

[Shri Amolakh Chand.]

When this matter was brought to the notice of the Law Ministry in May, or June, may I know why they were sleeping over this matter till the 20th August 1959?

MR. DEPUTY CHAIRMAN: It has come before the Lok Sabha and then here.

SHRI AMOLAKH CHAND: No, Sir, this Bill was introduced in this House. If Mr. Deputy Chairman says like this, I have nothing to say.

MR. DEPUTY CHAIRMAN: The Bill has to be drafted.

SHRI A. K. SEN: In this particular matter, the Government of Burma was also involved. In the particular case just before the Supreme Court, if anything is recovered from the attached property, quite a part of it will go to the Burma Government.

When the decision was given by the Supreme Court the matter was referred by the Punjab Government to the Government of India who at once got in touch with the Government of Burma and the Government of Burma made some representations also in the matter. Then the matter was considered; the Ministry alone cannot decide the law as everybody knows. We have, first of all, to put it before the Cabinet and get its sanction. It is only after a decision by the Cabinet that a Bill can be brought. I think after the Supreme Court judgment the pace has been quite quick; I wish it had been a little quicker after the commencement of the Constitution as the hon. Member there pointed out.

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill be passed."

The motion was adopted.

## THE OIL AND NATURAL GAS COMMISSION BILL, 1959

THE MINISTER OF MINES AND OIL (SHRI K. D. MALAVIYA): Sir, I move:

"That the Bill to provide for the establishment of a Commission for the development of petroleum resources and the production and sale of petroleum and petroleum products produced by it and for matters connected therewith, as passed by the Lok Sabha, be taken into consideration."

While moving for consideration, Sir, I would like to say a few words about this Bill. We seek to entrust the present Oil and Natural Gas Commission, which is a Department of the Government, with more powers to function. Sir, by experience it has been found out by us that when we have to function under the limitations of a Ministry, the special peculiarities of oil exploration prevent us from functioning in that efficient way as is absolutely necessary for discovering oil. We tried our level best to work under the Ministry for three years and we found that we had to compete with international explorers and over and above that, in view of the urgent necessity of discovering oil and the pressing need for producing indigenous crude oil in our own country, we found we must expedite the whole process. Right from the very beginning to learn the technique of oil exploration, to apply that technique to do the job, to develop relations with those from whom we are seeking assistance and then to implement the schemes in a business like way, all these necessitated a little rethinking on our part and we thought that some more powers should be conferred on the Oil and Natural Gas Commission and the present departmental Commission should be converted into a statutory corporation so that we may be able to function more expeditiously.

Sir, I would like now to state the facts as they are with regard to oil. We are consuming about 5

million tons of crude oil in terms of petroleum products now and almost the entire quantity except about 400,000 to 500,000 tons is being imported from abroad. We are spending about Rs. 100 crores in foreign exchange to import it in order to cope with the demands of our expanding economy. As years roll by, we find that our consumption of petroleum products is increasing. Previously the consumption was increasing rather slowly; there was only perhaps 4 to 5 per cent increase per annum. Now, according to latest international experts perhaps it is increasing at the rate of 10 per cent. I will quote a very big oil expert who says that the demand for petroleum fuels in the world outside North America is currently increasing at about 8 per cent a year; in South East Asia it is running at about this level and in India it is somewhat higher; perhaps as high as 10 per cent per annum. Oil and gas already supply half the world's needs of energy and the proportion is increasing. I do not know whether we can subscribe to this view that our petroleum consumption is increasing at the rate of 10 per cent. But even if it is a little less, say, 8 per cent which is the average figure in many countries, that means that in less than about 12 years' time our consumption will be doubled. At this rate we cannot import petroleum products. We have therefore no alternative but to apply our energies in a very serious and urgent manner to discover our own oil in the country. It was with that object in view that the Government started the Oil and Natural Gas Commission and the achievements of the Commission within the last two or three years are not by any means bad. We have been encouraged in the past by both Houses and this encouragement has been a source of great inspiration to the great army of workers of the Commission to go forward in their work. Nevertheless, I would like to state that we have still to go far in learning the technique and making progress in order to be at par with some of the experienced oil explorers of the world. We have to

