

**EXPANSION OF OIL REFINERIES IN
PRIVATE AND PUBLIC SECTORS**

SHRI ABDUL GHANI*: *474. \ SHRI
DAHYABHAI V. [PATEL:

Will the Minister of MINES AND FUEL be pleased to state:

(a) the initial refining capacity that was sanctioned to the three foreign refineries of Burmah-Shell, Esso and Caltex and the subsequent expansions allowed from time to time to each and the reasons thereof;

(b) whether it is a fact that Government are contemplating further expansion in the refining capacity of public and private sectors;

(c) whether it is a fact that none of the above refineries will be able to complete the expansion in less than two to three years; and

(d) whether Government propose to give preference to Indian nationals in setting up of refineries as against foreign oil monopolies and if so, whether Government have invited applications for industrial licences for the establishment of refineries?

THE MINISTER OF MINES AND FUEL (SHRI K. D. MALAVIYA) : (a) A statement is laid on the Table of the House. The maximum available capacities were utilised in order to minimise import of products.

(b) The private sector refineries have already been permitted to operate at the maximum existing capacities available with them, which are in excess of licensed capacities. Substantial expansion of public sector refineries has been sanctioned for completion during the Third Plan. As regards similar expansions in the private sector, all aspects of the problem including the likely additional demand for petroleum products and the best way of meeting it are under consideration.

(c) Part of the expansion sanctioned in the public sector will be completed within three years. The expanded capacities in the public sector will, however, be definitely completed within the Third Plan period.

(d) Establishment of refineries will be examined in terms of the Industrial Policy Resolution adopted by Government; no applications have been invited specifically from any parties.

STATEMENT

The initial capacity sanctioned to the three foreign refineries of Burmah Shell, Esso and Caltex and the subsequent capacities maintained from time to time from 1955 to 1962 are as under:—

Figures : (a) 1955 to 1959 in million tons
(b) from 1960 in million tonnes

As originally licensed	Burmah-Shell	Esso	Caltex
	2.0	1.2	0.675
1955	1.8	1.1	..
1956	2.4	1.4	..
1957	2.4	1.6	0.5
1958	2.4	1.7	0.7
1959	2.5	1.7	0.8
1960	2.8	1.9	0.9
1961	2.9	2.0	1.0
1962	3.5	2.4	1.05

†The question was actually asked on the floor of the House by Shri Abdul Ghani.

SHRI DAHYABHAI V. PATEL: Sir, in view of the emergency and the increased demand for petroleum products, will Government consider the desirability of encouraging private Indian nationals to set up refineries, particularly those who have been made to spend large sums of money, on the encouragement of Government, in prospecting and in getting information to Government about setting up refineries in the private sector?

SHRI K. D. MALAVIYA: All the facts with regard to more consumption were taken into consideration by Government and it was precisely on those conditions that a fresh examination was made with regard to expanding the refinery capacity. Government took a decision very recently and expanded the public sector refinery capacity from four-point-something to seven-point-something million tons. *And* if there are further necessities of expanding the refineries, that question will be examined by the Planning Commission and we shall give all consideration to it.

SHRI A. D. MANI: I should like the Minister to give me an estimate of the foreign exchange commitment involved in the expansion of the public sector. And the second ancillary question that I would like to ask him is whether it is a fact that the private refineries have offered to import machinery on their own account without involving any drain on India's foreign exchange resources and whether Government are considering the proposals.

SHRI K. D. MALAVIYA: Sir, it is not quite correct to assume that if a private sector refinery is invited, there is no drain of foreign exchange on the Government. That impression should be corrected. The answer to the first question is that we are arranging for credits from foreign countries for getting the refineries constructed here, then pay off the debt till all debt is

1081 RS—2.

paid and the refinery becomes the people's refinery.

SHRI A. D. MANI: How much is the cost?

SHRI K. D. MALAVIYA: The cost is competitive and favourable to us.

SHRI A. D. MANI: I am asking for information about the foreign exchange commitment. Plans are there. Government should be in a position to say what the foreign exchange commitment in respect of any matter will be.

