

RAJYA SABHA

Monday, the 20th April, 1987/30
Chaitra, 1909 (Saka)

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

ORAL ANSWERS TO QUESTIONS

Increase in production of Crude Oil

*61. SHRI SURESH KALMADI:†
SHRI KISHOR MEHTA:

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

(a) whether it is a fact that there is only marginal increase in the production of crude oil during the year 1986-87;

(b) if so, what are the details of the production and refining capacity during the year 1986-87 in comparison to that the preceding three years; and

(c) what are the prospects of increase in the production of crude during the year 1987-88 and its impact on the domestic requirements?

THE MINISTER OF STATE OF THE MINISTRY OF PETROLEUM AND NATURAL GAS AND THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BRAHM DUTT): (a) and (b) The increase in the production of crude oil during 1986-87 over the previous year was: 0.29 million tonnes. The

details regarding production and refining capacity are:

Year	Crude production (MMT)
1983-84	26 02
1984-85	28 99
1985-86	30 17
1986-87	30 46

Year as on 1st April	Refining Capacity (Million Tonnes per annum)
1984	37 80
1985	45 55
1986	45 55
1987	46 70

(c) The target for production of crude oil for 1987-88 is 30.46 million tonnes, which is expected to meet about 61 per cent of country's requirement.

MR. CHAIRMAN: Whenever there are statistics, you place them on the Table of the House because the members cannot follow the figures.

SHRI SURESH KALMADI: With all the efforts being put in by the ONGC, I am afraid that there is hardly any increase in production. Sir, according to the Minister's own statement, in 1986-87 the production is 30.46 M.M.T. For 1987-88 also, the production is the same, i.e. 30.46 MMT. Sir, the off-shore component of this is very very low. It is just 20.5 million tonnes. That was last year and this year also. The projection for the next year is also the same. There is something wrong with the off-shore production. I would like to know whether there is any problem with regard to the rigs or whether there is any problem with regard to off-shore platforms. I think you have already consultancy with the United States, France and the Soviet Union

†The question was actually asked on the floor of the House by Shri Suresh Kalmadi;

also. So, the consultancy part of it is there. Are we short of rigs? Do we not have enough facilities for the repair of rigs? Have you been receiving rigs as per the schedule from Mazagaon dock? So, Sir, I would like to know the position about rigs and when do we propose to be self-sufficient in oil production.

SHRI BRAHM DUTT: Sir, I would like to begin from the end. Self-sufficiency is a very illusory idea. If the demand is frozen at today's level, then self-sufficiency can be obtained. But the demand is increasing. The second point is that oil is not like any other commodity produced in a factory where you provide the raw material and start producing things under one roof. First of all we have to explore by seismic survey and other methods. We are using the latest equipment and other methods. We are not short of rigs. We are not short of consultancy also. The third thing is the production on commercial scale. It cannot be said definitely that as to when we will be able to do it. But we are using early production system by repair of sick wells. The increase in production this year which shows a marginal increase, is due to this. We have been fortunate enough to locate the presence of hydro-carbon—oil or natural gas—in certain areas and we hope that we will be able to exploit it commercially.

SHRI SURESH KALMADI: Coming to the onshore component of oil exploration, as far as the western region is concerned, there is increase from 3 million to 6 million tonnes which is a good thing. But, Sir, What I am concerned about is the eastern region where it is on a decline. Sir, you are aware that Oil India which was making a profit of Rs. 90 crores came down to Rs. 60 crores. It has gone down more this year. And, Sir,

you are aware of the big agitation in Assam because of which there is a blockade of oil in Assam and there is a big movement in Assam against oil India Chief Mr. Cheddha. It is a national loss. But then, Sir, I would like to know from the hon. Minister whether he has spoken to the Government of Assam and he is trying his best to explore crude oil production in Assam.

SHRI BRAHM DUTT: Sir, the hon. Member has raised a very important point. I have not only spoken to the Chief Minister of Assam but I have spoken to the AASU boys also. I have been in continuous touch with the AASU MPs and the Congress MPs from Assam. And it is a fact that due to this agitation there has been a loss in production and loss of money, and I request that this industry should not be treated as a regional industry; it has got to be treated as a national industry. And I am proposing administrative steps to create an atmosphere in which oil India will be able to work more efficiently.