learn the technique from them; we have yet to attain their accumulated experience and we have also to get a little more insight into the economics of oil business, whether it is exploration, or production of crude oil or the processing of the crude oil, or transportation and distribution. All this is an integrated technique which we are trying our level best to learn. Prior to this venture, that is, before 1954, the Government had no knowledge nor was it known to any of our countrymen in any of its aspects. The entire know-how is foreign and we had—and we have still by and large—to depend on the technicians from the West to learn everything about this. However, ever since the Oil and Natural Gas Commission started functioning, we have learnt something about it. For instance, we know now more or less the entire technique of oil exploration and I am glad to inform the House that in many aspects of oil exploration our boys have done very well. During these three years of our activities we have discovered about 10 or 12 possible oil structures in the country. We are working on three or four more and we hope that in the next three or four months we shall be able to demarcate or get an idea of about 15 or 16 possible oil structures where we have to search more intensively for oil. As the House is aware, we have discovered some gas in Jwalamukhi and some oil in Cambay. In the Cambay region we are hopeful of some more possible areas. All this has been done wholly by the technicians of the Oil and Natural Gas Commission assisted by the technicians of the Soviet Union to whom we are very grateful both for the help given by their technicians and for the equipment that we have received from them. Now, unless the Oil and Natural Gas Commission gets a little more power to function, it will not be possible for us to expedite that process which we all wish to do.

This controversy of private and public sector oil had been raised off and on in certain quarters and in certain

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sections of the press a criticism was also levelled against some of our activity. It was said that perhaps we were making pretentious statements and putting exaggerated pictures before the country of oil discovery. I am not aware of any statement having ever been made by the Government or by me in my capacity as a Minister in the Government which could have been construed as in any way an exaggerated picture of what has been done by us. I saw the copies of all those statements which have been made and I can state here with a sense of responsibility that whenever gas or oil has been discovered, or the possibility of gas or oil has been indicated by our work, we have correctly reported to the country and to the House and technologically there could be no criticism levelled against us for any word that was used in our statement. The oil world knows what we have achieved. I never mince matters. I said it then and I say it now that we have still to go a very long way, we have still to learn many things. We have made mistakes and we are likely to make many more mistakes, which would give us some lessons and an insight into our very difficult and hazardous work of oil exploration. If our work has been slow, it is not on account of any avoidable mistake, but because either the mistakes have been unavoidable or it is in the very nature of the task that the whole process of discovery and production of crude oil is slow. There have been cases of oil explorers who have taken a decade and more than a decade to discover an oil field. Ten, twelve or fifteen years have been spent in establishing and producing oil from a particular field. Tons of money have been spent not only by one company, but after a series of failures new companies have been set up and then they have succeeded in producing oil or discovering oil. In our country, some of the most top-ranking experts, technicians and oil explorers are searching for oil. Unfortunately we are all disappointed, not on account of their inability to do

all that they could, but the fact remains that oil has not been discovered in certain areas, although much more experienced and skilled people were busy in searching for oil. Therefore, failure to find or locate an oil field or oil does not indicate necessarily that we have been slow in our work. On the contrary, in three years' time we have achieved something. Our first drill in the public sector fortunately—and the credit goes to our workers—led us to the discovery of gas in Jwalamukhi. Our second drill in Hoshiarpur did not succeed in finding any oil or gas although we got some valuable information about that area in the Punjab. So far we do not think that we have got any positive results in Hoshiarpur. Our first attempt in the Cambay region, after a lot of delineation work, resulted in the discovery of oil. The news was exciting and as our countrymen were not used to discovery of oil, naturally they got a little more excited by the news of oil found in Cambay. Since then, surely our country has become a little oil-minded, because we all realise what a great thing it is for us to discover oil and to get our own oil. Now the second drill in Cambay also has given some oil. Even though the two wells in Cambay, the Lunej structure, have given us oil, nothing can be positively said that we have found oil in commercial quantity in that region. In order to find oil in commercial quantities, we have to drill a fairly large number of holes to get the entire picture of the area which is an oil area. Now, unless we drill another six or eight holes in that structure, it will not be possible for us to indicate the commercial quantity of oil that could be exploited from that field. I very well realise the impatience at times shown by a section of the press and the people, but the hard fact is that a minimum amount of time is absolutely necessary to prove the commercial quantity of oil, even though oil has been discovered in a particular oil field. In our country, I should say, if luck favours and work goes on well,

that in three years' time it should be possible for a team of oil explorers to discover an oil field. After having discovered an oil field, sometimes it takes two years to three years to prove a minimum quantity which can be called a commercial quantity. Sometimes it takes four to five years or even more, unfortunately, to prove the quantity of oil. Then, they can start building up their schemes, plans and projects for the production of crude oil and sending it to the refinery. Now, oil was discovered in Cambay about 14 or 15 months ago. The first oil well was discovered then. Now, the second oil well has recently given us some oil. In the next five to six months we hope—now that we have got some more equipment—that we shall be able to drill about half a dozen wells in this area of Cambay, besides other areas, to prove the quantity of oil in Cambay. You will thus see, Sir, that we are doing our level best to give oil to the country as soon as possible.

