

15.01 hrs.

MOTION RE: ANNUAL REPORT
OF INDIAN REFINERIES LIMITED

Shri D. C. Sharma (Gurdaspur): I beg to move:

"That this House takes note of the Annual Report of the Indian Refineries Limited for the period from the 22nd August, 1958 to the 31st March, 1959, laid on the Table of the House on the 11th March, 1960."

I rise to speak on this motion and initiate this discussion with very mixed feelings. In one way I am glad that this motion on the pioneering attempt in our nascent oil industry is being made by me. But, at the same time, you will find that the report for the period from the 22nd August, 1958 to the 31st March, 1959 has been signed among others by my hon. friend,—as for so many other hon. Members,—the late Shri Feroze Gandhi. The fact that he is one of those who have signed the report has a very tragic significance for me as for so many other hon. Members. I do not know what he would have made of the Indian Refineries and what great contributions he would have made to work this project. It is unfortunate that he was cut off in the prime of his life and it is unfortunate that he did not live to see the full fruition of his efforts. It is also tragic that he could not live to give his drive and energy to this very noble venture, that our country has undertaken.

While initiating this discussion, it is very difficult for me to forget him. He was a prince among men and a king among parliamentarians. If he had been born in America he would have been a great business executive; if he had been born in United Kingdom he would have been by this time a member of the Cabinet. But he chose to serve his country in many ways and brought to bear on it his sense of patriotism, his sense of

business efficiency and his vision for the future of this country. Therefore, while speaking on this report, I wish to pay my homage to this great patriot, this great parliamentarian and this great gentleman who was entrusted with a task which is full of untold possibilities for the good of India.

15.03 hrs.

[MR. DEPUTY-SPEAKER *in the Chair*]

This is a venture of its own kind. While our country has done pioneering work in so many other fields, I think the work in this field is one of the most commendable that has been done. When I think of the oil map of the world, I feel that this oil business is a kind of imperialism. Our country has always been against imperialism, and though we have liquidated political imperialism, it has not yet been possible for us to liquidate this kind of economic imperialism. When I survey the world, I find that there are so many giant cartels and so many mammoth companies and so many big concerns exploiting the resources in oil of other countries. What profits they made is not possible for me to say. I cannot go into the economies of oil exploitation, but I can say that with the question of economics is also bound up the question of peace.

These oil companies are on the one hand making use of the helplessness of certain under-developed countries of the world and on the other hand they are, indirectly if not directly, trying to fan in some ways the flame of war. It is because this is an age of energy and this kind of energy is required not only for our daily use but also for the big machine of war that this world is bringing into being.

I think it was a very happy idea of the Government to have refineries of its own. It is true we have foreign refineries in this country, and they would have liked to expand their

capacity and to add to their business. They have money and the technical knowhow and all those things. But our Government which has sometimes taken very bold decisions took the bold decision of having these refineries in the public sector. I think this is a very momentous decision, a decision of a far-reaching nature, a decision which will bring us rich harvests of many kinds in the days to come.

The Burmah-Shell was there; the Standard Vacuum was there; the Caltex was there. They have already their refineries in Bombay and Visakhapatnam. But it is good that we have been able to set up parallel refineries in the public sector, and I visualise the day when the work of oil refining will be in the hands of the public sector and when we will be able to do away with the foreign companies by giving them very good compensation as is provided in our Constitution. I am not generally in the habit of paying compliments, and I do not think any compliments will be paid to anybody. Still, I think the Minister of Mines and Oil deserves some compliment for bringing this into being. There are some uncharitable newspapers which have called him the Minister of War instead of Minister of Oil. I am very happy he has been called Minister of War, because he has been waging a war on behalf of the public sector and in the free India of today there cannot be a more righteous and more deserving war than this war.

I now come to some of the points I find in this report, which is the first of its kind. I have no doubt that as time passes, the report will gain in volume, interest and accumulation of details. But even as it is, it gives enough material. I will take up the Board of Directors first. I would very respectfully submit that the Board of Directors should be constituted in such a way that there are three types of men in that. Firstly, there are public men. Shri Feroze Gandhi and Shri Bhagvati constitute

the element of public men. Then, there should be persons who have business experience of this kind. We have IAS and ICS people and though they are very able, I believe this business management is not always to their taste; it is not always in keeping with their aptitudes and is not always warranted by their experience. There should be some persons who can bring to bear on the deliberations of the Board the economic aspect. I think there should be some technical men also. After all, the work of exploiting and refining oil is a very technical matter. You may say you will keep the technical men in the background and get their experience from behind. No; I think in free India, technical men should have a better deal and they should be entrusted with this kind of work, so that our refineries have all those elements to direct their efforts which are needed.

I am very happy that we are going to have two refineries, one in Assam and the other in Bihar. I am very happy that the refinery in Assam will be functioning by the end of next year. 1961 will see the fruition of the efforts that we have been making. I am also happy to find that the refinery in Bihar will be functioning by the end of 1963. All these are very good signs. But I would request the Minister not to remain content with these two refineries.

I think Gujerat needs a refinery and Gujerat should be given its chance. After all, we have discovered oil at Cambay and other places. As we have considered the claims of Assam and Bihar, similarly we should give due weight to the claims of Gujerat. I have been reading in the papers that South India also wants a refinery. If possible, South India should also have a refinery.

Shrimati Parvathi Krishnan (Coimbatore): Punjab also.

Shri D. C. Sharma: I do not speak for my State; you will speak for my State. I hope you will be sportsman

[Shri D. C. Sharma]

enough to do that. Therefore, we should try to expand this refinery business as much as possible.

The agreements that we have arrived at with the Rumanian Government and with the U.S.S.R. are good as far as they go. They are charging us 2½ per cent interest. I do not know what rate of interest is charged by others who lend us money; I think they charge us a much higher rate of interest. I am also happy to find that the Rumanians are going to take upon themselves the training of persons in the art or science of erection, maintenance and operation of these refineries. From the report, I find that already about 50 engineering graduates and diploma-holders have been sent to Rumania. I also learn—I speak subject to correction—that most of them have come back and have started work.

But I do not find any mention of the training programme which the the Soviet Union is going to undertake for the purpose of these refineries. Perhaps that may be there and that may come into being afterwards. There may be a kind of appendage to the agreement which we have already signed with the USSR. But my feeling is, so far as the training programme under the Soviet agreement is concerned, it is not very clear. It is said:

“The Soviet organisation is also to assist in bringing it to the rated capacity, and depute to India for such purposes Soviet specialists, train specialists, and skilled workers in the USSR and associate them in the design of the Oil Refinery.”

But I do not know if any steps have been taken to have this thing materialise.

I would not be too much of an optimist if I say that we should try to be self-sufficient so far as supply of technicians in this country is con-

cerned. Our own people should master the technique of erection, supervision and all that, so that we have not to depend all the time upon other countries. In so many ways, we are trying to acquire the necessary know-how and I hope the Minister of Mines and Oil will be able to tell the House some day that we have been able to provide the requisite training to our men in our own country. Training is very essential for things of this kind.

I find a great deal of money has been spent on travelling expenses and establishment. I do not know what the implications of that are. For instance I find that the establishment is going to cost us about Rs. 88 lakhs and the travelling allowances have also cost us about Rs. 88,000. I would say that the travelling allowances and the establishment charges should not have taken such a big slice of the money that has been invested on it.

Then, I have been reading some very unseemly controversies in the press. For instance we have established two refineries in the States of Assam and Bihar. I have been reading in the press, and I speak subject to correction that the citizens of these two States want that every employee of these refineries should be a national of that State. That, I think, is provincialism carried to a very excessive degree. I hope I am wrong, but I have read it in the papers and nobody seems to have the courage to contradict it. I would suggest that the Minister should make these concerns all-India concerns which should reflect the character of the whole of the country, after giving due weight to the States in which they are situated. These refineries should give us the impression of the unity and oneness of India and they should not give us the impression that they are provincial concerns, managed by provincial people and meant mostly for the benefit of the States in which they are situated.