SHRI M. KADHARSHA: Sir, I do not understand why the Government could not explore and exploit the Bombay High and the Gujarat oil-fields to the maximum? They are remaining same. Even according to the statement, the increase is only marginal—only 4 million tonnes. I want to know whether it is a fact that the Government is following an unscientific method in drilling oil which has resulted in the drying up of several wells in Assam. And whether it is also a fact that there is a tussle going on between the Petroleum Ministry on the one side and the Ministries of Industry and Finance on the other to import rigs. So, I want

to know whether the shortage of rigs is also a reason for the low production of oil. Regarding refining capacity, the 7th Plan has shown very scant regard. No additional capacity has been created even though it will cost heavy to the Government. I would like to know whether the existing refineries at Madras, Vishakhapatnam and Haldia will be expanded so that necessary . . .

MR. CHAIRMAN: Time over.

MR. M. KADHARSHA: . . . capacity will be created.

SHRI BRAHM DUTT: Sir, about the technique of exploitation of oil, we are using the latest technique which is available—early production system, even horizontal drilling. We are not short of rigs. Sometimes the problem arises. We are having rigs from the indigenous sources. We are hiring the rigs from outside. We are not short of rigs. But the question is that the other conditions also lead to less production, the general prevailing atmosphere. As it improves, I think, things will improve. We are adopting a very aggressive policy using the latest technology in exploration in exploitation and refining also. During this period, we have been able to enhance the capacity of certain refineries. We are putting up two new refineries. And we are making a study where additional capacity in each refinery can be added.

MR. CHAIRMAN: You have not answered one question. Is the method adopted unscientific? And is that the reason for not enough production of oil?

SHRI BRAHM DUTT: Sir, I have answered it in the other way. We are adopting the latest technology. Latest technology is always scientific.

MR. CHAIRMAN: Latest can be unscientific also.

SHRI NAGEN SAIKIA: Sir, it has been stated by one of the Members also that due to agitation and oil blockade, the production of crude was less in Assam. But I want to know from the hon. Minister whether it is a fact that due to over-production from some of the wells in Jorajan, Moran and Nahar Katia now those wells have ceased to flow and, therefore, the total production of oil is coming down.

SHRI BRAHM DUTT: Oil production is decreased from a well due to two reasons. The well goes sick. 25 per cent of the initial result comes out automatically. After that, we have to use artificial methods. And, the second thing is that when the oil reserves are exhausted, I do not think in Assam that situation has come, as I have stated in the beginning that to enhance production we are using the water and air injection system.

SHRI V. NARAYANASAMY: Mr. Chairman, Sir, the indigenous oil production is two-thirds in our country. The remaining one-third we are importing from foreign countries. In that we are losing foreign exchange to the tune of Rs. 2,700 crores every year. Sir, I would like to know from the hon. Minister whether the Government is formulating any long-term oil plan policy so that there is increase in the indigenous production of oil and reduction in the import of oil from other countries.

MR. CHAIRMAN: He has answered it.

SHRI V. NARAYANASAMY: Sir, I would like to know about the plan, what is the long-term oil plan?

MR. CHAIRMAN: All right, you repeat the answer.

SHRI BRAHM DUTT: We have the perspective plan for the next fifteen years.

SHRI NIRMAL CHATTERJEE: Sir, there were some observations in the past that Bombay High is being whipped much too recklessly, without taking into account its potential and future availability. Now, I learn from our AGP colleague that this seems to be the case in Assam also. Now, the question is that from the figures you uttered it seems to me that after picking up a high output in terms of crude the percentage of self-sufficiency is declining now. Is that true? I want to get the figures. If today it is 61, then yesterday how much it was? That I want to know. Secondly, I want to know that in terms of the revised index of production with base 1980-81, have you changed the weight of crude petroleum from 1970-71 to 1980-81 and what are the different weights in these two years?

SHRI BRAHM DUTT: The second part I did not understand; will you please repeat it?

MR. CHAIRMAN: You answer the first part. I will tell you what the second part is.

SHRI BRAHM DUTT: Sir, the first part I would like to answer and say that we are not whipping any oil fields. As I have submitted, the first stage is when 25 per cent of oil flows out due to natural pressure. When it is exhausted then artificial means of water and air injections are used. That is not whipping. We are taking care to see that our reservoirs are not exhausted. That is the first part of the question.