Now, by the end of the Third Plan, it is estimated that our consumption will go up to about 8 million tons or more. It so happens that we will have to spend about Rs. 200 crores for the purchase of petroleum products. Obviously it is beyond the capacity of our country and our economy to find out Rs. 200 crores per annum in foreign exchange, in order to maintain the tempo of our development programmes. Therefore, we are in a hurry and we want you to help us in enabling the Oil and Natural Gas Commission to by-pass all those processes which mean a little delay for us. I know that there are some risks involved in trying to rush through things administratively, technologically and in financial matters. But the risk has got to be taken. We are out to take a big risk in discovering oil. The risk is that we may spend money and we may not get enough oil. But the Government have decided upon it and the House has supported the policy of that risk being taken. Now when that risk has been decided upon, it flows like a corollary that the body, which is so

far engaged in searching for oil, should be helped, so far as enough powers are concerned, to move ahead administratively, technologically and financially. This compact body of the Oil and Natural Gas Commission, I beg to say, has done some good work. We have now created a team of workers who have taken to their work most enthusiastically. They get obstructed in their enthusiasm and in the process of their work when the Government machinery off and on comes in their way. It is quite logical, it is quite reasonable, for us to presume that Government will be cautious in giving their sanction to particular schemes. But here in oil, when we have to move ahead and keep pace with other competitors, we have to take decisions where there is an element of risk. That is the peculiarity of the oil business and that peculiarity must be recognised by the House. This is the fundamental thing which I would like to draw your attention to. Once having accepted that there is a case for allowing the Commission to take that risk, the rest follows—delegation of power to top-ranking experts, the limit up to which they can spend money without reference to Government, technical assistance or technical association of foreigners, and all that.

The Statement of Objects and Reasons also clearly lays down the functions which we have in view and the objects that are before us. The memorandum regarding delegated legislation also clearly shows why and how we want to delegate powers from the Central Government to the Commission and from the Commission to the office-bearers and technicians of the Commission.

I have nothing more, Sir, to state at this stage except that the development of oil industry in the public sector must be allowed to have its free play. As I have been saying, Sir, we have no doctrinaire approach to this oil business. It is absolutely necessary that the oil industry should develop under the public sector. The very nature of this work demands

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that we should know all about it, that we have complete mastery over it. But that does not and should not prevent the Government from examining the schemes or proposals that might come to the Government for exploration of oil by agencies which are functioning under private sector. It is a question of how we are going to be benefited, it is a question of safeguarding the national interest, and it is business question No. 1. If our interests demand that explorers from friendly Western countries should come, if they are eager to send proposals, if they want to come, they are most welcome. We shall consider any such proposal which will be consistent with our policy and which meets the necessities of the situation. The objective before us is to produce enough quantities of oil by the end of the Third Plan so that we might become self-sufficient. Our objective is to have enough refineries so that oil produced by ourselves will be processed here, to have the machinery or organisation for distributing them independent of or in association with others so that a scheme of distribution of cheap oil products could also be established.

Sir, with these words I move for the consideration of this Bill, and I hope that the House will sympathetically consider the various provisions which have been passed by the other House.

MR. DEPUTY CHAIRMAN: Motion moved:

"That the Bill to provide for the establishment of a Commission for the development of petroleum resources and the production and sale of petroleum and petroleum products produced by it and for matters connected therewith, as passed by the Lok Sabha, be taken into consideration."

SHRI BHUPESH GUPTA (West Bengal): Mr. Deputy Chairman, I wish to make some observations in this connection when we are discussing

a rather important measure. I am glad that the hon. Minister referred to what is called the oil economy of the country, and I do maintain that this thing has to be gone into, and I also have no hesitation in admitting that some steps are being taken by the Ministry under his leadership with a view to improving the situation. Permit me, Sir, in this connection to pay my tribute to the engineers and others concerned who are trying to discover oil resources and develop this vital industry in our country so essential for the economic growth of our land.

Now, Sir, I should like to deal with some aspects of the oil economy to which the hon. Minister has referred. Somehow or other I feel that the Government is proceeding in this matter somewhat haltingly, in a hesitant way, and trying to do something and yet not doing it. This is what I feel. Obviously they are under some superior pressure, and it seems to me that whenever a step is proposed to be taken, somehow or other they feel frightened of what the private sector may or may not say. I think as far as oil is concerned it is a settled policy that the industry has to be developed exclusively under the public sector, and that in this matter the entreaties or threats of the private sector should be ignored.

