

RAJYA SABHA

Monday, the 16th November, 1987/25
Kartika, 1909 (Saka)

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

OBITUARY REFERENCE

Mr. CHAIRMAN: Before I take up today's agenda, I refer with sorrow to the passing away of Shri Mahendra Singh Ranawat, a former Member of this House from the state of Rajasthan from 1952 to 1954.

Shri Mahendra Singh Ranawat passed away at the ripe age of 87—having been born in March, 1901 at Udaipur in Rajasthan. After getting his education at Ajmer, Agra and Udaipur, Shri Ranawat joined the Government service and held several senior positions with distinction in the princely States of Udaipur, Bundi and Sirohi and had specialised in the collection and distribution of revenues. He introduced schemes for the collection and distribution of food grains.

A lover of Hindi poetry, Shri Ranawat had a special interest in Sanskrit literature, astrology and ancient history of India, particularly Rajasthan.

We deeply mourn the passing away of Shri Mahendra Singh Ranawat.

I request Members to rise in their places and observe one minute's silence as a mark of respect to the memory of the departed.

[Hon. Members then stood in silence for one minute].

MR. CHAIRMAN: Secretary-General will convey to the Members of the bereaved family our deep sense of sorrow and sympathy.

ORAL ANSWERS TO QUESTIONS

*121. [The questioners (Shri Sukomal Sen and Shri Mosfaja Bin Quasem) were absent. For answer, vide col. 28 infra.]. 1—676RSS/87

Rise in International Prices of Crude Oil

122. SHRI CHIMANBHAI MEHTA: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that there has been some increase in the international prices of crude oil, if so, what are the details thereof;

(b) what will be the impact of this price rise on India's import bill for crude oil; and

(c) whether Government has devised any methods of inventory control, controls, in use of petroleum products, stepping up of production and other methods to ensure that in times of increase in international prices the import bill may not have to be proportionately increased but managed by effecting a reduction in the import of crude oil?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI BRAHM DUTT): (a) to (c). A statement is laid on the Table of the Sabha.

Statement

(a) Crude oil prices started falling from December 1985 from a benchmark level of \$ 27/bbl and stabilised around \$ 18/bbl by 1st January, 1987.

(b) Does not arise.

(c) Domestic demand has been increasing, faster than the production of indigenous crude oil and, therefore, increased imports will be necessary in the coming years to meet the growing needs of the economy. Government will be constantly watching the market to take advantage of any price situation for the purchase of crude oil and petroleum products. Government have also initiated a number of steps; both for curbing the consumption of petroleum products along with conservation in the use of fuels and also for intensified exploration of oil to meet the domestic demand for petroleum products.

SHRI CHIMANBHAI MEHTA: My question was that the price has declined. Then, according to the Minister it has

•ubilised at \$ 18 in January, 1987. Front '85 it was going downwards, and at one stage it came down to \$ 6.75 and also » 10. Thereafter, it stabilised at \$ 18. So, may I ask the question whether in between we took advantage or not of the low price for buying our requirement? That answer is not coming out clearly. Only it has been said that the price has stabilised on the 1st of January, 1987 at 18. So, in between the price had gone down, and then the price went up. My questions was, when the price had gone up, whether we had taken advantage of that situation or not.

This relates to the price in January, 1987. I am asking this question in the month of November. So, what is the latest price?

The point in my question was not to know the price in the market of the petroleum products, but to know what the impact is going to be of this import on our foreign exchange reserves. So that also he should explain, because his answer does not give complete information. So, I ask him about the fluctuations in the price. First it went down and then it stabilised at \$ 18. Is it that it is going up now? And what is the total impact of it on our foreign exchange reserves? Kindly answer these questions.

SHRI BRAHM DUTT: I appreciate the concern of the hon. Member. Actually the price of oil in the world market went down during the period between April 1986 and August 1986 and we took full advantage of it by making spot purchases and in that year we saved foreign exchange worth Rs. 2100 crores due to spot purchases. Later on when the prices began stabilizing at about \$ 18 a barrel, we adopted the same old system which is beneficial to us that we entered into long-term contracts with our traditional suppliers like USSR, Iraq, Saudi Arabia, the United Arab Emirates. That we have assured. And practically two-thirds of the quantity that we will have to import will be through these long-term agreements.