I feel that these oil refineries are going to do us a lot of good. We are going to save about Rs. 40 crores of foreign exchange when the refineries go into full production. Also, in future the adjustment of prices, royalties and so on will be done at our suggestion. I also think that these refineries will give a fillip to road transport and will reduce the pressure on the railways. But I would say that if we want to have up to date refineries we should establish pipelines from the east to west. I think the conveyance of oil by pipelines will be much more economical than by railways or roadways. I think that such a scheme is inherent in the nature of business that we have undertaken of setting up these refineries.

I will now say a few words about the workers. The township is still in the making in Assam. The township in Bihar is yet a paper scheme. I hope when the townships are established something will be done for the workers also. Here I find from a book which gives an idea of the refineries of various countries how many amenities they give to the workers. There are regular wages, vacation pay, holiday pay, pay for days of rest, housing allowance, benefit of welfare, thrift plan, death benefit, educational expenses, medical and hospital expenses, sickness and accident benefits and recreation and other benefits. I hope the workers in our refineries will also have a similar deal and that the story of the Hindustan Steel, as reported in the press, will not be repeated. I read in the papers that the Hindustan Steel has contravened the provisions of many labour laws in many respects and the reply of the Minister, I respectfully submit, was very evasive. I would say that a proper and generous deal should be given to the workers.

I want to conclude with a quotation from the *Guardian*, of London or *Manchester*, I do not know.

An hon. Member: *Manchester Guardian*.

Shri D. C. Sharma: It used to be called *Manchester Guardian*; now it is only *Guardian*, I am sorry to say.

15.25 hrs.

[SHRI MULCHAND DUBE in the Chair]

That correspondent says that the oil business in our country has fought three battles and has been successful in all these three battles. In the first place, the oil companies used to think that the price of oil cannot be touched but we were able to get reduction in the price of oil. At the same time, it used to be stated that we must stick to getting oil from some of the well-known countries of the world, but we bought Russian oil below the Gulf prices and we brought down the prices. Thirdly, we are now becoming bulk suppliers of oil from bulk buyers. This is how the correspondent of *Guardian* has put it. These are the three small battles and the fourth battle will come when we think of having all these refineries in the public sector.

If there is a case for the nationalisation of any industry, I think there is the strongest urge to nationalise the oil industry in my country and also to nationalise the refineries. Perhaps it may not be possible for us to nationalise the oil industry just now and it may take some time. It is bound to come but it will take some time. I hope the day will not be far off when we shall be able to have all this oil refining business in the public sector. With these words, I commend this Report for the consideration of the House.

Mr. Chairman: Motion moved:

"That this House takes note of the Annual Report of the Indian Refineries Limited for the period from the 22nd August, 1958 to the 31st March, 1959, laid on the Table of the House on the 11th March, 1960."

Now, Shri Hem Barua.

Shri Braj Raj Singh (Ferozabad):
I have got to move my amendment.

Mr. Chairman: The amendment is:

"the Government should nationalise the various oil companies operating in India;

the Government should attempt to reduce the selling rates of different types of oils sold to the consumers."

I think both of them are out of order, because they go beyond the scope of the original motion.

Shri Braj Raj Singh: That is not the point. As a matter of fact, if, according to the motion, we were only to discuss the report on the refineries, there will be no purpose in discussing this motion.

Mr. Chairman: Whatever that may be, the amendment given notice of by the hon. Member is beyond the scope of the motion and, therefore, disallowed.

Shri Braj Raj Singh: What is the motion? The motion is for discussing the oil policy of the Government of India.

Mr. Chairman: I can see what the motion is. As it stands, this amendment is out of order.

Shri Braj Raj Singh: I can understand that part (a) of my amendment which says that the Government should nationalise the various oil companies operating in India might be declared as out of order. But what about part (b) which says that the Government should attempt to reduce the selling rates of different types of oils sold to the consumers?

Mr. Chairman: By this motion we are only taking note of the report of the Indian Refineries Limited. There is no question of the prices being reduced or the rate being lowered or

anything of that kind being done. I am, therefore, definitely of the opinion that the amendment is out of order.

Shri Braj Raj Singh: Shall I be permitted to speak at least?

Mr. Chairman: Let him finish.

Shri Hem Barua (Gauhati): May I on this occasion, Sir, pay my humble tribute and respect to the memory of Shri Feroze Gandhi who, as the Chairman of the Board of Directors of the Indian Refineries Limited, brought to the institution the benefits of his inspiring leadership and dynamism of his personality? He was a man of deep vision. He possessed great insight and abilities of organisation. We, with the Indian Refineries Limited, deeply mourn this loss.

Oil is going to decide the destiny of this country and Shri Malaviya who presides over the Department of Oil is surely going to be India's man of destiny. But then there is the conflict of mind so far as the administration of oil in the private or the public sector is concerned. There are today operating in this country four refineries and all these four refineries are organised, managed and administered by foreign oil interests. In between them they refine crude oil to the extent of 5.5 million tons. Except the refinery at Digboi, the other three refineries have to depend entirely on their own sources of supply. This has brought one thing to prominence and that is that these foreign oil interests control not only the market but also the prices of crude oil. Often it is found that the prices of crude oil that they charge do not reflect the price of crude oil obtaining in the Gulf area. Because they enjoy a monopoly of refining oil, the Government have to approach them from time to time for the reduction in the price of crude oil commensurate with the Gulf price. This, I would rather say, is an obnoxious tendency and this reflects the tendency on the part of these foreign oil companies to control the entire oil

business in this country. This is a sad commentary on the state of things that the foreign refineries even refused to refine Russian crude oil. Even the biggest refinery at Bombay with a refining capacity of 2.6 million tons refused to do it. That is why I say this is a sad commentary on the state of affairs in this country. These monopolists control our market and our business so much so that ultimately the Government had to reverse the decision of importing crude oil from Soviet Russia. This exposes one thing.

Another thing, which is very important, is that when we came to a decision to import crude oil from Soviet Russia immediately, on the heels of it I would rather say, these foreign companies, particularly, the Burmah-Shell offered a reduction in the price of crude oil to the extent of 7½ per cent and Stanvac and Caltex followed suit by a reduction to the tune of 5 per cent. This exposes our helplessness.

Another factor comes to my mind and that is that when the IOC wanted to dispose of the Russian diesel oil to the Bombay Electricity Supply and Transport Undertaking, Stanvac came into the picture and offered lower tenders. This is because Stanvac and Caltex enjoy what is called a protective duty and our Government have tried their best because of the circumstances obtaining today in the world market to see that these protective duties are not at all warranted. But may I say that the Government have so far failed to bring these foreign companies to a reasonable frame of mind *vis-a-vis* the prices operating in the world market. This means a drain on our foreign exchange and the pity of the piece is that Stanvac has of late entered into an agreement with Pakistan without any protective duty whatsoever.

The destiny of India is going to be decided by the prospects of oil in this country because oil moves the wheels
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of civilisation as much as it moves the wheels of war. When some newspaper described Shri Malaviya as the Minister of War, possibly that newspaper had that idea in its mind. Whatever that might be, we want the Government to adopt a basic oil policy unfettered by extraneous considerations and circumstances. We must not allow the history of the Middle East to be repeated and re-enacted on the soil of India. That would be a bad day for us. In order to achieve this I would say that the foreign oil interests in this country must be made to conform to the national needs and aspirations and the mind of the country.

We have rather launched a venture of industrial expansion and because of this leap forward that we have visualised through these ambitious Five-Year Plans we should see that our interests, particularly in the avenue of oil, are safeguarded and are not allowed to be frittered away according to the whims of these foreign oil companies operating in this country.

The Planning Commission has come out with a computation and according to the computation of the Planning Commission by 1966 India's oil requirement would be to the tune of 14 million tons. Out of this it is expected that 6 to 7 million tons would be provided by the oil fields in Naharkatiya. The hon. Minister in his statement said that it is 12 million tons, but the Planning Commission's statement is 14 million tons, I suppose.