Sir, the hon. Minister has given us certain interesting figures. We require 5 million tons of crude oil most of which is imported. In that context it is essential that we develop our own resources to overcome our dependence in this matter and develop self-sufficiency. Naturally for this necessary powers have to be given to competent bodies which deal with such matters.

Then, Sir, he also pointed out that if we were not improving, we would be requiring an import of oil worth Rs. 200 crores annually. It is a formidable figure and it should really determine the line of our approach to this matter. We would not be in a

position at all to meet Rs. 200 crores out of our exchequer for these imports, and therefore we must take vigorous steps now and in the years to come to develop the oil resources in the country so that we have to spend less than this staggering figure of Rs. 200 crores. That is very very important. Now the question is how to find the money. Yes, we must seek the assistance of foreigners in this matter, and that is being sought. The money has to be found from the industry as well—from the industry, I mean, the industry that is in existence. Here you know that in our country the entire distribution of oil is in the hands of four important foreign concerns. Standard Vacuum and Burmah Shell are the most powerful concerns in this country, and I think between them they nearly monopolise the entire import, almost the entire import, and distribution of oil. Where am I to find the money, from which source? Therefore, I think that steps have to be taken from now on to have a say in the matter of distribution. We have been suggesting from these Benches time and again that the Government should undertake in a big way the distribution of oil in our country; in other words, they must themselves see that the oil is imported under their aegis and is also distributed by them so that the monies earned on that account are invested for development purposes particularly in the field of oil. That is how we should find resources. Now I regret to say that the progress in this matter has not at all been satisfactory. Last session, I think, or the session before that, I raised an hour's discussion and pointed out how the money could be found. I pointed out two things—firstly that we should take over a part of the trade, if not the entire trade, in the matter of distribution. Secondly, we pointed out that, in order to make oil cheap and readily available to the consumer, we should also reduce the prices. I quoted very many figures to show that it is possible for us to bring down the prices of kerosene and

other petroleum products considerably. They are selling at a margin of profit which is unthinkable in a poor country like ours. I do not know why we are not in a position to make the Standard Vacuum Oil Company and the Burmah-Shell behave, and part with some of their control in the matter of distribution. We read in the newspapers that negotiations are going on between the hon. Minister and others. I read, Sir, that big men from London came for discussion. I do not know what happens there. But what is the result of all this discussion? Is the consumer buying oil at a cheaper price? Are we saving on that account? There is nothing of the kind. Therefore I should like to know from the hon. Minister what progress has been made. I know the difficulties. Once the foreigners have control over our economy, they are in—shall I use a diplomatic expression—a position of strength to dictate terms and I do not like the foreigners to be in that position of strength in order to dictate terms to the hon. Minister and get away with it. I want them to be dislodged from that position of strength, if necessary by laws of Parliament. He should come and tell us what is coming in the way. We are not asking you to exercise extra-territorial jurisdiction in this matter. We are only asking you to take over the control of distribution and bring down the prices, the f.o.b. prices. You see, the import price is much less—four or five times less—and the retail price is four or five times higher. They do not even know exactly the level, the different levels of prices at different points. This is something which is wrong. Therefore I should suggest to the hon. Minister, you proceed with the discussion, but proceed with confidence and courage. It is no easy job to break a monopoly. I know, because these people—the Standard Vacuum Oil and the Burmah-Shell companies—are not just foreign concerns. They have their—if I may use the military expression—fifth columns in our industry, the gentlemen of the private sector who always shout the moment

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you talk of the public sector. We read editorials about that. Economic journals are run by them where this Ministry is being attacked, and the public sector ridiculed, and the foreigners are being applauded and advertised. No, I say 'no' to that. You can tell these gentlemen who come here that we have decided, by working out our economics, to reduce the prices of kerosene and other petroleum products from this level to that, from this rate to that. Please accept it. Ask them why they should not accept it. And if you have any difficulty, come and tell us, take us into confidence and what we say in Parliament will be more telling than confabulations in the various secretariats. That is very important. I regret, Sir, that nothing has been done in this respect. Money could be found. I calculated—and I consulted some people who are economists—that by this method we can save. The Government can get forty to fifty crores of rupees, which is no small sum for a country which is going round the world with a beggar's bowl to find money for developmental activities. Fifty crores is a substantial, handsome amount even for a wasteful government. Why should they not take that money? Why should they not get that fund? Then in five years' time, we would have found Rs. 250 crores or so. It is a very big sum. The oil industry and the oil trade must be made to pay for its development, that is, for the expansion of the oil industry. It is not as if it is the tax-payer who is mulcted every day. It is not as if every time we require to build up some thing, we must try to find resources outside. We must find the money from the very industry itself in order to develop it. This process should be started. I do not say it is not being done. It is tried, but naturally it comes against all types of difficulties. But you should take us into confidence in this matter and tell us.