SHRI CHIMANBHAI MEHTA: My question was that during the period the prices went down to \$ 10 and \$ 6, did

the Government make any contract at that time? That is my question. I am going to ask my second question afterwards because it is based on that.

SHRI BRAHM DUTT: Because of that we made spot purchases to a greater extent and saved Rs. 2,100 crores worth of foreign exchange.

SHRI CHIMANBHAI MEHTA: Why was a long-term contract not signed?

SHRI BRAHM DUTT: At that time nobody was ready to sign long-term contracts at that price. A long-term contract is signed at the official price. So, nobody will sign a long-term contract on a fluctuating basis.

SHRI CHIMANBHAI MEHTA: My second question is this: In view of increasing domestic demand and also because it is being forecast on the international plan and at the national plan as well that reserves are exhausting gradually throughout the world and having known the demand projection, how are we going to satisfy the demand? Are we considering any alternative substitutes and is any research being done? So my question is: What is the demand projection and what is the fulfilment projection and what is the alternative substitute that you are working on?

SHRI BRAHM DUTT: It is a very pertinent question. At present we are meeting about two-thirds of the demand from indigenous sources and our demand is increasing at a rate of seven per cent. Much will depend on new oil finds. It is very good that we have located various sources of oil and natural gas. The first step that we have been able to take is that we have replaced a lot of oil products by the natural gas which is available and we have taken inventory control methods getting inventory at the desired level. Conservation methods are also being taken up to conserve petroleum products. Certain steps have been taken to enhance the recovery system. The first is enhanced recovery system. By employing this method we can increase the recovery from ten to fifteen per cent. Repair of sick wells has been taken up. This also adds

to our resources. Research and Development back up has also been strengthened. We have established five institutes—Institute of Petroleum Exploartion, Institute of Reservoir Studies, Institute of Drilling, Institute of Production Technology, and Institute of Engineering and Ocean Technology. Moreover, we are intensifying our exploratory effort both on the Eastern and Western coast off-shore as well as on-shore. We have also invited the internationally reputed companies for exploring oil on a sharing basis. We will join riem and exploit. So. we have taken all steps which can be taken to meet the demand.

SHRI CHIMANBHAI MEHTA: My question was regarding substitute to the oil that is setting exhausted gradually. What alternative sources are you trying to find out ?

MR. CHAIRMAN: Do you want to know about non-conventional sources of energy ?

SHRI BRAHM DUTT: As I said earlier, we are trying to substitute oil products by natural gas components on an experimental basis. We are taking up a coal gasification project where the coal cannot be taken out and conservation methods are more important.

SHRI NIRMAL CHATTERJEE: Sir, it will appear from the hon. Minister's reply that everything is being done. But the question does arise that gats is still being flared up on a vast scale.. We have both gas and oil which are wasting assets. It seems that recent reports indicate that our gas supply is somewhat more abundant than oil. But we are wasting this gas in several ways. For instance, in Tripura the gas find has been there which is one of the rich fields for gas but nothing is being done to utilise that gas. No industry, no fertiliser project either in the public sector or in the private sector has come up to utilise that gas. Similarly, this huge HBJ pipeline is another waste in the sense it satisfies some unknown contractors.. We could have established fertiliser project plants at the mouth of the off-shore drilling or very near to the onshore drilling in Gujarat or Maharashtra. This huge pipe-

line is going waste, which is another indication of totally irresponsible planning.

MR. CHAIRMAN: What is your question ?

SHRI NIRMAL CHATTERJEE: My question is very simple. In view of this and also for making modifications of the instruments for using gas instead of oil, what exactly has been done and what more needs to be done ? May I know from the Minister where the lacuna is ? This is the question I wanted to ask.

