

RAJYA SABHA

Monday, the 27th August, 1990/
5 Bhadra, 1912 (Saka)

The House met at eleven of the clock, The Deputy Chairman in the Chair.

ORAL ANSWERS TO QUESTIONS

Petrochemical Project in Andhra Pradesh

*241. SHRI PRABHAKAR RAO KALVALA: Will the Minister of PETROLEUM AND CHEMICALS be pleased to state:

(a) whether it is a fact that a proposal for setting up a petrochemical project in Andhra Pradesh is pending with the Central Government for grant of licence;

(b) if so, what are the details thereof indicating the name of the company;

(c) by when it is likely to be cleared;

(d) whether any site has been selected for the purpose; and

(e) how much funds have been allocated for the project?

THE MINISTER OF PETROLEUM AND CHEMICALS (SHRI M. S. GURUPADASWAMY): (a) to (e) The Government has already cleared a proposal for setting up of a naphtha cracker at Vizag in Andhra Pradesh at an estimated cost of around Rs. 1100 crores. A letter of intent has been issued in favour of M/s UB Petrochemicals Ltd. on 13.10.89. The company will make its own arrangements for implementation of the project, including funding and the exact location of the complex.

SHRI PRABHAKAR RAO KALVALA: Madam, the Government has

given the letter of intent only for Naphtha cracker, whereas this company has applied for both, the naphtha cracker as well as the downstream projects. According to the reply of the hon. Minister, only naphtha cracker has been sanctioned. Actually this naphtha cracker produces only the raw material for downstream project. So, it will not be viable only if naphtha cracker is sanctioned. In other cases, like the Reliance Petrochemicals Ltd., Indian Petrochemicals Corporation Ltd., the Government has sanctioned both the projects. Will the Government consider sanctioning of the downstream projects also?

SHRI M. S. GURUPADASWAMY: Yes, Madam, we are considering the sanctioning of the downstream projects also.

THE DEPUTY CHAIRMAN: He has agreed. We can go to the next question.

SHRI PRABHAKAR RAO KALVALA: I was interested because this is only the private company which gives huge amounts to the Government of Andhra Pradesh. It is an employment generating scheme. That is why we are very particular about this scheme.

My second supplementary is, most of the raw material is imported from the Arab countries. Now these Arab countries are under the pressure of America. Would it be creating any problems in the matter of petrochemical projects if that pressure is continued?

SHRI M. S. GURUPADASWAMY: I cannot foretell what will happen in the Middle-East but let me tell the hon. Member that this cracker project is based upon naphtha and most of it is produced by our refinery in Vizag. Nearly two-thirds of its naphtha requirement will be supplied by our refinery.

THE DEPUTY CHAIRMAN: Dr. Sivaji. I think this is the last question.

DR. YELAMANCHILI SIVAJI: It is reported that the Chief Minister of Andhra Pradesh as well as the Government of Andhra wrote to the Union Ministry as well as the Prime Minister, both from Hyderabad as well as from New York ailing from the hospital bed for early clearance and early sanction of the downstream project. Is it a fact that the Chief Minister intervened in favour of the U.P. Petro-chemical Ltd. to augment the project? If not, what are the details, what are the contents of the Chief Minister's letter?

SHRI M. S. GURUPADASWAMY: As I remember, the Chief Minister is interested to see that this project is sanctioned earlier so that implementation could be taken up soon. As I said, this project has been given clearance from the Ministry. Regarding the downstream projects, the mix-pattern, I have said that it is under consideration, we are taking a positive approach and I have responded to the demand of the Andhra Pradesh Government in this matter.

SHRI S. B. CHAVAN: Just one question, Madam.

THE DEPUTY CHAIRMAN: I will give you a chance after Mr. Das.

SHRI BASANT KUMAR DAS: An oil refinery was proposed in the Eastern region.

THE DEPUTY CHAIRMAN: Now, Mr. Das, this is a very specific question about Andhra. If you have any question about Andhra, you can ask. Otherwise we will be opening all the refineries all over the country. So ask about Andhra only.

SHRI BASANT KUMAR DAS: What was the problem that such a selection was made....

THE DEPUTY CHAIRMAN: That does not arise out of it. No, that does

not arise out of this question. You might give a fresh notice of question. This is a specific question about Andhra. Yes, Mr. Chavan.

SHRI S. B. CHAVAN: Madam, there is only a small point on which I would like to understand the policy of the Government. A pipeline was taken from Hajira to a number of places. Is it the policy of the Government that hereafter whatever projects were under contemplation on this line, they have been given up? The resource crunch being what it is, if the resources are diverted for any other project, that means the expenditure that we have done so far on a long pipeline will be infructuous. What efforts are being made to see that the investment, if made on this long pipeline, becomes more useful and the projects are being started there? Thereafter any new projects can be taken into account. That does not mean that I am opposed to any project, but as a matter of policy, whatever investment we have made, if it is not fully utilised, then, of course, it is not in the interest of the country. That is the only point I want to make.

SHRI M. S. GURUPADASWAMY: I fully agree with the hon. Member. I think he is referring to HBJ pipeline and utilisation of the capacity there in that region. I share his concern. The Government has already sanctioned six projects to utilise the gas in that pipeline for fertiliser production which should have been implemented. They are not coming through for various reasons. We are looking at that question.

Regarding petro-chemical — this question refers to a petro-chemical project—for the information of the hon. Member I may tell him that we are actively considering a project in Orraya in UP, a petro-chemical complex and that will come up.

THE DEPUTY CHAIRMAN: Next question—No. 242.