The Minister of Mines and Oil (Shri K. D. Malaviya): The Planning Commission's estimates, as I remember, is much less than 12 million tons. It is perhaps ten million tons.

Shri Hem Barua: When I read the hon. Minister's statement that it is 12 million tons by the end of the Third Plan and came to know that it is 14 million tons according to the Planning Commission I also had a conflict in my mind. Then I thought it better

[Shri Hem Barua]

to go by the Planning Commission's computation rather than by Shri Malaviya's. Possibly he was making a statement in a public place and it is difficult for one little head to carry so many things.

About the other oil fields in the country, they are expected to produce 2 to 2.5 million tons. It is only the residue of this computation that we shall have to import from abroad. I would say that all possible sources of oil must be tapped in order to make this country self-sufficient. I congratulate the hon. Minister for trying to do this in a very serious way. In that case alone when we have to import crude oil from abroad the rate is expected to be cheaper than the rate that is charged by the foreign oil companies at present. This would substantially save our foreign exchange also.

About the residual oil requirement I would say that our import policy must not depend so much on the import of refined products from foreign countries because that would mean a heavy drainage on our foreign exchange. I would say it must be the residual crude oil that is to be imported. In order to put this into effect there must be an expansion of the capacities of the refineries that are visualised in the public sector. The Government have visualised, for instance, two refineries. One refinery, the Gauhati refinery, will be on stream by December, 1961. They have visualised another refinery at Barauni. But I would say that they should visualise two more refineries at least—one at Gujarat in order to refine the crude oil that will be made available from the field at Cambay and another a coastal refinery, I would rather say at Cochin, so that our imported crude oil if we have to import for our Plans might be refined in the new refinery. It must be borne in mind that several other items like high speed diesel oil, furnace oil, kerosene, gasoline, and bitumen are not to be imported and

foreign exchange spent on that because these things come out in the process of refining crude oil.

Crude oil has been discovered in Cambay. I came to know—my information may be wrong—that there is a proposal to refine the crude oil at present available in Cambay in the refinery at Bombay managed by foreign oil interests. If that is so, I would say that that would again come within the ambit of their influence. This also shows the lack of foresight on the part of the Government, if I may say so. I understand that Burmah Shell have approached the Government again with a proposal to expand its present refinery from 2.6 million tons to 3.9 million tons. This is an obnoxious tendency, because in that case, the oil market is controlled more and more by these oil companies. Rather than their influence getting decreased, their influence gets increased.

What about oil in this country? I would say that private ownership, after investing Rs. 100 crores, possibly controls 80 per cent. of the oil market in this country and in the face of that, Government does not have sufficient or effective or adequate machinery for distribution of this oil. On the success of the public sector ventures depends the destiny of India. Because, the private sector has powerful allies all over the world. It is a very sad thing to note that a very eminent economist like Prof. Galbraith has described our socialism as post-box socialism. I would say that they have got all over the world powerful allies monopolists, who would like to undermine our efforts.

About the Gauhati refinery, this would be on stream by December, 1961. This is going to be a baby refinery with a refining capacity of 75 million tons. A second refinery is to be at Barauni. Both of them would work with the crude oil available at Naharkatiya fields. May I know what was

the purpose or what was the consideration in having one single refinery bifurcated into two? For instance, the refinery at Nunmati, Gauhati, is supposed to be an economic unit, if a small refinery could be an economic unit, a bigger refinery would also be an economic unit for all intents and purposes. As far as I remember, it was an expert committee which recommended a refinery originally either at Gauhati or Barauni or Calcutta. This committee said that the refinery would be economically feasible in any of these places. Therefore, I do not understand the decision of the Government. The two refineries would work the crude oil from the same field. This would increase the capital cost. Government have taken a lot of time in deciding the sites. That has also involved expenditure. At the same time, it is understood that Government is still of a divided mind so far as Barauni refinery is concerned. Barauni site was selected with expert advice from Indian and Russian sources. About the Gauhati refinery, I heard that the original estimate that was made with the help of Rumanian experts was made without details, without selection of site, without ancillary facilities that may be made available to the refinery by the State. Therefore, that estimate of Rs. 10.5 crores is not a final estimate. Therefore, I would request the Government to make a fresh estimate of the expenditure likely to be involved in this refinery so that this refinery might serve as a model for other refineries.

Shri D. C. Sharma referred to the employment policy of the refineries. I would say that the employment policy that was pursued by the Gauhati refinery initially was haphazard and slipshod. I am very sorry to say that it is this policy that had a part in the disturbances in Assam. It is quite legitimate for the sons of the soil to demand a share in the working of the refinery. It is quite legitimate for the sons of the soil in Bihar and Assam to have a share there, especially the sons of the soil in Assam because they belong to a backward agricultu-

ral State. The refinery is going to constitute the nucleus of industrial revolution there. I want to make one thing clear. So far as West Bengal is concerned, there is legislation to find proper opportunities of employment to the sons of the soil both in the private and public sectors. In Assam, no legislation is on the anvil like that. But, the demand of the people there is opportunities for the sons of the soil. By sons of the soil, they understand not like the people in West Bengal, people who are indigenous to the soil, but their idea is more comprehensive. They mean by this those people who have permanent interests in the State.

I must congratulate the Minister, and especially, Shri Feroze Gandhi, for, he understood the implications of this demand. In the light of this understanding, he tried to put the record straight. I only hope and trust that Shri K. D. Malaviya, with his broad vision and wide outlook, would follow the same steps.

Mr. Chairman: Shri Vidya Charan Shukla.

Shri Mahanty (Dhenkanal): Is there any time-limit?

Mr. Chairman: I think he will take 7 minutes.

Shri Vidya Charan Shukla (Baloda Bazar): Mr. Chairman, the first annual report of the Indian Refineries gives a very interesting picture. I am happy that the refinery is going on right direction. I would join with the rest of the Members of this House in demanding that at least two more refineries should be set up in our country during the Third Plan period. One of them is already contemplated. But, in my opinion, the installed capacity of the refinery is much too insufficient to cope with the oil potential of the region, and the Ministry must give very serious consideration to expanding the capacity of the proposed Cambay refinery. It goes without saying that these two refineries must be established in the public sector. There is no question of any private refineries coming into India any more.

[Shri Vidya Charan Shukla]

The Minister is credited with having said that he would prefer to import refined products rather than import crude oil and refine it here, and the argument used by him is that our pattern of consumption of petroleum products is such that if we import crude oil and refine it here, it will increase the imbalance of various petroleum products that we already have. I fail to understand why it is not possible with suitable technical adjustments in the refineries themselves to alter the kind of products that we can get out of them. I am not a technician. But, I suppose that with suitable alterations in the design of the refinery, it is possible to have more diesel oil than petrol, or it is possible to have more kerosene oil than ordinary petrol. After all, we are not going to depend on the imports of refined petroleum products. Sooner or later, as we see, we are going to be self-sufficient in the production of crude oil in our country. I fail to understand how after that, the Minister is going to remove the imbalance because our crude oil production from our own oil fields is going to be the same as we might import. As a matter of fact, if the Minister's stand is taken to its logical conclusion, it means that to remove the imbalance in the production of petroleum products, he will go on importing refined petroleum products from abroad even though we might be self-sufficient in the production of crude oil because if we process our own crude oil it might increase the imbalance. So, it is better that we plan our own refineries in such a manner that the crude oil that is imported is refined into suitable petroleum products to suit our demands.

The other most important consideration regarding the establishment of two more oil refineries is the element of time. The country knows well that the oil find in Naharkatiya was firmly established in 1953, and a potential of 2.5 million tons of crude oil has been established till today, a potential which we have not been able to exploit because we do not have refineries

of our own. This has cost us at least Rs. 170 crores in foreign exchange, because this much of crude oil we have had to import from abroad. As the Oil and Natural Gas Commission is doing a splendid job, I suppose within five or six years we will have enough crude oil of our own to refine. I do not want the country to be faced with the prospect of having to wait for four or five years again to have enough refining capacity to refine that oil.