SHRI BRAHM DUTT: Sir, I beg to differ from the hon. Member that the HBJ pipeline is a huge waste. My humble submission is HBJ pipeline will meet the demands in those areas where things are required. If we produce fertiliser on the coast, it will have to be transported to U. P., Haryana, Madhya Pradesh and Punjab by rail or road transport by consuming diesel oil. So instead of taking the fertliliser to the areas where it is consumed, it is more beneficial to produce fertiliser and set up more and more power plants which we are doing in Gujarat, Madhya Pradesh and Uttar Pradesh.

SHRI NIRMAL CHATTERJEE: Are you basing yourself on location economy ? I have doubts and I have other figures to tell..

SHRI BRAHM DUTT: I am basing myself on location economy, on the requirement economy and also on the maximum utilisation of the gas that is available. I think that is the best thing that can be done in the present circumstances. We are trying to improve power situation. We are still thinking of taking the gas pipeline upto Delhi even and also to utilise its various components at various places and on the coast also. In Hazira also we are extracting LPG and we are supplying to the Gujarat State Fertiliser Corporation. If these products are transported throughout the country that will cost us a huge amount in terms of both petrol and diesel.

SHRI NIRMAL CHATTERJEE: What about Tripura ?

SHRI BRAHM DUTT: Regaiding Tripura...

MR. CHAIRMAN: Mr. Aladi Aruna.

SHRI ALADI ARUNA *alias* V. ARUNACHALAM: Mr. Chairman, Sir, the hon. Minister has admitted in his reply that due to the increased domestic demand, it becomes necessary to import increased crude oil to the extent of 7 per cent. May I know from the Minister whether it is possible for the Government to increase the additional production of crude oil to the extent of 7 per cent in order to reduce the import of crude oil?

SHRI BRAHM DUTT: Sir, we are making attempts to reduce the import. But oil cannot be manufactured in a factory. It has to be located, explored and then exploited. I have submitted earlier that we are taking up conservation methods. We are taking steps to increase the productivity and also by substitution.

श्री जगदम्बी प्रसाद यादव : सभापति महोदय, मैं जानना चाहता हूँ कि प्रतिवर्ष कितनी मांग सामग्री के रूप में और पैसे के रूप में बढ़ रही है? आपने जो जवाब दिया है उसमें कहा गया है कि पेट्रोलियम उत्पादों को घरेलू मांग को पूरा करने के लिये, पेट्रोलियम उत्पादों को सप्लाय कम करने के लिए और तेल की खोज के लिए सरकार ने कई-कई कदम उठाए हैं, मैं जानना चाहता हूँ कि वे कौन-कौन से कदम हैं जो आपने उठाए हैं?

आपने कहा है कि क्रूड अयिल की कीमत 27 अमरीकन डालर में 18 डालर घट गई। तो इसका लाभ उठाने के लिए आपने कहा है कि उस समय स्थिति में नहीं थे एंगो बॉन है और इस घटती का कोई प्रभाव हमारे यहां तो पेट्रोलियम पदार्थों की बिक्री होती है, उन पर क्यों नहीं पड़ता?

श्री बृह्म दत्त : मान्यवर, इन प्रश्नों का उत्तर मैं दे चुका हूँ। जिस समय तेल का भाव गिरा हमने शरीरदारी कर 21 से करीब डालर की बचत की और मांग 7 फीसदी बढ़ रही है। हमारा प्रयास है गैस का ज्यादा इस्तेमाल हो, तेल की बचत हो।

SHRI V. NARAYANASAMY: Mr. Chairman, Sir, in the last year the price of crude oil was 13.5 dollars per barrel. This year it has been stabilized at 18 dollars per barrel. In 1985 it was 27 dollars per barrel. My question is relating to the impact of the price increase in

crude oil on the international market. So, I would like to know from the hon. Minister whether the Government has decided to increase the price of petrol and diesel which is being consumed by the vehicle-owners in our country in view of the price increase in the international market in respect of crude oil at 18 dollars per barrel.

SHRI BRAHM DUTT: Sir, at present, we do not have any proposal to increase the price of oil products.

SHRI NAGEN SAIKIA: Sir, it is well known that the Central Government is giving royalty to the States at a very lower rate in the context of rise of prices in the international market. I would like to know from the hon. Minister whether the Government would pay the royalty on crude to the State Governments at a higher rate.

