

LOK SABHA DEBATES

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LOK SABHA

Tuesday, November 18, 1980/Kartika,
27, 1902 (Saka)

The Lok Sabha met at Eleven of the
Clock

[MR. DEPUTY SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

Upset of Oil Supply due to Iran and Iraq conflicts +

*21. SHRI B. V. DESAI:

SHRI TRIDIB CHAUDHURI:

Will the Minister of PETROLEUM,
CHEMICALS and FERTILIZERS be
pleased to state:

(a) whether the Iran-Iraq conflict
has upset the oil supply to India;

(b) if so, whether Government
have made any efforts to fill the gap
of crude oil due to this conflict;

(c) if so, to what extent this has
been achieved;

(d) which are the countries who
have helped India to overcome this
difficulty;

(e) whether these countries have
charged very high rates in compari-
son to the rates at which we were
obtaining oil from these two countries;

(f) whether in view of this Gov-
ernment have introduced economy
measures for its domestic use; and

(g) if so, the details of the same?

THE MINISTER OF PETROLEUM,
CHEMICALS AND FERTILIZERS
(SHRI P. C. SETHI): (a) to (d).
There has been some dislocation in
our crude imports due to Iran-Iraq
war. However, efforts are being
made to cover up the gap by arrang-
ing supplies from elsewhere to the
extent required. It is expected that
supplies of imported crude oil to our
refineries would be maintained. It
would not be in the national interest
to divulge further details.

(e) No, Sir. The price paid for
Government to Government purchas-
es in line with those fixed by the
Oil Producing and Exporting Coun-
tries.

(f) and (g). State Governments and
Union Territory Administrations have
been advised to introduce a suitable
system of controls in respect of high
speed diesel oil and kerosene to meet
all the essential needs of the com-
munity, within the levels of allocation
made, and to take the most vigorous
steps to curb malpractices in the
sale and distribution of these pro-
ducts.

SHRI B. V. DESAI: The hon. Mi-
nister's reply is very vague. In fact
the Government of India ought to
have known through its channels such
as Embassies and others that the
relationship between Iraq and Iran
is deteriorating and any day war
may break out. With this informa-
tion and expectedness, I would like
to know why they put all eggs only
in these two baskets. Out of 16 mil-
lion tonnes of crude which we were
to import, we were dependent upon
these two countries to the extent of
12.7 million tonnes. Why not other
sources were explored in time and
the prices were not fixed?

SHRI P. C. SETHI: It was difficult on the part of this ministry to envisage that war would break out between Iraq and Iran. They were our traditional suppliers from very good times. But there is no cause for any alarm. Whatever supplies are cut down on account of this war, we will try to make up from supplies from other sources.

SHRI B. V. DESAI: At what cost?

SHRI P. C. SETHI: Government to government level.

SHRI B. V. DESAI: My question not been replied. Was it not known in time to the Government of India that relationship between these two countries had deteriorated. In all business prudence why did they not explore the possibility of other sources well in time? That is the first part of the question.

You will not allow me the next question. That is why I would like to have the question split up into 'a' and 'b'.

MR. DEPUTY SPEAKER: Mr. Desai, you are conscious of it. I am satisfied.

SHRI B. V. DESAI: Actually, Sir, it was well within the reach of prudent governmental authorities, the Embassies, etc., to note that basically these two countries were on war path and that out of all the other oil exporting countries—there are umpteen number of countries around the world—out of 16 million tonnes we were expecting 12.7 million tonnes from these two countries only. That is number one. Secondly, Government to Government he told—it is not an answer actually—it has to be paid for on the spot at the spot rate and what an amount of money—foreign exchange—is being drained out of the country! All other commodities are dependent upon these petroleum products and a little intelligence and

awareness on the part of the Government of India would have averted the catastrophe for the country.

AN HON'BLE MEMBER: It is a good question.

SHRI P. C. SETHI: The question is really good. I hope you would appreciate the answer also.

Sir, as far as the supply of crude is concerned, not only at the Ministerial level but right from the Prime Ministerial level we have been in touch with friendly countries. She had been writing to the Heads of States, delegations have gone abroad to Mexico, Venezuela, Saudi Arabia and to Kuwait. I went to Libya with her letter and therefore it is not proper to say that no efforts are made to get oil supplies from other countries. Whatever we were getting from Iran and Iraq also we were paying OPEC prices. Similarly, whatever crude we are getting from other friendly countries we are paying OPEC prices, and the shortfall will be covered by purchases.

MR. DEPUTY SPEAKER: Mr. Tridib Chaudhuri.

