive system in the modern world is so interconnected that it will be very difficult to find any manufactured article which does not depend in one way or another upon the chemical industry.

The importance of the chemical industry may be realised when we see how the value of production in the chemical-industry sector has been going up since 1959. It was about Rs. 225 crores in 1959; in 1960 it was

[Shri Alagesan]

about Rs. 272 crores; in 1961 it was estimated at Rs. 326 crores; in 1962 it was estimated at Rs. 365 crores; and in 1963 the estimate is round about Rs. 450 crores. That shows how this industry has been making rapid progress—I mean the chemical industry as a whole, all the industries that are clubbed under that.

Coming to the petrochemical industry, the story of its growth, though recent, is fascinating. And that fact has been very much realised by all the hon. Members who took part in the debate. The very potential nature of this industry for the whole economy of the country has been very well put forward by the speakers that preceded me. The production of petrochemicals in the world grew rapidly only after 1940, that is in the time of the Second World War. In America, though it began a little earlier, it is two decades old. In Europe it is barely a decade old. In Japan it is said to have begun in 1957. But it looks as though the future belongs to it. It is prolific in its offspring. So far, 2500 of them have been counted. It threatens to multiply further. The main products are plastics, nylon fibres, fertilisers, pesticides, synthetic rubber—about which I will have to say something later—medicine and drugs, etc. They are trying to make even proteins, that is food, out of petrochemical. There seems to be nothing which cannot be made out of petrochemicals. It can veritably be called the modern Kamadhenu.

Shri C. K. Bhattacharyya (Raiganj): That is exactly what Dr. Aney said:

“श्वारं युवान मघवानमाहुः”

You have brought together everything.

Shri Alagesan: It fits in exactly for the petrochemical industry. In taking hold of such an industry and laying

the foundations for its growth in our country, we are doing something which is in tune with modern scientific and technological advance made in the world today. It is on a par with our entering the field of the use of atomic energy for power production.

In our country we began to think of the petro-chemical industry only four years ago. It is realised now that plastics and other petrochemicals take their place alongside with other basic industries as steel, chemicals, oil, etc. and it is no longer possible for a developing country like ours to do without an indigenous petrochemical industry. If it is understood that the annual import bill on petrochemicals will be Rs. 51 crores in 1965-66 and will rise to about Rs. 140 crores by about 1970-71, the importance of the petrochemical industry will be obvious. If we do not have one, we will have to spend so much foreign exchange on petrochemicals. One hon. Member was cautioning us that we will be caught in the meshes of foreign capital if we invite foreign collaboration to advance this industry, to establish and to take it further in the country. I can tell the hon. Member that this is one of the industries for which the know-how is very scarce in the world. It is not that everybody could help us and aid us in building the newest of new industries. We have to go in for foreign collaboration. At the same time, there is no question of our putting any shackles on our freedom of action. This has been made clear by the Finance Minister when he said that we, that is, the Government and the public sector undertakings will have majority participation. We will see to it that we retain control in our hands. Certainly we have to concede minority participation; in the field of petrochemicals there is no other alternative but to go in for foreign collaboration if we have the interest of the country at heart.

There were two committees, the Kane Committee and the Henny Committee, which went into the question of development of petrochemical industry. Here, I pay my tribute to the work of these two committees and both to Dr. Kane and Dr. Henny of the French Petroleum Institute, who is a well known world petroleum chemist and who headed a committee and gave us a blueprint on which we could proceed. Dr. Henny has suggested in his report that there should be five petro-chemical complexes in the country: in Bombay, Gujarat, South India, Barauni and Haldia. In Bombay two naphtha crackers of a total of 2.5 lakh tons a year costing Rs. 64 crores is to be established in two stages. In Gujarat it will be one naphtha cracker of 1.6 lakh tons a year and hydrocracker of 1.4 lakh tons a year and in addition aromatic extraction also, costing roughly Rs. 75 crores. This is to be done in four stages. In South India it is a naphtha cracker of 1.7 lakh tons a year in two stages costing about Rs. 66 crores. In Barauni there will be no naphtha cracker but only aromatics extraction; the cost would be about Rs. 5 crores; it will be in one stage. The Haldia complex will be in two stages costing Rs. 52 crores with a naphtha cracker of 2.25 lakh tons a year. This shows the colossal preparation needed for development in the future years. The Henny report is a very detailed and comprehensive study consisting of eight volumes. Currently a working group is going through all these. It is necessary to come to grips with practical problems now and get foreign collaboration. We have to negotiate with them. However much some of the friends on the other side may dislike foreign collaboration or capital, there is no remedy. Already two private companies have been licensed in the Bombay region and another has been issued a letter of intent. This is for establishing a two lakh tons naphtha cracker and also for the manufacture of products like pallythe-