The important point is that if these two refineries are established in the public sector, they can, to begin with, refine the imported crude oil; later, we can stop the import of crude oil and switch on to our own production as soon as it is established. The loss of time which we had to face in the case of the Naharkatiya oil will not be there if we have the two refineries ready by the end of the Third Plan.

Shri Mahanty: The first report of the Indian Oil Refineries presents no picture whatsoever, encouraging or discouraging, except the picture of the model of the Gauhati refinery and the picture of the hon. Minister. It has no further significance except reporting that the Noonmati refinery will go into production towards the end of 1961 and the Barauni refinery by the end of 1963.

A pertinent question arises in this context. In their last annual report, the Ministry of Oil had given us an assurance that the Noonmati refinery would go into production by March, 1961. I invite the attention of the hon. Minister to page 35 of the Report of the Ministry of Steel, Mines and Fuel.

Shri K. D. Malaviya: Yes, I said March, 1961. I own that still.

Shri Mahanty: So, somebody must explain now why there is going to be a delay of about eight months in commissioning this plant. One is apt to remember here the adage "once bitten, twice shy" in the context of the delay that has taken place in our steel projects. Time being short, I will not

further dilate on it except to state that I am prepared to enter into a bet with the hon. Minister that this refinery will not go into production by the end of 1961.

Shri Ansar Harvani (Fatehpur): It would be illegal.

Shri Mahanty: It would be legal because it is made on the floor of the House.

Shrimati Parvathi Krishnan: And in the absence of the Finance Minister.

Shri Mahanty: That is because his report also conveys only this dismal picture.

The agreement with the Government of Rumania was entered into on 20th October, 1958. Thereafter, we had to take long six months to decide on the site. With all humility, I ask the Government: if in matters of such great moment like the production of oil they take six long months to find out a site, how can we expect that the entire structure will be ready by the end of 1961? We find from the report that only Rs. 1 crore out of the Authorised capital has been issued. Out of Rs. 10 crores, or whatever is the estimated cost, we do not know how much has been invested. We only learn that some spadework has been going on. I have got my own premonitions that we might not be able to complete this project by the end of 1961.

Another question also comes to my mind in this context. Why are preliminaries not taken up before we decide upon such projects? I venture to think that the attitude of opening a *pan* shop has come to bear upon the production of oil in this country. That should not be the attitude. People glibly talk of production of oil. Oil has got four important aspects. The first is exploration. Petrol is virtually an elusive pimpernel. By the time you reach the site, the oil has moved further away. Tons and tons of money are necessary if we are going to survey our four lakh square miles of oil deposits in the country. The second

aspect is the production of crude. The third, of course, is refining, and the fourth is distribution. I venture to submit in this context that the various organisations that we have got in the sector of oil lack co-ordination to be able to produce satisfactory results.

The pundits of the Planning Commission have allotted the fantastic sum of Rs. 175 crores, and they expect that this country would be self-sufficient in oil production, but any knowledgeable person knows that in countries like Columbia, America, Sumatra and elsewhere, millions and millions of dollars have been spent merely in locating these oil deposits, and the percentage of dry wells is so great that it will belie the optimism of the most robust amongst us.

We have an arrangement with Oil India to lay pipelines to Barauni and Noonmati. The hon. Minister would possibly assure the House that by the time the oil refinery in Noonmati is complete, Oil India would be in a position to lay all the pipelines to Noonmati so that the crude is transported, because if the pipelines are not ready and the plant is erected of course there will be nothing to refine except our own hopelessness.

I shall conclude by paying my wholehearted compliment to the hon. Minister for the dashing manner in which he is trying to solve one of the basic problems of Indian economy, namely oil.

Shri Khadiolkar (Ahmednagar): As the time at my disposal is very short, I will be brief and just try to stick to my points. On this occasion, I cannot but remember my friend, the late Feroze Gandhi. Because of his association, I have given some thought to this oil business, and I must express my gratitude to him.

Now, we are entering the oil business, and there is an illusion that exploring for oil will lead us to prosperity very soon. I want to warn the hon. Members as well as the hon. Minister about the dangers and pitfalls

[Shri Khadilkar]

in this business. I will refer to some points on which I hope the hon. Minister will throw some light.

The first question is this. We are planning for two refineries, but so far we have not decided anything about the price of crude. I say this because in international publications, it is given that the price of crude per barrel is about 25 cents. And the so-called international selling price is 1 dollar and 85 cents. So far as our agreement is concerned,—India Oil L.d. is, of course, a part of the Burmah Oil Co. and ourselves—nothing has been decided; it has been kept vague, whether the determining factor for the crude oil that will be utilised here will be on the basis of cost of production or the price of similar crude oil imported here, or the international oil price. This point is very important, because Burmah Oil Company is taking oil from the Naharkotiya field and the adjoining field as well.

16 hrs.

We are also entering the field of distribution. So far Assam gets supplies from the Digboi refinery. What are we going to do as regards distribution? Is there any planning in this regard? For, it is a question of getting tank wagons. Today, tank wagons, I understand, are being controlled by a committee where the foreign oil interests dominate; and even in respect of the foreign oil that has been imported, difficulties are placed, as regards tank wagons, by this committee, so far as I know. Assam will be supplied by the Digboi refinery. From that centre, part of Bengal, North Bihar and U.P. are being supplied. So, the question of transportation with a tenuous railway link with Assam is a very important bottle-neck. Unless we clear it off, it is no use thinking in terms of oil. This is another aspect to which the hon. Minister must give some thought.

In this connection, I would like to point out that we have imported some kerosene as well as high-speed diesel

oil. But I feel, and Government also know it, and the Minister also will have to say something on this matter, that there is no installation, and there is no arrangement so far as distribution is concerned. And we are supposed also to distribute these products in a particular way; otherwise, we shall have to pay high charges for tankering. What arrangements for storage and distribution have Government made and what arrangements are they going to make in future?

My next point is this. Some hon. Member just now asked when the oil refinery will be complete. So far as the Rumanian plant is concerned, I have nothing to say against it. They have helped us. But I learn that there is some difficulty, which is there not only in this but in our chemical industry also. The Russians have copied the Western designs. I would like to know what type of refinery we are ultimately going to get? If they supply one of the copied patents, then the international patent law will be violated. I want to know whether there is any truth in this, and whether the final design would produce the definite quality that is required in the circumstances or not. That aspect also must be fully clarified.

Now, I come to the selection of sites.

Mr. Chairman: The hon. Member should try to conclude now.

Shri Khadilkar: I shall just mention the points. I am not going to deliver a speech. So far as the plant near Gauhati is concerned, Government have selected one site. But so far as the site in Bihar is concerned, still, a controversy is going on. There were committees for selection, but I do not know whether they have made any final selection, without any objection as regards site. I personally feel that there are demands from Orissa, Madhya Pradesh and everywhere. Everybody wants a refinery in his own State. They consider refinery as something which would add to their prestige and prosperity. But that is not possible, because there are also other

factors to be considered. It was because of local pressure that you had accepted a refinery in Assam, which was not necessary, in my view, if we were to apply our minds scientifically.

Shri K. D. Malaviya: I hope Shri Barua is not here to listen to this.

Shri Khadilkar: When we speak here, we speak for India. If I am going to be over-patriotic as regards my own region, I am not going to help planning in this country, nor am I going to help you also in your effort.

Shri K. D. Malaviya: My hon. friend has to convince Shri Barua.

Shri Khadilkar: I am saying that this kind of thing is not good. The unfortunate part is that you always yield to local patriotic pressures. You must stop doing that henceforth. That is the only point.