SHRI BRAHM DUTT: As regards royalty, we have got a particular quantum of royalty at a particular period. We do not decrease the royalty when the oil prices fall down and similarly, this question cannot be linked with the rise in oil prices. This can be taken up at a different level.

SHRI GHULAM RASOOL MATTO: Mr. Chairman, Sir, sometime back, there was an article, perhaps an inspired one, in which it was stated that the price of the imported crude oil was far less than the cost per barrel in our own country. In view of the fact that as we have seen in the Gulf recently, this area is very vulnerable to geopolitical considerations, will the hon. Minister assure the nation that the Government will go ahead with its plan to be self-sufficient in oil, crude oil in the foreseeable future and secondly, will the Minister inform the House by what time does he expect the nation to receive the good news that we are self-sufficient in oil?

SHRI BRAHM DUTT: Sir, the hon. Member himself has said that the article was an inspired one. So, I need not reply. We never made any attempts to decrease the self-sufficiency. We took full advantage and, moreover, our dealings are with such friendly countries we have a long term contract. About self-sufficiency, Sir.

I beg to submit, it is a Utopian thing. If the demand is fixed at a particular level, I can give the period by which we will be self-sufficient. But demand is increasing and as I have already submitted, oil cannot be manufactured in a factory. It has to be explored, it has to be exploited. Infrastructure has to be laid. I want to assure the hon. Member that we are taking all steps in this direction. We were advised that we should slow down our exploratory efforts because oil prices have fallen down, but we did not take to that line. We continued our own efforts with other international companies which I have already submitted by increasing the refining capacity and we have been lucky to strike oil and gas in various parts of the country—east, west, north and south—and we are making efforts. But we will have to lay very huge infrastructure to utilise that. The time will come and we will do that.

MR. CHAIRMAN: Question No. 123. Shri Ganeshwar Kusum.

lb Valley Thermal Power plant

*123. SHRI GANESHWAR KUSUM: Will the Minister of ENERGY be pleased to state:

(a) whether Government have a proposal to set up a coal-based thermal power plant in the lb Valley in Sambalpur district. Orissa;

(b) if so, what are the reasons for the delay in implementing the above proposal; and

(c) what steps are being taken to expedite the establishment of the above thermal power plant ?

THE MINISTER OF STATE IN THE DEPARTMENT OF POWER IN THE MINISTRY OF ENERGY (SHRIMATI SUSHILA ROHATGI): (a) to (c) A Statement is laid on the Table of the House.

Statement

The Planning Commission have, in April, accepted the feasibility of the lb Valley Thermal Power Project (4x210 MW) in Orissa and its inclusion in the State's

Seventh Plan. Preliminary works relating to land acquisition, township approach roads, development of water supply and telecommunications etc. are in progress. The Orissa Power Generation Corporation have placed a letter of intent on M/s, BHEL for turn-key execution of the project which is expected to be commissioned in the English Plan.

Contracts awarded to Indian and Foreign Companies by ONGC

*124. SHRI LAL K. ADVANI: 't
SHRIMATI RENUKA CHOW-
DHURY:

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether Government's attention has been drawn to the news-item which appeared in the Hindustan Times dated 18th October, 1987 to the effect that a number of Indian and Foreign companies' representatives, stationed at Dehra Dun, Bombay and Delhi bribe their way into getting fat orders for their employers and on regular basis and they also entertain and pie-sent costly gifts to senior ONGC officials;

(b) if so, whether any investigations have been made in this regard; and

(c) if so, what are the findings thereof and if not, what are the reasons therefor ?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI BRAHM DUTT):

(a) Government has seen the news item.

(b) and (c) The insinuations made in the news item are rather general and vague: and as such do not warrant any investigation. However, ONGC's rules and procedures are devised to prevent malpractices.

श्री लाल कृष्ण आडवाणी : सभापति जी, मैं मंत्री महोदय से जानना चाहूंगा कि जिस प्रकार के परिपत्र प्रतिरक्षा मंत्रालय के सौदों के बारे में हैं कि कोई बिचौलिया नहीं होना चाहिए वैसे कोई परिपत्र पब्लिक अंडरटैकिंग के