lene etc.. Hon. Members wanted that we should go with greater speed. This is a very new field and we have to proceed with caution; we cannot afford to make mistakes. Yet, we are taking every step to proceed in this direction as speedily as possible. I am myself not satisfied with the progress made. I feel that a very valuable year has been lost. But I assure the House that we will do all that is necessary in this direction and see that the first complex in Gujarat is established as speedily as possible. A decision in principle has been taken and the details, how much foreign capital, how much Indian capital, etc. are under discussion. At present proposals for establishing a benzene toluene extraction unit as the first phase of the Gujarat petro-chemical complex are under examination of Government. The total cost of the unit will be about Rs. 1.58 crores. Contracts for this unit are expected to be concluded within a month's time.

The Finance Minister in his budget speech made the following observations:

"It is of the utmost importance for our economy that enterprises in the public sector should not only make profits, but should make good profits. By that I mean that they should give a good dividend to the Exchequer and yet be able to build up reserves to finance their own future expansion.... When the State begins to provide power and transport, when it owns steel plants, fertilizer plants and machine-building plants, it must make sizable profits out of them, build reserves, amortise loans and provide adequately for depreciation of assets and their replacement, so that the public sector can expand without adding unduly to the tax burden."

These healthy criteria had been laid down by the Finance Minister. If we should have a healthy and sound industrial economy, there is no other

[Shri Alagesan]

way except to follow these criteria. Broadly, these have been agreed to by the House. One or two voices were raised against these. My hon. friend Shri Azad, whom I do not find here now but one need not expect him to be here because he did not participate in this debate, criticised these . . . (Interruptions.) He is a sincere advocate of the public sector and a relentless advocate . . .

Shri D. C. Sharma (Gurdaspur): Do not use the word 'relentless'.

Shri Alagesan: . . . of the public sector. I submit to him and those who think with him that even in the interest of the public sector, it will not be good not to make profits, not to increase the efficiency of public undertakings. The rule he wants to lay down will get a bad name for the public sector undertakings. The public sector, hon. Members know, has many enemies and they lie in ambush and would like to pounce upon it, they are too ready and too willing to pick holes and find fault and get a bad name to the public sector. Give the dog a bad name and hang it.

Shri D. C. Sharma: This dog will bite them.

Shri Alagesan: I felt that Mr. Azad was playing into their hands by opposing this yardstick for the public sector. As one who is in charge of several important and vital public sector undertakings, I entirely agree with the Finance Minister and would like to follow what he has laid down. There are various public sector undertakings in charge of this Ministry: Fertiliser factories, Pimpri anti-biotics factory, DDT factory, etc. All these have been making sizeable profits and have been putting by sizeable reserves in order to finance their own expansion schemes. Just now, I shall detail how that has been done. The Sindri fertiliser factory which is the first to go into production in the year 1952-53 may be taken

up first. The financial results of the working of this unit for the years beginning from 1952-53 and ending with 1963-64, that is, for a period of 12 years, are as follows: the gross profit made by the factory before depreciation and interest on loans comes to Rs. 44.42 crores. The amount set apart as depreciation reserve comes to Rs. 27.08 crores, interest paid, Rs. 3.56 crores and dividend paid, Rs. 4.64 crores. Other reserves come to Rs. 6.66 crores.

The Nangal fertiliser unit went into production only in the year 1961-62. Some hon. Members paid tributes to the working of the Nangal fertiliser unit. It is very right and very correct to say that the factory has been doing very well during its very short existence from its inception. The working of this unit for the past three years shows the following financial results: gross profit before depreciation and payment of interest, Rs. 10.07 crores; amount put in the depreciation reserve, Rs. 6.13 crores; interest paid, Rs. 0.97 crores, and other reserves, Rs. 3.10 crores. In other words, the resources internally created by these two units and available with the Fertiliser Corporation for purposes of expansion come to nearly Rs. 43 crores. If we take into account that the subscribed capital was only Rs. 41.63 crores as on 31-3-1963 and is expected to be Rs. 48 crores as on 31-3-1964, it will be realised that the generation of internal resources by these two units has been quite satisfactory.