Then, there is the question of pipelines, because all your schedule depends upon that, about 250 miles for the Noonmati refinery from Naharkotiya and about 720 miles for the Bihar refinery. Here also, you have a contract for laying these pipes, with a foreign concern. I do not know whether Rourkela will be able to supply those pipes during this period. My humble submission is that there is likely to be a gap either way; either the refinery will be ready, but the pipe-lines will not be ready, or the pipe-lines will be ready, but because of the patents and other things, difficulties may arise, and the refinery may take a long time. I do not know what will happen. Some clarification is called for on this point also.

We just now heard about the amendment to the original motion. It is not for me to say anything about it. But nationalisation is very difficult, because we have entered into a contract for 25 years, and considering how these foreign concerns have now capitalised their assets, it would be difficult for us even to take over Digboi. That is what we shall find if we go into the capital structure of all these companies.

Leaving this aside, I now want to ask a question regarding the products of the refinery. I am told that furnace oil is being sold outside the country at a lesser price than even crude oil. What is this kind of thing happening? Can you not control this? These contracts were made with these two refineries in Bombay. I learn that they have entered into contracts with Pakistan now with different conditions; certain most objectionable conditions that were imposed on us have been removed in the agreements with Pakistan. So, I would appeal to the hon. Minister to clarify this point also here and now.

So far as motor spirit is concerned, we have a surplus of it. We are short of kerosene, high-speed diesel and other things, but motor spirit will be definitely a surplus product. Would the hon. Minister give a thought to entering into a barter agreement with Pakistan in respect of this product? We are trying to get some *sui* gas from them. Can we not supply motor spirit to them in exchange? That would be economical from the point of view of planning.

Mr. Chairman: The hon. Member should conclude now.

Shri Khadilkar: I cannot exhaust all the points, but I am not going to make a speech; I shall just mention one or two more points.

Shri S. M. Banerjee: Is there anybody to listen to the hon. Member? It is most unfortunate that such an important thing is being discussed here, but there is no quorum in the House. It is most unfortunate that people are not either interested in oil or they have not got the charm for oil.

Shrimati Parvathi Krishnan: That shows the confidence that hon. Members have in the hon. Minister.

Shri Khadilkar: I wanted to refer to many important aspects, but I shall just mention one aspect of the matter. Undertaking the planning for refineries and the discovery of new oil fields are very good things. But mere discovery

[Shri Khadilkar]

of oil by itself means nothing. It is a good thing that we have got oil fields for the supply of raw materials, but that by itself has no meaning. Therefore, instead of getting over-enthusiastic about it, I would appeal to the hon. Minister that he must give some thought to the question of planning from a long-term point of view in order to avoid the contingencies to which I have referred; by having installations and by otherwise creating an atmosphere for a parallel distribution system for oil in this land, for, then alone will he be able in some way to impress on the oil monopolists who are operating in this country that we mean business. Here, I might remind the hon. Minister that according to the contracts entered into with them, the distribution of whatever they produce is their concern, and Government cannot interfere therein, if I have understood it aright. This also is an aspect which the hon. Minister must clarify.

Shrimati Parvathi Krishnan: I am thankful to you for giving me this opportunity to speak after the points that Shri Khadilkar made in the speech that he did not make.

With regard to the Report, it is certainly a very attractive-looking Report, and the photograph of the Minister that is there also adds to the beauty of it, no doubt. At the same time, I feel that the Report does not go far enough, nor does it give sufficient details as to why there is this very slow progress in the development of oil refineries and the Indian Refineries Limited.

As my hon. friend, Shri Mahanty mentioned, one of the most important aspects that strikes one on reading the Report and on having read the earlier speeches, statements and reports that we get from the Minister and from the Ministry—and this point does strike one very forcibly—is that it is very important today that there should be much more integration between the

various arms that exist in the Oil Ministry. For instance, we have the Indian Refineries Limited, then we have the Oil India Limited and then there is the Oil and Natural Gas Commission, all these carrying out their various tasks with a certain specific object in view. But by and large, as was quite apparent from the speeches that were made also, all these issues are linked up. They all have one common goal. Therefore, it is certainly necessary that there should be much closer integration so that the work would be more centralised and also when these things come up for discussion here we are in a position to have a more comprehensive picture before us of the general oil position in the country.

For instance, when we take up the question of the refineries and their progress, immediately the issues that come up in one's mind are those relating to storage and distribution. Time and again, we find during discussions in this House, and in news items appearing in the Press the question of distribution and storage coming up like King Charles' head, whenever there happens to be a certain crisis in our progress towards fulfilling the oil plan that we have before us. Therefore, I would appeal to the Minister to give serious thought to it. Today when we are on the eve of the Third Five Year Plan, with all the experience that we have behind us and the experience that he has had from his visits to various countries and the consultation with the foreign experts and foreign consultants who come here, it should be possible to evolve this integration so that apart from other things we in Parliament are also in a position from time to time to have a very comprehensive picture of the position of the refineries, exploration, distribution, storage etc., and we are able to have a more complete discussion. Otherwise, what happens is that we have such unfortunate happenings as the ruling out of Shri Braj Raj Singh's amendment, because that

is an aspect that certainly merits discussion and it would be valuable if we could take up such a discussion and have the issues thrashed out.

With regard to the question of an oil refinery in the south, this has also time and again been taken up in the House. We see, as the requirements of the country are increasing and as we are progressing with our Plan, how important this issue is becoming so that we have a more balanced proportion and are in a better position so far as storage and distribution are concerned. So I would request the Minister to give this matter serious consideration and not look at it purely as a demand being put forward on parochial considerations. Of course one did hear for five minutes a very poetic dissertation on the question of sons of the soil by Shri Hem Barua. I do not know why he forgot the daughters also. But this question of the sons of the soil is there, but I would not like to go into that now. I would appeal to hon. Members to see that where these major public sector concerns come up such as steel, oil and so on, we should have a really patriotic, national approach towards it. It is not just a question of the baby being nursed by one particular State or one area or another. After all, it is the country as a whole that these public sector industries are going to benefit. They benefit all of us.

Therefore, the issue really is whether the plan of having technicians trained is going on apace, whether our resources as far as technicians are concerned are being tapped systematically and whether those technicians are being given the conditions of work and the opportunities of training required so as to enable them to do their very best. If that is done, if they are helped in this manner, then certainly I feel that we will be able to progress very rapidly in our various public sector concerns. I also feel that if the integration of the various arms is effected, the parochial approach will

fade away and a more overall all-India approach will become more and more the pattern of the day.

Lastly, in the limited time allotted to me, I would say one thing. We have had all sorts of new nomenclatures given to the Minister. One moment he is an Oil King; at another time he is made a Minister of War prancing round in a Don Quixotic way with silver white teeth; at another time we are told that he is a Man of Destiny—that is what Shri Hem Barua called him. We keep on having these various nomenclatures bestowed on him, but to me he is plain Shri K. D. Malaviya, Minister of Oil. I would not like to be a profit, nor would I like to have anything that I may say thrown back in my face.

Therefore, I would appeal to him to take into consideration all the suggestions that have been made to him in all seriousness and help to give more clarification on this question—the difficulty of crude oil prices, the difficulty of storage that has been facing us and the policy Government have in mind with regard to increasing the number of refineries in the public sector. It is only after we see in actual practice what our achievements are that we will finally be able to decide whether he is a King, a Minister or a Man of Destiny or all the three rolled into one.