Then I come to the foreign exchange. He said that one crore of rupees—again a big sum—is spent

every year. Yet, the money goes out. Even if you do not take it at all at this stage, why should they be allowed to send away their money? Compel them to invest this money for our developmental economy, for the development of the oil industry in the public sector. If they do not do so, then under a scheme of compulsory loans take it from them. We had issued loans and bonds. We can do so here also. We can use our fiscal measures to get at the funds. We can prevent, through Reserve Bank operations, all remittances abroad so that the money here is not carted out of the country, but invested for the development of our oil industry. That step has to be taken. One hundred crores of foreign exchange expenditure every year should be immediately reduced, and it is possible to do so.

Again, there is the question of freight. A lot of money is spent on freight. That again has to be considered—how we can save that.

These are some of the ways whereby you can find the money for that, and simultaneously with it, go ahead with your developmental scheme. If there is a little more expenditure which has not produced the results expected, nobody will blame you. Our people will only expect you to exercise prudence and do the best that you are capable of doing. That is all that we want. That has got to be done. The money has to be found. Then we have to get funds from these sources. What is the use? Are we developing two lines there—public sector and private sector in this? I do not believe in the spying in the sky theory. Some years hence many of us may not be alive. The private sector which is already there goes on expanding, goes on fattening itself, and sponges upon the people continually and this private sector is naturally in the hands of the Americans and the British. Do something about it. I understand the development of public sector in this field would be not only by expansion there in the public sector, but also by restricting the private sector. I want to take

some of their things. Shri Jawaharlal Nehru said some time ago that we must capture the strategic heights in our economy. Oil, I believe, is the strategic height, and I ask our Field Marshals in the Treasury Benches, "What about capturing some of these heights? Do capture one or two of them and show your mettle." It is open to you. It does not require a major military operation. You can do it by a decree; you can do it by a simple Act of Parliament; you can do it even by an executive order. I understand . . .

**SHRI AKBAR ALI KHAN** (Andhra Pradesh): We want to honour our agreement.

**SHRI BHUPESH GUPTA**: Well, strategic heights. It is better if you can capture it by agreement. Suppose that agreement is not forthcoming. You don't. Well, allow yourself to be captured by others. That is the trouble with you.

Now, that is how it should be done. I think the hon. Minister should be given more powers, and he has to carry the various Ministries with him. The Finance Ministry here has got a mixed economy and a mixed mind. Well, mixture is much in favour of the private sector. After that, he is going to the Planning Commission which has not yet made up its mind in certain matters, has no mind at all in certain other matters. Then he has to come to the Prime Minister who has got a philosophical mind, and we do not know where we are. We do not want this kind of thing. He should be given enough powers and begin this thing. I think Parliament should consider it. We cannot allow our oil industry—much less other industries—to remain in this way. Whatever we may or may not do in the future, the task of the present must be undertaken with courage, with vision and with considerable vigour. That is what we need. Therefore their operations should stop in

the private sector and the State should encroach on it. I do not mince matters; I am a blunt man. Because I represent workers and peasants I speak blunt language and I say we should encroach upon their land that no longer belongs to them. Somehow or other they trespassed into it under certain favourable historic conditions for them. Today the set-up has changed and we must recover that land. That is what should be done.

Now, Sir, about the Cambay thing I want to say one thing. Now the resources are there. The Geneva Agreement with regard to the position of the various powers in the ocean should be gone into, territorial waters, limits to territorial waters and so on. It is confusing. We have discovered oil some miles away from the shores. We are told that we can go up to 100 miles. Anyway we have got very eminent diplomats amongst us and Dr. Panikkar is there. He will perhaps enlighten me in such matters, but we are told that in such matters it extends up to 100 miles or so from the shores. But the Americans do not recognise it in other parts. Now we should like to know where we stand. We would not like oil resources to be found somewhere in the ocean and yet these places will be approachable to the foreigners and we will not have proper jurisdiction over them or doubtful jurisdiction over them. I say we have jurisdiction and that should be asserted properly. This is what I would like to say.