MR. CHAIRMAN: The second part is that in the revised industrial index, has the weight for crude oil been reduced, changed or increased?

SHRI BRAHM DUTT: For this I will require notice.

SHRI NIRMAL CHATTERJEE: Sir, he did not give the figures.

MR. CHAIRMAN: He wants notice.

SHRI BRAHM DUTT: Sir, I will give the figures. From 69 to 61, that is correct. But that is due to the increase in demand and comparatively less increase in production. That is right.

SHRI GAYA CHAND BHUYAN: Mr. Chairman, Sir, there is a report that natural gas is wasted in Bombay High. What is the Government doing to utilise that natural gas when there is so much demand in the country? That is my first question. Secondly, a survey was done in the Mahanadi basin valley. What is the probability of getting oil from that basin?

SHRI BRAHM DUTT: About the natural gas, Sir, we are reducing the flare-up by making more and more use of it. After the completion of the HBJ pipeline when gas will be supplied to power plants and fertilizer plants, flare-up will become less. About the Krishna, Cauvery and Mahanadi basins, we have recently got new findings and we are laying the pipes and we are trying to assess the position.

SHRI LAKSHMI KANT JHA: In many of the questions the assumption has been made that early attainment of self-sufficiency as well as saving of foreign exchange should be the important guideline in the policy. I venture to point out a different note. Oil is an exhaustible resource. Foreign exchange can always be replenished. You can convert iron ore into foreign exchange but not iron ore into oil. In view of that, I would like to know whether there is a long-term plan of ensuring that we do not deplete the stocks too soon and we do not run out of oil while other countries have got large reserves.

SHRI BRAHM DUTT: This is a very valid question. We have got a perspective plan. First of all, we are trying to explore the presence of the hydro carbon, whether natural gas or oil. There are three categories, where the presence is known, where the presence is commercially established and where exploitation is being made. So, we are taking ample care and a good care so that our reserves are established from time to time and we do not exhaust all our reserves.

SHRI NIRMAL CHATTERJEE: The question was about such items which consume oil.

MR. CHAIRMAN: What Mr. Jha wanted to know was whether you are taking measures for conservation of your reserves and you are not depleting it. This was the question and it has been answered.

SHRI NIRMAL CHATTERJEE: Not production; those items which consume oil.

MR. CHAIRMAN: For that, you will have to put a separate question. Mr. Chitta Basu now.

SHRI CHITTA BASU: You might have observed that the Minister has said that we possess the requisite and latest oil technology in respect of exploration etc. If that is so, may I know from the hon. Minister whether certain blocks are being parcelled out for foreign companies for exploration work in our country? If so, what are the terms and conditions of the contract being reached with foreign companies in the matter of exploration of oil in our country? Part (b) of the question is whether it is also a fact that in order to increase the productivity of oil in our country, you have recently appointed a consultancy firm of the United States of America. If so, what are the terms and conditions for the appointment of that consultancy firm in our country? Would the hon.

Minister explain these two points in details as far as possible?

MR. CHAIRMAN: The original question relates to the increase in production of crude oil, and unless the Minister is prepared to answer it, you will have to put a separate question.

SHRI CHITTA BASU: Sir, I am completely within the parameters of the question. The question relates to production; production is related to productivity, and ...

MR. CHAIRMAN: No, you cannot go on. Next question 62.

Plan for rehabilitation of sick industrial units

*62. **SHRI PARVATHANENI UPENDRA:** Will the Minister of INDUSTRY be pleased to state:

(a) whether any comprehensive plan has been formulated by Government for the rehabilitation of sick industrial units in the country;

(b) if so, what are the details thereof;

(c) whether the policy of taking over by the Government of such industrial units has been reviewed; and

(d) if so, what are the details of the new policy?

THE MINISTER OF STATE IN THE DEPARTMENT OF INDUSTRIAL DEVELOPMENT IN THE MINISTRY OF INDUSTRY (SHRI M. ARUNACHALAM): (a) to (d) A statement is laid on the Table of the House.

Statement

(a) and (b) The Reserve Bank of India in consultation with the banks and financial institutions has evolved a mechanism which helps in detecting industrial sickness at the incipient stage. The financial institu-