श्री ब्रज राज सिंह : सभापति महोदय, सर्व प्रथम मैं श्री फ़िरोज गांधी को जिन्होंने न बड़े परिश्रम, लगन और साहस के साथ इस काम को शुरू किया था, अपनी श्रद्धांजलि अर्पित करता हूँ और आशा करता हूँ कि जो काम उन्होंने शुरू किया था उसे आगे अचच्ची तरह से बढ़ाया जायेगा ।

यहां पर बहुत सी बातें कही जा चुकी हैं । मुझे दुख है कि इस मोशन के अन्तर्गत मेरा संशोधन स्वीकृत नहीं हो सका । नियमावली के अन्तर्गत मेरा संशोधन भले ही स्वीकृत न हो सका हो लेकिन सरकार के सामने यह

[श्री ब्रज राज सिंह]

एक मुख्य प्रश्न अवश्य है कि तेल के सम्बन्ध में वह क्या नीति अपनाने जा रही है। १९५६ के औद्योगिक नीति सम्बन्धी प्रस्ताव के होते हुए भी जो कुछ चल रहा है, ऐसा लगता है कि वह सन्तोषजनक नहीं है। यद्यपि बार बार तेल मंत्री महोदय घोषणा करते हैं कि १९५६ के औद्योगिक नीति सम्बन्धी प्रस्ताव के अन्तर्गत तेल पब्लिक सैक्टर में आता है लेकिन फिर भी हम देखते हैं कि प्राइवेट सैक्टर बढ़ रहा है और इस वक्त भी जो प्राइवेट सैक्टर का आधिपत्य है हिन्दुस्तान के तेल पर वह भविष्य के लिये बहुत खतरनाक सिद्ध हो सकता है। इस के सम्बन्ध में मैं दो एक बातें कहना चाहता हूँ। कुछ भी करार हुआ हो, कोई भी एग्रीमेंट हुआ हो सरकार को कोई न कोई ऐसा कदम उठाना चाहिये, कोई न कोई ऐसा तरीका निकालना चाहिये जिस से हम तेल पर अपना पूरा कब्जा पा सकें। मुझे कहने की जरूरत नहीं है कि तेल ने दुनिया की राजनीतिक में क्या महत्वपूर्ण हिस्सा अदा किया है। हम सिर्फ यह चाहते हैं कि हिन्दुस्तान में भी कहीं मुसद्दक की घटना न दोहराई जाये, या जो कुछ क्वैत के शोख के साथ हो रहा है, वैसा न हो इस लिये ऐसी तेल नीति को हमें निर्धारित करना चाहिये जिस से कि निश्चित रूप से तेल पर से विदेशी आधिपत्य को खत्म कर के हिन्दुस्तान के सारे तेल को हम पब्लिक सैक्टर में ले सकें। जब तक ऐसा नहीं किया जाता है, हिन्दुस्तान के लिए एक खतरा सना रहेगा। भले ही मेरा संशोधन थोड़ा न हुआ हो लेकिन मैं चाहता हूँ कि मंत्री महोदय इस पर गम्भीरतापूर्वक विचार करें कि हम कितने सालों के अन्दर हिन्दुस्तान के सारे तेल को, चाहे उस का वितरण हो या उस की जांच पड़ताल हो या कुछ और हो, अपने कब्जे में लेने जा रहे हैं। जहां तक कीमतों का सवाल है, हम देखते हैं कि हिन्दुस्तान की सरकार ने अगस्त, १९६० में एक कमेटी मुक़र्रर की है, उस कमेटी को यह तय करना है :

"to examine the principles and elements according to which the selling prices of various petroleum products in India should be determined after 1st April, 1961."

मैं जानना चाहूंगा कि इस कमेटी ने अब तक क्या कार्य किया है और यह कमेटी किस दिशा में कार्य कर रही है? चूंकि यह कमेटी मुक़र्रर की हुई है इसलिये मैं इस बात से सहमत नहीं हूँ कि हम अगले काफी सालों तक तेल की कीमतों के सम्बन्ध में, जो कि विदेशी कम्पनी दे रही हैं, कोई फैसला नहीं कर सकते हैं

श्री के० वे० मा० चौधरी : किस कमेटी का जिक्र है ?

Shri Braj Raj Singh: The Government of India set up a committee to examine the principles and elements according to which the selling prices of various petroleum products in India should be determined after 1st April, 1961.

श्री के० वे० मा० चौधरी : दामले कमेटी।

श्री ब्रज राज सिंह : उस कमेटी का नाम मुझे नहीं मालूम है। यह कमेटी अपना कार्य कर रही है तो यह किस दिशा में कर रही है, उस के क्या टर्म्स आफ रिफरेंस हैं, यह बतलाने की कृपा की जाये और आप यह निश्चय कीजिये कि १-४-६१ के बाद हम उन को मजबूर कर सकेंगे कि जो तेल कम्पनियां हिन्दुस्तान में हैं वे अपनी शर्तों के मुताबिक तेल नहीं देंगी, बल्कि हमारी शर्तों के मुताबिक देंगी और वे यह नहीं कह सकेंगी कि जो तेल और कहीं से आ रहा है, चाहे वह रूस से आ रहा हो या कहीं और से, उस को साफ नहीं करेंगी। यह हिन्दुस्तान है, जिस मूलक की आबादी ४३ करोड़ हो चुकी है, जिस का और दूसरे मूलकों में भी नाम है, उस के लिये एक अचम्भे की चीज है कि कोई विदेशी कम्पनी इस तरह से आवां करे और कहे कि जो तेल किसी दूसरे

देश से चला आ रहा है, उस को साफ नहीं करेंगी। इस संदर्भ में एक क्रान्तिकारी कदम क्यूबा की सरकार उठा सकती है तो मैं कहना चाहूंगा कि इस तरह का कोई काम नहीं होना चाहिये जिस में विदेशी तेल कम्पनियां ऐसा आधिपत्य जमा लें जिस से हमारी स्वाधीनता कम होती हो। मैं समझता हूँ कि कोई विदेशी कम्पनी अगर किसी ऐग्रीमेंट की वजह से, अगर कोई करार पहले हो चुका है, उस की वजह से यह कहना आरम्भ करे कि जो दूसरे मुल्कों से तेल आ रहा है और सस्ता आ रहा है वह उसे साफ नहीं करेगी, तो यह हमारे स्वाभिमान पर ही चोट नहीं है बल्कि यह हमारे लिये अपमान की बात है। मैं चाहता हूँ कि जब यह कमेटी बनी हुई है तो इस कमेटी के अन्तर्गत हमारे मंत्री महोदय यह देखने की कोशिश करें कि जो तेल कम्पनियां यहां काम करती हैं उन की कीमतों को इस तरह से निर्धारित किया जाय कि उन का आधिपत्य तो यहां पर कमजोर हो ही हिन्दुस्तान के जो उपभोक्ता हैं उन को भी कुछ फायदा हो सके।

मैं समझता हूँ कि मुझे यहां उद्घरण देने की आवश्यकता नहीं है कि हिन्दुस्तान से इन विदेशी कम्पनियों ने कितना मुनाफा कमाया है। अगर उन के पिछले दो तीन सालों के आंकड़ों में लिया जाये तो पता चल जायेगा कि जो मुनाफा उन्होंने ने कमाया है उतना किसी भी अन्य कम्पनी ने, नहीं कमाया है और जितना उन का खर्च है वह भी किसी और का नहीं है। प्राइवेट सेक्टर के आदमी इतनी बड़ी बड़ी तनख्वाहें दे सकते हैं जिस का ठिकाना नहीं है, और एक तरहसे इस प्रकार हमारे मुल्क में भ्रष्टाचार फैलने की कोशिश की जाती है। आज जिस तरह से कुर्त के शोख के यहां किया जाता है, उस तरह हम अपने मुल्क में नहीं कर सकते हैं। इसलिये मैं चाहूंगा कि यह निश्चय किया जाय कि इस कमेटी के जरिये हमें यह अधिकार हो सकता है या नहीं कि हम उन कम्पनियों के तेल की कम से कम कीमत कर सकें और यह देखें कि