Then, Sir, as far as powers are concerned, I do not say, nothing more. These powers are to be given, but I would only advise that engineers are to be consulted. What I fear is this. You start a big project like this and you put some I.C.S. officers in charge. You seem to think that all-knowing people are the I.C.S. officers or some like them. I have nothing particularly against the I.C.S. officers. But somehow such people come who do not know how to smell oil even, and they will be there. Well, let them



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be there, but consult the technicians and engineers and put them in positions of authority; give them responsibility; make them heads of these bodies. Form this Commission in this manner. Do not bureaucratised it by importing into it superannuated officers from here, some other people from there, like that. It should be built up from within itself. That should be done and if you do such a thing, if you develop this all-sided approach in the matter of oil, I think we can look forward to turning the corner in a few years' time.

SHRI T. S. AVINASHILINGAM CHETTIAR (Madras): Mr. Deputy Chairman, our friend, Mr. K. D. Malaviya, is a very enthusiastic person, and he is enthusiastic about oil, and I must congratulate him over the great enthusiasm he has brought to bear on this work. This Bill seeks to give shape to some of the ideas on the subject, that is, to give more power to the Oil and Natural Gas Commission so that the objectives that are mentioned in clause 14 may be fulfilled. We wish him well; our good wishes are with him.

But here is a matter, Mr. Deputy Chairman, on which I would like to have a little clarification. Now, Sir, the Minister said in the course of his speech that we invite capital from anywhere, that we invite technicians from anywhere. A few days back, Sir, there was a news item in the newspapers about which I would like to have some clarification. It is said in the news item that some negotiations are going on, that there are certain proposals to enlist the active co-operation of all sources to implement the huge oil exploration and production plan. I quote:

"This is believed to have been prompted by the advice reportedly given to the Prime Minister by Lord Mountbatten and John D. Rockefeller, who are keenly interested in India's progress and who are known to enjoy the respect of Mr. Nehru."

It is also said here that they found that some of our policies were exclusive, they found that some of our policies were restrictive. It is also said that some negotiations are going on to liberalise these policies. I would wish, Mr. Deputy Chairman, that, when a Bill has been introduced, when policy questions are also discussed, these matters are also given out so that Parliament may understand what is in the mind of the Government. Let me read, Sir, what has been reported:

"While appreciating this country's oil programme, the former British Governor-General of India is understood to have expressed himself against any exclusive tendencies."

What are the exclusive tendencies, I would like to know. And what are the exclusive tendencies that Lord Mountbatten would like to avoid?

Then comes Mr. Rockefeller. I quote:

"Mr. Rockefeller is understood to have assured Mr. Nehru that oil companies could be expected to contribute liberally to India's ambitious oil programme if the rigid policy was relaxed."

I would like to know, Mr. Deputy Chairman, what is the rigid policy which they would like to be relaxed. To my mind our policy seems to be as wide as the heavens. We would allow any relaxation provided it is in the best interests of India. Now they want certain relaxations and they want to avoid certain exclusive tendencies. We would like to be informed, Mr. Deputy Chairman, as to what these things actually mean. As far as very important projects such as this are concerned, only if it is possible, we are not against the State undertaking these big refineries. Instead I want some of the States to take up some of these refineries so that we will have first-hand experience of everything. That can be done in these big very crucial projects. I would like to know whether the 'exclusive tendencies' mentioned in

the news item has any reference to the idea that the Government would themselves like to run these refineries.

Then, Mr. Deputy Chairman, there is another statement about which I would like to know and it is this:

"The delay in drawing up attractive petroleum concession rules seems to have been specially criticised by the U.S. magnate."

What are the attractive concessions that they want, I would like to know. We would like to understand, Mr. Deputy Chairman, what all these things really mean. Again I quote:

"The revised rules have now been prepared by the Department of Fuel and are being scrutinized by the Finance Ministry and the Planning Commission. It is understood that these rules may be liberalized before they are announced next month."

Now I would like to know how far this liberalization will help our oil interests. As you know, Sir, oil interests are some of the big interests that rule in the world. If there is any interest in the United States which can influence the politics of the United States, oil is one of the few supreme interests that rule the United States. For example, Socony and Burma Shell. They are huge concerns. They can manipulate, they can manage, they can bring influence to bear. And we ought to be sure—while we shall take their help, certainly; while we shall take their advice, certainly; while we request for their technical guidance and help, that whatever we do, that whatever understanding we come to must be in the best interests of India. We agree that it must be a two-way traffic; it cannot be that we will get all the profits and they will get all the losses; it can never be that. At the same time we want to be perfectly sure that besides the best interests of India no other influence is brought to bear on the running of

these concerns. The statements that have been made, I mean the news I quoted, come from very high quarters, and I would like to be informed a little more of what they really mean.