These reserves were used to finance expansion projects at Sindri itself to the tune of nearly Rs. 15 crores and towards expenditure on Nangal and Trombay projects to the tune of nearly Rs. 10 crores. So, the profits made by Sindri were also used to finance the new fertiliser projects at Nangal and Trombay.

I would like the Houses to remember that apart from this, an amount of Rs. 2 crores was spent on the planning

and development division of the Fertiliser Corporation of India, which is becoming a very important tool in our hands for designing purposes, for construction purposes, etc. So, that is what these two units have broadly done.

I would like to say a word here about the retention prices that have been given. I know that there has been a demand for the reduction in the fertiliser price. That is true, but somebody else should foot the bill. The general exchequer should foot the bill and not the units themselves. Actually, we are being underpaid; while our cost of production has gone up, we are being underpaid. The present retention prices of the Sindri unit are based upon a study of the cost structure carried out by the Tariff Commission in 1959. Since then, the cost of raw materials like coal—I can give the figures but I do not want to tire the house—gypsum, etc., has gone up. The Chief Cost Accounts Officer of the Government of India has carried out a detailed cost examination, as a result of which the retention prices are expected to go up at least to some extent, if not to the extent recommended by the Corporation. I have taken this into account in calculating the financial results of the last two years because the prices are expected to be revised from 1-4-1962.

Coming to fertiliser production, I would like to confess that we are far from realising the targets laid down in the third Plan. According to the third Plan, the installed capacity has to be one million tons, and the production eight lakh tons in terms of nitrogen. We have already licensed or approved 14 lakh tons; the licences issued come to a capacity of 14 lakh tons. As at present envisaged, the installed capacity may be in the region of six lakh tons and production about four lakh tons only by the end of the Third Plan. This is to be contributed both by the public sector and the private sector units.

I should like to say here that the performance of the private sector in this very vital field has not been up to the mark. The House may remember that there was a very loud demand from the private sector that they should be allowed to participate in the manufacture of fertilisers. And in response to the demands of the private industry in this country, it has been agreed that they should be issued various licences, but the performance has been very unsatisfactory. I do not want to put it more than that. Out of seven units licensed in the private sector, absolutely no progress has been made in four. Three others are coming up rather tardily. In fact, Corba had to be taken up by the public sector because the private party who got the licence surrendered it. I do not mean this as a criticism of the private sector.

Now, this is in the current year the production in terms of nitrogen is estimated at 2.6 lakh tons of which the public sector will produce 2.3 lakh tons that is, nearly 88 per cent, and the private sector only 30,000 tons. Let us note what is happening in the public sector units. The Sindri fertiliser factory which was the first factory in the public sector, is producing about 3,05,000 tons out of a targeted production of 3,33,000 tons, and its production of double salt and also urea is not up to the mark. They fall below the targettd capacity. The difficulty in attaining full production may be pointed out but it will take time.

Briefly, I may say that there are two ammonia plants. One had been installed long ago, and the other is a new plant. In the old plant, we produce even more than the rated capacity. It is expected to produce 96,000 tons of ammonia whereas the production is now more than one lakh tons. But the quality of the gypsum that we are getting is deteriorating day by day. It was planned and designed for a purity of gypsum of 93 per cent. The gypsum used to be brought was in

[Shri Alagesan]

Pakistan. Later on, we had to depend on Rajasthan gypsum. My hon. friend Shri Harish Chandra Mathur is looking at me. The quality is deteriorating day by day. We started with 83 and now it is so, less than 80 per cent. Again, instead of 1.5 tons of gypsum per ton of ammonia, we have now to use 1.9 tons. You can imagine when we have to carry all this gypsum over a thousand miles, what freight charges we have to incur and what amount we have to bring. This is the difficulty with reference to the old ammonia plant. The only way to remedy the situation is to get out of this gypsum process and take to what is called the direct acid neutralisation process or direct contact process. This requires sulphuric acid to the tune of about 950 tons per day.

Shri Harish Chandra Mathur: (Jalore): All your problems will be solved if you locate the industry near the place where gypsum is available, in Rajasthan itself. *(Interruption)*.

Shri Alagesan: It is very easy to be wise after the event.

Shri Harish Chandra Mathur: We have been asking for it earlier.

Dr. L. M. Singhvi: (Jodhpur): It is almost a personal conversation. Let the hon. Minister speak aloud.

Mr. Deputy-Speaker: The hon. Minister is likely to take more time. I suppose. We have to take up non-official business.

Shri Alagesan: I think I should be allowed a few more minutes, so that I may finish now.