हम उन के मुनाफे कितना कम कर सकते हैं।

हमें अपने तेल का विकास करना है जो कि नहीं हो रहा है जब तक यह रिफाइनरीज इस तरह से हमारे यहां काम करती हैं। मुझे अफसोस है कि यहां पर सिर्फ इस तरह काम करने की कोशिश की जा रही है। दूसरी पंच वर्षीय योजना में ३० करोड़ रुपया रक्खा गया है, लेकिन तीन सालों के अन्दर ६ लाख रुपये से ज्यादा नहीं खर्च किये गये हैं। पता नहीं गले दो सालों में २४ करोड़ रुपये कैसे खर्च होंगे। अगली पंचवर्षीय योजना में जो रुपया रक्खा गया है, उसे कैसे खर्च किया जा सकेगा। बताया जाता है कि जितना रुपया रक्खा जा रहा है तृतीय पंचवर्षीय योजना में उसे से कहीं ज्यादा की जरूरत है। तो मैं चाहूंगा कि काम को गतिशील बनाया जाय, अधिक तेजी से काम किया जाय। अगर हम गति नहीं लायेंगे तो हम चाहे जो करें, उस से कोई काम बनने वाला नहीं है। काम तभी बनेगा जब हम अपने अन्दर अधिक गतिशीलता लायेंगे। अपनी गति को बढ़ा कर अगर हम उस उद्योग का राष्ट्रीयकरण कर सकते हैं तो जरूर करें जिस में तेल कम्पनी वाले अपना अपना आधिपत्य स्थापित कर के हमारा शोषण कर सकें और न ही वे हिन्दुस्तान को सरकार को अपमानित करने की कोई कोशिश कर सकें।

Shri K. D. Maiaviya: Sir, on this occasion, when the first report of the Indian Refineries Limited is being considered by the House, it is appropriate that we are all reminded of the leader of the Indian Refineries Limited who is no more amongst us. How we all wish it had not happened and Shri Feroze Gandhi had been present here amongst us when this first report is being considered by the House. I associate myself whole-heartedly and fully with all that has been said by

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the Mover of this motion, my hon. friend, Shri D. C. Sharma.

I would now like to consider certain relevant issues raised in connection with the consideration of this report. (Interruption). Incidentally, I must pay this compliment of being partially relevant to the issues to my friend opposite, Shri Mahanty although he was most caustic and, in a way, most uninformed in his criticism. He said that progress of the work of refinery is not satisfactory; and that, looking to the figures of expenditure it is most improbable that the refinery—the Nunmati refinery—could go on stream in 1961 December. He also takes me to task for having committed myself to March 1961 as the period beginning of this refinery.

According to arrangements made then and the experience that we had accumulated by that time, and the sequence of programme that was laid down, it was our belief that the estimates of programme would be stuck to and that the refinery would go on stream in March, 1961. Subsequently, we found that there were unavoidable delays. Those unavoidable delays cannot be traced to negligence on the part of certain officials or the Ministry as a whole; but they are unavoidable delays which are inherent in such a gigantic task which is undertaken in its newness. Nevertheless, I would briefly recapitulate.....

Shri Mahanty: May I make myself clear? The delay is 9 months.....

Shri K. D. Malaviya: Nine months is no delay when we have to take into consideration the various aspects. We did not possess the knowhow of this work; we have not got the consultants; we have not got the machinery here; and there are a lot of difficulties in the selection of sites....

Shri Mahanty: May I ask a question?

Shri K. D. Malaviya:...many problems that have to be faced because of

the peculiar passions roused in connection with the projects, provincialism and all that. Sometimes it becomes inevitable that we have to depart from our original estimates.

Now, I would like the House to note the progress that has been made up-to-date in connection with the Nunmati Refinery. Eighty-two per cent. of the civil engineering work relating to the kerosene refining plant has been completed; 78 per cent. of the civil engineering work for the installation and foundation for crude distillation unit and gas oil neutralisation units has been completed. This consists of foundation, superstructure for columns, heaters, coolers, condensers etc. The total concreting work to be done within the refinery amounts to 38,000 cubic metres out of which 11,300 cubic metres have so far been done, representing 29 per cent. of the total concreting work. 47 per cent. of the work relating to coke production and coke, mechanised transport system unit had been completed which includes columns, condensers, etc. 60 per cent. of the foundation work for the gasoline sweetening unit has also been completed. Site preparation for the power house has been completed. 86 per cent. of the work connected with the pressure stations including line net work had been completed. Civil engineering works are also in progress in other units such as main loading rack, power plant, steam lines, process water pump house, etc. In respect of civil engineering works outside the refinery, 55 per cent. of the work for the approach road to Brahamaputra has been completed; 65 per cent. of the work for the first stage water supply scheme including the water treatment plant has been completed; 65 per cent. of work of the sewage disposal plant for the temporary colony had been completed and 60 per cent. of the work in construction of the temporary housing colony has been completed. In respect of the mechanical engineering works, 28 per cent. of fabrication for steel work in plant had been completed. 23 per cent. of

the pre-assembly erection work in super-structure and 8 per cent of the pre-assembly erection work in plant has been completed. With regard to the electrical engineering works of the proposed six transformer sub-stations, five have been completed in all respects and connected to the 11 KV feeder line of the State Electricity Board. These transformers are now supplying power to the structural workshop, construction site, etc. Building and other structures for three other transformer stations have been completed. Up-to-date 34 Rumanian experts have already arrived at Gauhati to supervise and advise in construction and erection works of the refinery. For taking up the responsibility of running the refinery from our own side when the Rumanian experts or most of them have left, 48 trainees were sent to Rumania in June-July, 1959 and most of them have returned and are now in position at the construction site. I presume, Sir, this is not a bad picture. I am not prepared to indulge in any sort of betting with my hon. friend, Shri Mahanty. But I want to assure him that we have shifted our time-table from March 1961 to December 1961, with a full sense of responsibility. We have also taken into consideration all aspects of the co-ordinating part of the work. The pipe-lines will come in time; they will deliver to us crude oil and the storage tanks would have been installed and presumably the work in connection with the distribution of petroleum products that would be produced from the refinery also would have been completed by that time. I believe that our programme will be adhered and we shall start producing petroleum products from the Nunmati refinery in time. That is mostly the facts that I have to report to the House in connection with the first report.

With regard to Barauni, the agreement between the two parties the Government of India and the Soviet Government had been contracted and all arrangements for training of technicians and specialised instructors to

come from that country to our country to impart training to our own specialists if we make a request to them have been agreed upon. A contract to train a number of Indians had also been entered into and most of the technicians who have to proceed to the Soviet Union had also been selected. As the House is aware the site for the Barauni refinery has also been selected.

In this connection, certain doubts were raised and criticism levelled against the Government with regard to the selection of site for this refinery. Some exaggerated reports appeared in the Press. The fact of the matter is this. Some experts differed on the steps that should be taken to guard against certain aspects relating to foundations in that area. After long consideration, certain steps were proposed. In the very nature of things, some views had to be accepted and others, rejected. Those views which were rejected perhaps became known and gave cause to such a controversy. The site for the Barauni refinery has now been properly selected and all steps have been taken and the foundations questions also have been agreed upon. We expect a detailed project report any time next month from the USSR. On its arrival we shall start the construction programme. We have systematically worked out the programme and we hope that a part of it will be ready in 1962 and the whole of it, by the end of 1963. We cannot, at this stage, specifically lay down the various proposals that are likely to be started in 1962 but looking to the progress that we are making in the Barauni refinery, we hope that by 1963 the Barauni refinery will start production to its full capacity.

Something was said about the cost estimates of Gauhati refinery. It is a fact that originally the cost estimate was higher than at the time the balance sheet was prepared. At the time the balance sheet was prepared the Indian Refineries had worked out the cost estimates at about Rs. 20 crores. Subsequently after discussions with the Rumanian experts a sub-committee of the board of directors

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considered them. The total cost now envisaged is Rs. 18.03 crores. It has been reduced to this from Rs. 20.75 crores and this is being examined to see what further reductions can be effected in this. But this estimate compares very favourably with the Caltex refinery at Vizakhapatnam whose total cost was Rs. 14.13 crores. Looking to the distance from the sea port and the higher cost of transportation in Assam after examination it has been found out that the two estimates are very favourably comparable to each other. I want to assure the House that the money that has been allotted for the two refineries will be utilised within the period and the programme will go according to our plans.