Coming to a few clauses in this Bill I see that in sub-clauses 14(2)(c) and 14(2)(d) it is said:

"to undertake, encourage and promote such other activities as may lead to the establishment of such reserves;"

"to undertake, assist or encourage and promote the production of petroleum from such reserves and its refining;"

I take it that it means that this Commission takes the power to establish the refineries.

Only one other point I would like to refer to in the Bill and it is this, Mr. Deputy Chairman.

4 P.M.

Clause 6 says:

"A person shall be disqualified for being appointed or for continuing as a member, if he has, directly or indirectly, any interest in a subsisting contract made with, or in any work being done for, the Commission."

This is quite all right. But I would like the Government to examine whether it ought not also to exclude any person interested in or working in foreign oil concerns in India or elsewhere. This is for the membership of the whole Commission.

Sir, I have not many other suggestions to make except to say that the value of oil is very great indeed. The foreign exchange implications of oil are very great indeed. We are anxious, and the country is anxious, that this whole programme should come to a successful culmination as soon as possible. The best wishes of the country are with the Government in this matter.

श्री ब्रज बिहारी शर्मा (उत्तर प्रदेश) :  
उपसभापति महोदय, मुझे इस विधेयक का हृदय से समर्थन करने में परम आनन्द आ रहा है। मैं अपने मित्र पंडित मालवीय को इसके लिये बधाई देता हूँ कि उन्होंने तीन वर्ष के अन्दर इस देश में कम से कम ऐसा वातावरण पैदा कर दिया है जिस से कि लोगों को यह आशा हो गई है कि यह देश कुछ ही दिनों में तेल के मामले में स्वतंत्र हो जायेगा, यानी उसको तेल के लिये फिर किसी दूसरे देश का मुंह देखना नहीं पड़ेगा।

१४ अगस्त सन् १९५६ से लेकर १४ अगस्त सन् १९५९ तक अभी तीन साल ही हुए हैं और इस दमियान में इन्होंने एक संस्था कायम की, जिसके पास प्रारम्भिक काल में न तो कोई बहुत साधन ही थे और न उसे बही मालूम था कि कार्य करने के योग्य आदमी कहाँ हैं लेकिन उनकी तारीफ इस बात में है कि उन्होंने इस कमिशन में दो तीन आदमियों को—जिनमें एक मेम्बर टेक्निकल कहलाते हैं, एक मेम्बर फाइनेन्स कहलाते हैं आदि आदि—ऐसे आदमियों को इकट्ठा किया जिन्होंने कि अपनी लगन और योग्यता से इस कमिशन को—जिसका कि तीन साल पहले जन्म हुआ था—इस योग्य कर दिया कि तीन साल में ही वह अपने पैरों पर चलने लायक हो गया है। यह कितनी खुशी की बात है। तेल का मिल जाना केवल अंदाज की चीज नहीं है, इसके लिये वैज्ञानिक ज्ञान भी होना चाहिये, विज्ञान की सहायता से ही इसका पता लगाया जा सकता है। वैज्ञानिक साधनों को इकट्ठा करना, मशीनरी इकट्ठा करना, कल-पुर्जों को इकट्ठा करना, ये सब ऐसे कठिन कार्य थे कि तीन साल पहले किसी के दिमाग में इनका आ जाना ही एक बड़ी प्रशंसा की बात है। यह बात आई और यह हुआ।

देहरादून में जा कर के उन लोगों को देखा जो कि वहाँ कार्य कर रहे हैं। कौसी तपोनिष्ठा से वे अपना कार्य कर रहे हैं। यों देखने में यह एक तमाशे की चीज मालूम होती