SHRI TRIDIB CHAUDHURI: The Minister says that efforts are being made and correspondence is under way with friendly countries and we also know—today we have seen in the papers—that even the Finance Minister had to run to Saudi Arabia and some of the Arab-Gulf countries and previous to that there was a news leakage from the Petroleum Ministry that Soviet Union had already promised to make good the shortfall. But it seems from the itinerary of various Ministers to various countries—petrol producing countries—that our efforts have not been very successful as yet. Of course, we know that so far as this year's imports are concerned, round about twelve million tonnes a major part has been obtained. Only if there is

little shortfall about one to two millions, perhaps that can be made good by spot purchases at higher prices or some short term supplies from friendly countries, but is he in a position to say that from the next year these 12 million tonnes—of course our consumption of crude is expected to go up—will be made good? Is he in a position to make that assertion now?

SHRI P. C. SETHI: Sir, the Soviet Union had never promised to give us the entire shortfall on account of the Iran-Iraq war. They had agreed to supply during 1980, 1.5 or 1.7 million tonnes. They have agreed to make good the remaining quantity from the Black Sea Ports. Now we have made a further request to the Soviet Union that instead of 1.5 million tonnes they should give additionally another 1.5 or at least one million tonnes more. So, that would be only 2.5 million tonnes from the Soviet Union. For 1.5 million tonnes, we have entered into an agreement which has been recently signed with Mexico. Our team is in Kuwait since the last two days to sign an agreement at the invitation of the Kuwait company. Another delegation, at the invitation of the UAE company, is going to UAE on Saturday. The Finance Minister was just in Saudi Arabia. Our Petroleum Secretary had recently been to Venezuela. Therefore, we are in touch with all friendly countries and I do not think it is at all difficult to make good the shortfall. It is only 11 or 12 million tonnes to be covered.

DR. SUBRAMANIAM SWAMY: The hon. Minister just informed the House that delegations are going to all the countries with oil surpluses and asking them to make commitments to make good our shortfall. The Minister in his list of countries has missed out one country which has plenty of oil surplus, i.e., People's

Republic of China. I would like to know whether the Government propose to send any delegation to China for oil or is it that because he is afraid of the Soviet Union, he is not going to do that?

SHRI P. C. SETHI: Dr. Swamy's contention that we are afraid is not correct. We are not afraid of anyone, including China. If China is prepared to give us crude and if it suits our conditions, we would certainly send a team, because I know Indonesian crude does not suit us and Indonesian crude and Chinese crude are more or less similar. But if they make an offer, we would certainly send a team. Wherever our teams are going, they are going at the invitation of the respective companies.

SHRI XAVIER ARAKAL: May I know what is the capacity of our internal production? Secondly, are we going to take strong steps to get oil from Assam? These two questions may be answered properly.

SHRI P. C. SETHI: Our capacity to produce oil this year from Bombay High would be at the rate of about 6.5 instead of 5 million tonnes. Crude production from the Gujarat oil fields would be in the vicinity of 3.5 million tonnes. Regarding Assam crude we have at the moment started a limited operation of cleaning the pipe lines. As far as further supplies are concerned, that is a larger issue, not to be decided by this Ministry alone.

SHRI NIREN GHOSH: It has been reported that the Bhandari Mission has gone to several countries. If so, what are the results of those visits? In order to make good the shortfall, may I know whether you are making any spot purchases? If so, what purchases have you made and at what price per barrel? Is it also a fact that for the spot purchases being made by India, the price is 2 to 3 dollars higher than the amount paid

to West Germany and Japan? After December, it is reported that the gap will be 1 million tonnes per month. How are you going to make up this gap?

SHRI P. C. SETHI: We have purchased only 1.2 million tonnes in spot purchases. It is true that the OPEC prices for Saudi Arabia are 30 and elsewhere it is 32 dollars, while the average purchase price of spot purchases of 1.2 million tonnes is round about 36 dollars.

As far as the question of shortfall is concerned. I have just now said that we are trying to make up the shortfall by Government to Government purchase from various countries.

SHRI NIREN GHOSH: Through which agency you are making spot purchases? What are the names of the firms through whom you have made these purchases?

SHRI P. C. SETHI: The methodology of purchase on the spot is to invite tenders from reputed companies. We do not pay any commission or any charges for any service. It is a party to party contract between a company and the Indian Oil Corporation after bidding tenders and the party concerned has to give 5 per cent bank performance bond for the performance of the contract.

श्रीमती कृष्णा साही : उपाध्यक्ष महोदय राष्ट्रीय और अन्तर्राष्ट्रीय समस्याओं को मद्देनजर रखते हुए यह स्पष्ट है कि तेल की प्राप्ति में काफ़ी वठिनाइयों का सामना करना पड़ रहा है। मैं जानना चाहती हूँ कि अपने देश में तेल उत्पादन के लिए सरकार कौन-कौन से कदम उठा रही है ?