SHRI K. D. MALAVIYA: That is a specific question—the foreign exchange commitment of any subject. If the hon. Member puts a separate question, I will surely answer it.

SHRI DAHYABHAI V. PATEL: May I ask whether, taking into consideration the expansion of refineries in the private sector, Government's decision is to allow the monopoly of the three existing refineries to remain or whether others are going to be licensed to set up refineries?

SHRI K. D. MALAVIYA: Sir, refineries in future will be permitted to be installed only under the Industrial Policy Resolution. If the Industrial Policy Resolution admits of private sector refineries coming into being, surely that matter will be considered.

SHRI M. N. GOVINDAN NAIR: In your statement you have given the refinery capacity that was sanctioned. May I know whether the actual quantity of oil refined by these refineries is in excess of the sanctioned quantity or not?

SHRI K. D. MALAVIYA: Yes, Sir. At present the actual quantity of crude oil processed by these refineries is in excess of the licensed capacities.

SHRI M. N. GOVINDAN NAIR: May I know the amount of profits that have been sent out of the country during the

last three years by these three concerns?

SHRI K. D. MALAVIYA: I have not got those figures here, but surely, if foreign capital is invited here, they will be entitled to take away their profits and some other items.

SHRI BHUPESH GUPTA: It has been the policy of the Government, as we understand it and as we are given to understand it, that in future there would be no more expansion of the private sector in the field of oil industry and that all stages would be left to the public sector, refining and so on. May I know why there is this sudden change in the policy on the part of the Government in order that this private sector can come into almost all stages of the oil industry? What has necessitated this kind of thing when it was rejected by the Planning Commission and, I think, also by the Government?

SHRI K. D. MALAVIYA: It is a long question. If I understand the question correctly, it is, why the private sector is being allowed to expand the refinery capacity which already existed. My answer to this question, if I have understood it correctly, is that there was some installed capacity left unused in these refineries. It is in the interests of the country and further of saving foreign exchange that all those installed capacities should be fully utilised, and permission for that was given.

SHRI T. S. AVINASHILINGAM CHETTIAR: Apart from these foreign refineries may I know, Sir, whether there are any Indian companies which have asked for setting up refineries in India?

SHRI K. D. MALAVIYA: Sir, if an Indian party applies for a refinery in the private sector, it does not make much distinction from an application from a foreign party. Both are inconsistent with the Industrial policy Resolution, which the Government and Parliament are bound to follow so long as it is not changed.

SHRI K. SANTHANAM: May I know, Sir, when the public sector refineries are expanded, whether, with their production together with the production in the private sector, there will be a stoppage of imports of refined petroleum products?

SHRI K. D. MALAVIYA: Sir, it is a difficult question. Perhaps theoretically I can say, "Yes". But always there is likely to be a marginal imbalance. The more we consume, the more we have to arrange for refining and the more there is the likelihood of some product remaining in excess. Therefore, in order to maintain a balance and save foreign exchange we sometimes import some products. It is in the normal course of things.

**AGREEMENT BETWEEN INDIA AND
PAKISTAN ABOUT INDIA OFFICE LIBRARY,
LONDON**

"475. SHRI M. S. OBEROI: Will the Minister of SCIENTIFIC RESEARCH AND CULTURAL AFFAIRS be pleased to state:

(a) whether any agreement has been entered into between India and Pakistan about the India Office Library, London; and

(b) if so, what are the details of the agreement?

THE MINISTER OF SCIENTIFIC RESEARCH AND CULTURAL AFFAIRS (SHRI HUMAYUN KABIR): (a) No, Sir.

(b) Does not arise.

SHRI A. D. MANI: Sir, I should like to know whether there has been correspondence with the Pakistan Government on this subject and, if so, what is the nature of the objections which the Pakistan Government might have advanced for the conclusion of an agreement?

SHRI HUMAYUN KABIR: Correspondence has been going on. There have been also discussions. There have been no objections as such, but we have not yet come to an agreement.