

gle case of evasion. Will such a fine day come during the period of the hon. Deputy Prime Minister as such?

SHRI K. C. PANT: When we attain a perfect society that will be possible.

MR. CHAIRMAN: Next question.

PERMISSION TO FOREIGN FIRMS TO
EXPAND CAPACITY OF OIL REFINING

*608. SHRI CHITTA BASU: Will the Minister of PETROLEUM AND CHEMICALS be pleased to state:

(a) whether Government have decided to permit the foreign firms in India to expand their capacity of oil refining;

(b) if so, the reasons therefor;

(c) the names of such foreign firms; and

(d) the terms under which such expansion has been permitted?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND CHEMICALS (SHRI K. RAGHURAMAIAH): (a) No, Sir.

(b) to (d) Do not arise.

SHRI CHITTA BASU: May I know from the hon. Minister whether the Government proposes to revise the agreements with the foreign oil companies because the existing agreements are not in keeping with the national interests?

SHRI K. RAGHURAMAIAH: Sir, we have informally asked the foreign oil companies whether they will agree to terminate these agreements subject to certain conditions.

SHRI CHITTA BASU: What are the conditions, I want to know. And again I want to raise another question, Sir. I want to know whether it is also a fact that of late the Government of India informed the Burmah-Shell company that they would be permitted to expand their oil refinery capacity from 3.75 million tonnes of crude to 5.75 million tonnes of crude on condition that the Burmah-Shell company would

agree to recast the agreement now current and they would also agree to start a fertilizer plant based on nitrogen. If so, what is the reaction from the Burmah-Shell company?

SHRI K. RAGHURAMAIAH: It is the suggestion of the Burmah-Shell Company. It is they who have suggested that they would set up that fertilizer unit and have asked for expansion and the Government have not come to any decision on that.

SHRI CHITTA BASU: My point has not been answered; I want your protection, Mr. Chairman. He says the Government is contemplating to revise the current agreement under certain conditions. I also wanted to know what are those conditions contemplated by the Government of India, because I feel and strongly feel, Sir, that the current agreements are not in keeping with national interests.

SHRI K. RAGHURAMAIAH: Sir, following the Estimates Committee Report we have suggested to the foreign oil companies whether they would be willing to terminate the agreements, and the conditions stipulated are for negotiation. One of them relates to the import of crude, and there are various other conditions. These are matters still for negotiation. How can I say what are all the various conditions at this stage?

SHRI B. D. KHOBARAGADE: May I know, Sir, whether it is a fact that all these foreign oil companies are sending huge amounts to their original countries under the pretext of expenditure incurred in the head offices? If this is a fact, I would like to know from the hon. Minister whether any steps are being taken to prohibit the remittance of such huge amounts, which are not at all incurred as expenditure in the head offices?

SHRI K. RAGHURAMAIAH: Sir, certain remittances are contemplated in the agreements. How can we stop them?

MR. CHAIRMAN: Mr. Arjun Arora.

SHRI B. D. KHOBARAGADE: If is a term of the agreement, will the Government revise that agreement?

MR. CHAIRMAN: I have called Mr. Arjun Arora.

SHRI ARJUN ARORA: May I know if the attention of the Government has been drawn to the fact that the foreign oil companies' oil refineries have some built-in, some hidden, capacity, and whether their hidden capacity is being regularised, or is the Government insisting that it should be kept idle?

SHRI K. RAGHURAMAIAH: Sir, actually the various foreign oil companies were first operating their capacities in terms of the agreements. Now for instance Burmah-Shell in terms of its agreement had a capacity a 2 million tonnes, Standard Vacuum 1.90, Caltex 0.675. But in 1963 we needed more refining capacity. So we ourselves authorised Burmah-Shell to operate 3.75 million tonnes. Now this excess capacity has been allowed because we needed it. As to whether it is an in-built capacity, it may well be an in-built capacity at any rate for the most part because no extra equipment has been asked for, no extra capital expenditure has been approved. Now for instance in Cochin it is 2.64 capacity, but it can go up to 3.5. There is a certain amount of in-built capacity which we have been utilising.

SHRI A. D. MANI: May I ask the Minister whether the growing demand for oil during the next three years will be of such a character that there has to be an inevitable expansion of refining capacity both in the private and the public sectors as otherwise we will not be able to meet the demand for oil?

SHRI K. RAGHURAMAIAH: It is true, Sir, that with the increasing demand for petroleum products in the coming years there will be need for extra refining capacity, but how it should be, where it should be, these are matters which have to be considered by the Government.

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SHRI M. M. DHARIA: Mr. Chairman, Sir, I am really sorry with the explanation from the hon. Minister. It is not the in-built capacity. Is it not a fact that when they were licensed to have a particular capacity they brought in machinery for additional capacity? And that is how they have deceived the Government, and now they are demanding for more production. Therefore why has the Government allowed these foreign concerns to have this machinery for more capacity in this country? Will the hon. Minister examine this point?

SHRI K. RAGHURAMAIAH: I have said in-built capacity, and the capacity can be in-built only if machinery has been there from before. Otherwise how can it be in-built? (*Interruptions.*) We have ourselves utilised that capacity; following the Chinese invasion we needed more extra capacity, and for various reasons at that time in 1963, we ourselves utilised it; we authorised them to process 3.75. For instance in the case of Burmah-Shell the original licence was only for. . .

MR. CHAIRMAN: The question Hour is over.

WRITTEN ANSWERS TO QUESTIONS

FOREIGN EXCHANGE RATES

*609. SHRI ABID ALI: Will the Minister of FINANCE be pleased to state:

(a) what is the authorised exchange rate for the sale and purchase of Pound Sterlings and U. S. Dollars at the Indian airports;

(b) whether Government have recently received complaints to the effect that the difference between the sale and purchase prices is more in favour of the licensees and that it compares unfavourably with the prices prevalent in some other countries and

(c) if so, what action has been taken by Government thereon and with what results?