SHRI P. C. SETHI: We are taking a number of measures. I am happy to say that the crude production from Bombay High is being stepped up and from Bombay High we are likely to reach the production figures

of about 13.5 million tonnes by 1984-85. Similarly, efforts are on to step up production from on-shore wells by secondary methods. We hope to get about 8 to 9 million tonnes of crude from on-shore. Furthermore, we are giving various areas to ONGC and Oil India for oil exploration because hydro-carbons have been found in many of the Areas and exploration is to be intensified. Over and above this, we have invited bids for giving certain blocks to foreign companies. These companies are expected to start exploration by September/October.

SHRI CHANDRAJIT YADAV: Because of the unfortunate war between Iran and Iraq, the Government is facing lot of difficulty in getting crude and it is approaching a dozen countries to meet our requirement of crude. But has any proper assessment been made of our requirement of petrol, HSD, diesel, petroleum products, category-wise for the year 1981? For how much quantity we have been able to find market till now? Or how much quantity we have been assured by this time? Is Government also thinking, in the very difficult situation, to reconsider the distribution system and also fix up priorities so that unnecessarily these now very rare and difficult commodities are not wasted. Is Government also thinking of introducing rationing in certain aspects so that we should see that we are not wasting our petrol, diesel and other products?

SHRI P. C. SETHI: We have got the assessment of our requirement for the year 1981. The requirement for the year 1981 would be of the order of 31 million tonnes of crude and about 7.5 million tonnes of petroleum products. Out of this, we hope to get from our own country about 14 to 15 million tones and 16 million tonnes are to be imported.

As far as the petroleum products are concerned, about 7.5 million tonnes are to be imported. Now, we are

trying our best to get these products from Government companies of various countries whom we are approaching. We are confident, Sir, that we will be able to make up the shortfall. We have no intention of introducing rationing. That would create more problems. But, at the same time, we have urged the State Governments to streamline their distribution system and to see that there is no misuse.

Low Production of Fertilizers

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*22. SHRI CHHANGUR RAM:

SHRI V. S. VIJAYA RAGHAVAN:

Will the Minister of PETROLEUM, CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that the fertilizer plants in the country have been operating much below their rated capacity and the losses in the production of fertilizers have been mounting;

(b) if so, the estimated loss and loss in terms of value at the international price in the production of fertilizers anticipated during the current financial year;

(c) the reasons for the sharp decline in the production of fertilizers as a result of (a) above; and

(d) the estimated quantity (with value in terms of foreign exchange) the country would have to import to meet the shortage in fertilizers because of decline in the domestic output?

THE MINISTER OF PETROLEUM, CHEMICALS AND FERTILIZERS (SHRI P. C. SETHI): (a) to (c). The production of fertilizers has been seriously affected in 1980-81 due to a number of factors such as power cuts, power problems, disruption and stoppage of feedstock supplies to a number of fertilizer plants in the wake

of the Assam agitation, labour problems, etc. The loss of production as a result of these problems is estimated to be about 7 lakh tonnes of nitrogen, valued at Rs. 300 crores.

(d) The gap between demand and indigenous production is met by imports. It is not in the public interest to disclose the estimated quantity and value of imports for the current year.

श्री छांगुर राम : उपाध्यक्ष जी, माननीय मंत्री जी ने अभी स्वीकार किया है कि फर्टिलाइजर के उत्पादन में देश में कमी हो रही है लेकिन उन्होंने यह बताने से इंकार किया है कि देश में मांग की पूर्ति के लिए वे कितना फर्टिलाइजर विदेशों से मंगायेंगे और उसकी कितने रुपये लागत होगी। इस बारे में उन्होंने कहा है कि यह बताना जनहित में नहीं है।

उपाध्यक्ष जी, यह देश की एक सर्वोच्च संस्था है और यहां इसके बारे में बताना वे ठीक नहीं समझते। 18 नवम्बर को डिप्टी मिनिस्टर फाइनेंस का बयान आता है कि 15 सौ करोड़ रुपये की लागत का फर्टिलाइजर सरकार बाहर से मंगاتی है। यह उनका बयान है। 23 अक्टूबर को प्रधान मंत्री जी ने फर्टिलाइजर से सम्बन्धित मीनीयर आफिसर्स की मीटिंग बुलाई थी और उसमें उन्होंने कहा था कि हमारे देश में फर्टिलाइजर का उत्पादन कम हो रहा है और इस तरह से दो हजार टन यूरिया का प्रतिदिन उत्पादन कम हो रहा है। इसकी लागत अन्तर्राष्ट्रीय बाजार में 40 लाख रुपये है और इस वर्ष इसकी कमी को पूरा करने के लिए हमें एक हजार करोड़ रुपये का फर्टिलाइजर बाहर से और मंगाना पड़ेगा।

उपाध्यक्ष जी, यह चीज अखबार में आ जाती है और मीटिंग में कह दी