

LOK SABHA DEBATES

1

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Friday, May 5 1972 Vaisakha 15 1894
(*Salva*)

The Lok Sabha met at Eleven of the Clock

[*MR. SPEAKER in the Chair*]

ORAL ANSWERS TO QUESTIONS

कच्चे तेल की सप्लाई

*702 श्री महावीर सिंह शास्त्री क्या पेट्रोलियम और रसायन मंत्री यह बताने की कृपा करेंगे कि

(क) क्या भारतीय तेल निगम ने कच्चे तेल की पर्याप्त मात्रा में सप्लाई करने का सरकार को कोई आश्वासन दिया है,

(ख) क्या निगम ने सरकार के माध्यम से इस सबंध में कोई बातचीत की है और यदि हाँ तो उसका ब्यौरा क्या है और

(ग) क्या इस सबंध में सुनिश्चित की गई सप्लाई देश की आवश्यकताओं की पूर्ति के लिए पर्याप्त होगी ?

THE MINISTER OF LAW AND JUSTICE, AND PETROLIUM AND CHEMICALS (SHRI H R GOKHALI)

(a) IOC has extended its activities for the import of crude oil only to a limited extent. The first opportunity for this came in 1970 when it arranged supply of crude oil for Cochin Refinery for two years from October 1970. The IOC has recently arranged the supply of 5 lakh tonnes crude oil for the Chittagong Refinery of Bangla Desh

2

Currently it is in the market for importing crude oil to operate the 3rd Unit of its Refinery at Barauni in the latter half of this year. The other public sector refinery at Madras already has contractual supply arrangements whereas the 3 foreign oil refineries import crude from their own sources.

(b) The IOC has kept the Government fully informed of its efforts in this regard.

(c) Crude oil is already being imported to the extent required and no difficulties are envisaged in maintaining this position in future.

श्री महावीर सिंह शास्त्री ने मंत्री महाशय से जानना चाहेगा कि बरौनी स्थित परिष्करण-शाला में भारतीय तेल निगम ने अशोधित तेल की जो सप्लाई की है, इस परिष्करणशाला के तीसरे समूह के परिचालन के लिए तो वह कब तक पूरा हो जायगा और जिन तीन विदेशी तेल परिष्करणशालाओं में अपन निर्जा स्रोतों द्वारा यह सशोधित तेल की सप्लाई की है, उनका नाम क्या क्या है और वह कितनी-कितनी मात्रा में तेल सप्लाई करती है ?

SHRI H R GOKHALI: The hon. Member asked about the Barauni refinery. The position with regard to the import of crude is that we have four inland refineries and five coastal refineries. So far as the inland refineries are concerned we have full supply from indigenous sources. The coastal refineries include the three foreign-owned companies in Bombay which are the coastal refineries.

With regard to the Barauni refinery as I have mentioned in the main answer to the question there is shortage of crude for the purpose of reaching the capacity of one million tonnes. It is proposed to commission this unit on a crash basis by processing imported crude. This will enable the utili-

sation of the capacity of this particular unit at least to the extent of 50 per cent. Work is on hand to modify the units and other facilities so that the capacity of this refinery can be increased by imported crude oil from 2.2 to 3.4 million tonnes.

श्री महावीरक सिंह शास्त्री : अध्यक्ष महोदय, मैं मंत्री महोदय से जानना चाहता हूँ कि गत वर्ष कुल कितना अशोधित तेल विदेशों से भारत में आया और कुल कितना तेल भारतवर्ष में उत्पन्न हुआ ?

SHRI H. R. GOKHALE : From the information I have got, the crude oil which is indigenous and which is used in our inland refineries is to the tune of 7.2 million tonnes. The refineries in the private sector which include the foreign companies and which have their own source of import of crude have 7.72 million tonnes. The average requirement of crude with the present refining capacity is to the tune of 20 million tonnes. Therefore the balance has got to be imported.

SHRI K. LAKKAPPA : There was a lot of criticism about the import of crude and the country has not developed indigenous sources nor could reconcile itself to the price structure of the crude imported. Do the Government still go by the dictates of the Middle-east so far as import of crude is concerned or is the Government negotiating the price structure of the crude ? What is the reaction of the Government ?

SHRI H. R. GOKHALE : About the first part of the question, I entirely agree with the hon. Member that emphasis has to be to improve indigenous sources of crude. As the House knows while our present capacities are limited, all efforts for finding more sources of crude are made, particularly in Gujarat and Assam at the moment. We have every reason to think, the way in which the work of drilling and exploring crude is going on, that we should be able to have a good supply of indigenous crude in the near future. Even then I agree that as the demand increases, indigenous crude will not be sufficient and imports will have to continue.