I will now, Sir, very briefly deal with certain other aspects that have been raised in connection with the consideration of the first report of the Indian Refineries although they are not very much within the purview of this routine consideration of the report. Nevertheless, as the points have been raised, I would like very briefly to touch some of those points although the time available to me this afternoon and the occasion is not quite appropriate for a comprehensive dealing of those points.

Shrimati Parvathi Krishnan has drawn our attention to the fact that there ought to be closer integration between the various aspects of the programme undertaken by the Government in the oil industry—for instance, the exploration which is undertaken by the Oil and Natural Gas Commission, the refineries which is being undertaken by the Indian Refineries Limited, the production of crude oil which is being undertaken in collaboration with the Assam Oil Company by the Oil India Limited and the newly created Indian Oil Company which is responsible for the distribution of oil products. Time has come when Government ought to give some consideration to the examination of such a co-ordination of activities so far as it is consistent with the

best interests of all the programmes taken separately. Government are giving their consideration as to how best we could co-ordinate all the activities to give it more efficiency and economy. It could either be integrated at the top or in the middle. There are, however, difficulties in its integration in a total way. But I do not see how our present programme is being hampered because of any supposed lack of collaboration or integration.

Doubts were raised and it was said that the distribution mechanism of the Government of India which is being created in the Indian Oil Company has not yet achieved any level of efficiency or standard. It was asked, how we are going to distribute the oil that we will produce from Nunmati? I want to assure the House that we are very actively considering this question, and the very purpose of creating this Indian Oil Company sufficiently long before it will be called upon to distribute the oil products produced by the public sector refinery is that we should examine the entire aspect of the question. Further we will see how best we can co-ordinate with the existing private oil distributing companies, and how far we have to create our own facilities for distribution. Further it will also be examined how far we will co-ordinate distribution or rail system with a chain of pipeline which has to be created in the whole of the country. All these questions are very much under consideration of the Government, and we hope that by the time Nunmati refinery products will be available for consumption we will have made sufficient arrangements so that the products produced will not lie idle and will be used mostly by the efforts of the public sector company known as the Indian Oil Company.

I do not wish to refer, in this connection, to the controversy that was recently raised when some of the petroleum products arrived from U.S.S.R.

This is part of the game and, as I said sometime back, we should be prepared for it. If there is competition between ourselves in the public sector and the private sector, well, we have got to face that competition. If it is a rate war we have got to face it. On that, Sir, I can say, even though the public sector Indian Oil Company is only six months old, we shall try our best to acquit well and within the few months that are still available to us we hope we shall come up to a certain standard by which most of the work that will be faced by the Indian Oil Company will be discharged fairly satisfactorily. If we make mistakes we shall admit them, we are likely to make some mistakes because we are still new to this venture. I said that sometime back to my friends and I repeat it here, that in this new venture of oil distribution it is quite possible that sometimes we may make some mistakes. But soon after we will have made up and acquired sufficient experience to distribute oil products that we import from abroad and also that we produce from our own public sector refineries. We shall do so we hope economically and cheaper than what other oil companies are doing today. Our cost of distribution is expected surely to be lower than the cost of distribution of some of the oil companies that are functioning today.

It is to be reorganised, Sir, that the public sector Indian Oil Company has come to stay. It will discharge its duties, if possible, in collaboration with the private installed distributing companies. If that is not possible, it will do that independently. But we hope that there will be co-operation between us in the public sector and the private sector oil distributing companies. I welcome this co-operation because it is not the intention of the Government to drive out any of these companies which have existed here for long. But surely, Sir, it is also the intention of the Government to press as hard as possible to get the best of terms and create the most favourable conditions in the interest of our consumers in the country, whether

it is the job of oil distribution or refining or oil exploration.

So far as the expansion of the existing refineries is concerned, as the House is aware, the whole question is being considered very actively, and I would not like to commit at this stage as to what the intentions of the Government will be except to state that the Industrial Policy Resolution of 1956 is always before us for our guidance. It is for all of us to know once and for all that this 1956 Industrial Policy Resolution is the biggest guiding factor for us. That will be the background on which we shall negotiate, that will be the background on which we shall take decisions, apart from the fact that there are certain practical considerations also which have to be borne in mind, I have already stated on more than one occasion that the ultimate refinery capacity in the country will be closely linked up with the requirement of the country, and it is a question of calculation phase by phase, plan by plan, as to how our consumption will increase.

One hon. Member quoted me as saying that our consumption will be 12 million by 1966. According to my surmise by the end of the third Plan period we might consume about 12 million tons of petroleum products. According to others, it might be 14 million and yet according to some others, it might be 10 million. Perhaps the Planning Commission's estimate is 10 million. What is needed is to bear in mind that the refinery capacity should not go much beyond the estimated consumption at a time. The existing refinery capacity, the potential expansion of the refineries in the public sector, the new refinery of Gujarat that will come up quite early in the third Plan, its capacity—all these factors have to be taken into consideration before we can allow further expansion of the existing refineries. As I said, nothing can be committed at this stage because all these questions are being considered by the Government.

[Shri K. D. Malaviya]

I submit that the programme as indicated in this first report of the Indian Refineries has now been exceeded. We have made further progress, and this has been quite satisfactory. Questions which revolve round the creation of public sector refineries are all being considered in all their details, namely, the production of crude oil in the country, availability of foreign exchange, increase in the number of refineries, expansion of the refineries, transportation through pipeline or railway line and the consolidation of and further improvement in the work of the newly created distributing company known as the Indian Oil Company. I have nothing more to say. I hope that the motion as put by my hon. friend will be accepted by the House.

Shri Braj Raj Singh: What about the committee appointed to go into the question of revising the cost structure?

Shri K. D. Malaviya: My hon. friend Shri Braj Raj Singh wanted to know about the work that has been undertaken by the Damle Committee, and the question of revising the present cost structure of various petroleum products which has been referred to it,—the question as to what elements should go to the making up of the cost of each petroleum product—diesel, kerosene, furnace oil, motor spirit, aviation spirit, etc. All these questions have been referred to the Damle Committee. According to our previous resolution, April, 1961 was the time when Government should have to announce its decision with regard to the ultimate conclusions arrived at after consultation with the existing oil companies. This Damle Committee has issued a questionnaire but unfortunately the answers to this questionnaire have not yet been received from the oil companies. They reported to us that there is a lot of work to be done in order to send detailed replies to the questions and so they wanted more time. We have now agreed to give them more time be-

cause it is possible that they might be facing difficulties in preparing the detailed answers. It is quite possible, therefore, that the publication of the report might be delayed by a few more months. But we are trying our level best to come to some sort of decision and if we can expedite the work of the Damle Committee I shall surely inform the House.

Shri Braj Raj Singh: What are the difficulties in the way of the companies giving the figures? Is it just manipulation as my hon. friend Shri Vittal Rao suggests?

Shri K. D. Malaviya: Why should we assume that the delay is caused because they will be manipulating any figures? The fact is that there are too many items of information which have been sought. We thought previously that the time given to them would be enough. But they have produced some reasons about which we can do nothing but accept. We have therefore given them some more time and we hope that after a few more months the report will be ready.

Shri T. B. Vittal Rao (Khammam): This morning in reply to a question, the Minister said that at Cambay region, a refinery is going to be established and its capacity is going to be 1.5 million tons, and after that is added, if possible. May I know whether "if possible" refers to the refinery as a whole or its capacity? Secondly, the Burmah-Shell have submitted for expansion of their capacity and the Government have asked them to submit a modified proposal. In view of our refineries that are coming up at Gauhati, Barauni and Cambay, may I know whether there is any necessity at all for the expansion of the capacity of the Burmah-Shell refinery at Trombay?

Shri K. D. Malaviya: I will be glad to answer all these questions in the fullest detail, but is this the proper occasion for it when the first report of Indian Refineries limited is under