Mr. Deputy-Speaker: How much time?

Shri Alagesan: I shall finish within ten minutes.

Mr. Deputy-Speaker: You may take two or three minutes.

Shri Alagesan: Ten minutes.

Mr. Deputy-Speaker: Then you may continue the next day.

Shri Alagesan: I can finish in less than that time.

Mr. Deputy-Speaker: The next day, Monday.

Shri Alagesan: I shall finish within five minutes, because my senior colleague will be speaking on that day. *(Interruption)*

Mr. Deputy-Speaker: Does the House agree to give him a little more time now?

Some Hon. Members: Yes.

Mr. Deputy-Speaker: All right I will give you five minutes.

Shri Alagesan: So we have to take to this direct contact process, which will mean putting up a sulphuric acid plant, which the Pyrite and Chemical Development Company Limited at Sindri proposes to do. The amount of capital cost will not be more than Rs 25 lakhs. The second ammonia plant is in trouble and it is that plant which is not able to produce its rated capacity which is about 63,000 tonnes. The reasons why it is not able to produce more than 40,000 tonnes are two-fold: one is lack of enough reserve and spare equipment and the other, the more important, is the non-availability of all the 10 million cubic feet of coke oven gas, which is the basic raw material for production of ammonia. If I get Rs. 7 lakhs of foreign exchange to get some spares, etc., I can produce Rs. 50 lakhs worth of fertiliser, which I am not able to do now. We are trying hard to get this foreign exchange. In order to get the full benefit of the coke oven gas, we have to instal two more lean gas generators. There are at present four lean gas generators. But the lean gas produced out of these is not enough. If we succeeded in finding foreign exchange and putting up two more additional lean gas generators and if the coke

oven gas is utilised for the production of ammonia, we will attain the full production of 160,000 tonnes.

15.00 hrs.

As I said, the Nangal Unit is doing very well. It is expected that it will even exceed the targeted capacity of production this year.

Regarding the Rourkela Fertiliser Factory, I should admit that it is a very sad example of bad planning. It was planned that that should be the biggest factory in terms of production of nitrogen. An hon. Member from Orissa was pleading for another fertilised factory in Orissa. I would like to tell him that the Rourkela factory in Orissa is the biggest fertiliser plant in terms of nitrogen, but even so, we are not able to get the needed coke oven gas for running all the four streams. We are not getting gas even to run one full stream. Even if the volume of gas is there, the hydrogen content is not there. So, we are not able to get even 25 per cent in that. I personally went into this question. I wanted to see that more gas is made available. Certain arrangements were made. A promise was made that it will be done, but unfortunately, it has not been done. The only remedy for this is to instal a naphtha reforming unit, so that the necessary gas is produced either by naphtha or by the present coke oven gas arrangements and we may be able to run all the four streams and produce fertilisers to the tune of nearly half a million tons.

I will say a word about the working of the Pimpri unit of the Hundustan Antibiotics limited. It has been doing very well. Somebody said the collaborators did not pass on the secret.

Shri D. C. Sharma: It is doing splendidly.

Shri Alagesan: As the senior hon. Member, Shri D. C. Sharma,

puts it, it is doing very splendidly. The research department at Pimpri has also developed two anti-fungal antibiotics, Hamycin and Dermostatin, which have proved to be effective in treating fungus infection. There is a demand for this even from foreign countries and they are prepared to pay royalty also. A unit for producing these antibiotics on a commercial scale is also being established. This factory from out of its own internal resources financed its expansion. Starting from a capacity of 9 MMU of penicillin in 1956-57, today its capacity is 60 MMU and it is going to be taken up to 84 MMU. In this factory, from its own resources, a new streptomycin plant of 40 to 45 tonnes capacity per annum is being put up and that is also going to be expanded to 80 to 90 tonnes.

Mr. Deputy-Speaker: He may leave the rest to his senior colleague.

Shri Alagesan: Thank you, Sir.

15.05 hrs.

COMMITTEE ON PRIVATE MEMBERS' BILLS AND RESOLUTIONS

THIRTY-SIXTH REPORT

Shri Hem Raj (Kangra): Sir, I beg to move:

"That this House agrees with the Thirty-sixth Report of the Committee on Private Members' Bills and Resolutions presented to the House on the 9th March, 1964."

Mr. Deputy-Speaker: The question is:

"That this House agrees with the Thirty-six Report of the Committee on private Members' Bills and Resolutions presented to the House on the 9th March, 1964."

The motion was adopted.