The hon. Member therefore asked the second ancillary question : what is the result of the present arrangements regarding the import of crude by the three foreign oil companies. I share the anxiety of the hon. Member and the House that on account of the agreements which have been made with the three oil companies which, incidentally, are for a period of 25 years, they are entitled to bring in their own crude for refining in their refineries. It is also true that on account of the line-up of petroleum producing and exporting countries, they have grouped themselves together and they have now got themselves in a position to dictate terms and I have reason to think that the foreign oil companies also, who have their own associates for supplying crude in India, lined-up with them and the result is that we are required to pay a higher price for crude.

I entirely agree that this is a very unsatisfactory state of affairs and the Government is taking all possible steps to see that these prices do not go up and the Government does not have to pay more for the import of crude, particularly crude brought by the foreign refineries.

As to the third part of the question, we are making attempts to obtain additional supplies of crude from other parts, particularly the Gulf countries so that our imports do not depend entirely on supply from the present line-up of the oil producing and exporting countries

SHRI P. VENKATASUBBAIAH : May I know whether the attention of the Minister has been drawn to the fact that there is not only a line-up of the associates and the oil-supplying companies but there is a sort of under-hand dealing even with regard to the prices quoted and the prices at which they are supplied ? If that is so, will the Government go deeply into the matter so that such undesirable things do not happen ?

SHRI H. R. GOKHALE : Once again I have to revert back to the agreement because the agreements say that they will import crude oil on the basis of world market prices. The excuse given is that there is a general hardening of the crude prices at the moment. We have reasons to think that this 'hardening' is only an excuse for charging more prices

for crude. Government is fully aware of the situation, as the hon. Member wanted to know. But this is not the only factor because the prices are fixed on the basis of what are known as posted prices. The posted prices are in a sense fictional because they do not necessarily have any relation to the actual price; they are fixed only for the purpose of determining the tax, royalties, etc which the producing countries charge. They also pass on to us the increase on account of the so called loss to the oil producing countries on account of dollar devaluation. The Government is aware of all these and therefore we are making attempts to see that alternative sources of supply of crude are found.

Effect of Drugs (Prices Control) Order on the Growth and Development of Drug Industry

*703. SHRI P. GANGADEB : Will the Minister of PETROLEUM AND CHEMICALS be pleased to state :

(a) whether the operation of Drugs (Prices Control) Order has impeded the growth and development of drug industry; and

(b) whether no new drug has been put in the market since the promulgation of the order and if so, the reaction of Government thereto ?

THE MINISTER OF LAW AND JUSTICE, AND PETROLEUM AND CHEMICALS (SHRI H. R. GOKHALE) :
(a) No, Sir.

(b) A number of new drugs have been or are being put in the market since the promulgation of the Drugs (Prices Control) Order, 1970. In addition, a large number of new formulations of existing drugs have also been marketed.

SHRI P. GANGADEB : Since there is an urgency to make available life saving drugs to the common man at reasonable prices, may I know whether Government have taken any decision to manufacture such items of drugs to meet this demand ?

SHRI H. R. GOKHALE : There is a constant watch kept on prices of drugs.

Looking at the fall in prices after the price control order came into force, although the fall is not uniform—it ranges from 2 to 54 per cent in some cases—there is reason to think that the control order has resulted in prices being brought down. It is a new order and just a year or so has elapsed. Government are watching the operation of this order. Government is alive to the problem which the hon. Member raised. IDPL always keeps in mind the necessity of producing those drugs which need to be supplied to the people at cheaper rates.

SHRI P. GANGADEB : May I know whether the Government have taken any steps (a) to develop the indigenous know-how through research and development in drug industry and (b) to prevent the problem of spurious drugs, and if so, what are the steps taken in these two matters ?

SHRI H. R. GOKHALE : Government has been constantly emphasising the need for research and development, particularly in indigenous manufacture of drugs. In fact, that is one of the handicaps which we are facing in dealing with the foreign drug companies, because as long as the Indian drug manufacturers do not develop their research and development programmes and obtain the know-how indigenously which the foreign companies have, we are to that extent operating under a handicap. Therefore, I entirely agree that research and development must receive the maximum priority and emphasis is laid on that aspect of the matter.

SHRI JYOTIRMOY BOSU : Will the minister tell us in how many cases the price control order has been violated and what action has been taken by Government against them ? In how many cases were the prices charged higher than the prices fixed by Government under the order ?

SHRI H. R. GOKHALE : I cannot give the number of cases. It is an offence under the price control order if prices higher than those fixed under the order are charged. Whenever any case has been brought to the notice of Government, action has been taken. I cannot give the number of cases because it does not arise out of this. But I can find out the information and give it.