है। छोटे छोटे पत्थर के टुकड़े हैं और उनको खुदबीन से देखने पर उनके अन्दर हरे हरे पीले दिखलाई पड़ते हैं और कुछ और चीजें दिखलाई पड़ती हैं और उसके जरिये से ही वे अन्दाज लगाते हैं कि जहाँ इस प्रकार का पत्थर का टुकड़ा है वहाँ उस जगह पर तेल होगा। न जाने क्या क्या साइंटिफिक कार्य-वाहियाँ वहाँ होती हैं जिसे कि साइंटिफिक-मैन ही समझ सकते हैं, हम लोग तो यही देख सकते हैं कि यह एक तमाशा हो रहा है लेकिन उसके द्वारा वे पता लगाते हैं कि किस जगह पर सम्भवतः तेल होगा और वहाँ जा कर खुदाई करते हैं। खुदाई भी दो किस्म की होती है, एक शैलो ड्रिलिंग कहलाती है और एक डीप ड्रिलिंग कहलाती है, शैलो ड्रिलिंग से तो तेल होने का पता लगाते हैं और डीप ड्रिलिंग से गहराई का पता लगाते हैं कि कहाँ जा कर तेल मिलेगा या नहीं मिलेगा। यों देखने में तो यह ऐसा मालूम होता है कि यह एक तमाशा है, कंजैक्चर है, मिले या न मिले। यह सही है कि तेल मिले या न मिले लेकिन सारे देशों ने इसी तरीके से ही तो तेल को पृथ्वी के गर्भ से निकाला है और इसी तरीके से उन लोगों ने अपने देश को हर मानों में समृद्धशाली और सम्पन्न किया है। जिन देशों में ऐसे साइंटिस्ट्स नहीं थे, उन्होंने दूसरे देशों के लोगों से पट्टा करके, उनसे सलाह मशविरा कर के काम किया, जैसे कि ईराक में हुआ, ईरान में हुआ कि दूसरे देशों के जो साइंटिस्ट्स थे उन्होंने पता लगाया और उसका फायदा उठाया यानी तेल को वे ले गये लेकिन जहाँ वे तेल को ले गये वहाँ उनको भी बहुत हद तक समृद्धशाली बना दिया। हमारे मित्र भूपेश गुप्त को तो बहुत ही ज्यादा प्राइवेट सेक्टर और पब्लिक सेक्टर का भूत सवार रहता है, यह प्राइवेट सेक्टर तो उनके लिये भूत है। जैसे कोई लड़का भूत देख कर डर जाता है वैसे ही भूपेश गुप्त साहब प्राइवेट सेक्टर को देखते ही डर जाते हैं।

श्री निरंजन सिंह (मध्य प्रदेश) : भूत दिखता है क्या ?

श्री ब्रज बिहारी शर्मा : उनको लगता है, उनको सामने दिखता है। बजाय इसके कि विधेयक से सम्बन्धित कोई बात कहें, उसके निस्वत किसी प्रकार का सजेशन दें जिससे कि विधेयक और अच्छा बने, उनके सामने केवल प्राइवेट सैक्टर का भूत खड़ा रहता है। प्राइवेट सैक्टर के बारे में गालियां देना ही उनके लिये रह जाता है। उनका यह कहना है कि ऐसा जादू किया जाय जिससे कि यह भूत यहां से भाग जाय, ऐसा मन्त्र किया जाय जिससे कि यह भूत भाग जाय, उनका स्पर्श ले लिया जाय, उनका वन ले लिया जाय, उनकी मशीनरी ले ली जाय। न मालूम क्या क्या बातें कहते हैं जिनका कि विधेयक से कोई सम्बन्ध नहीं होता है लेकिन मैं यह कहना चाहता हूं कि इस विधेयक को लाने का अभिप्राय क्या है यह हमको समझना है। मैं समझता हूं कि इस विधेयक को लाने का अभिप्राय केवल इतना ही है—मेरा खयाल है कि पंडित मालवीय जी यदि मैं गलत कहूंगा तो मुझे सही बतायेंगे और मैं अपनी गलती मान जाऊंगा—इस विधेयक को लाने का अभिप्राय यही है कि जो कमिशन तीन साल से काम कर रहा था वह अभी तक गवर्नमेंट का एक अंग था, गवर्नमेंट के माध्यम से उसका काम हो रहा था, उसको स्वयं कोई अधिकार नहीं था, गवर्नमेंट की आज्ञानुसार हर एक मुहकमे से ताल्लुक रख कर के उसका कार्य होता था लेकिन अब उसको एक स्टैटुटरी बाडी बना कर के, उसको एक वैधेयिक संस्था बना कर के आप यह अधिकार दे रहे हैं कि वह अपना कार्य चलाने के लिये स्वतंत्र है, उसका जो कुछ बजट होगा वह आप उसे दे देंगे और वह अपना काम करने में पूर्ण रूप से स्वतंत्र होगी, किसी आदमी को नौकरी में रखें और किसी आदमी को कही रखें इसके लिये उसे स्वतंत्रता होगी जो कि अब तक नहीं थी। यही अभिप्राय इस विधेयक को लाने का है। यह स्वतंत्रता देना उचित था क्योंकि बहुत से पोलिटिकल रीजंस या बहुत से कारण ऐसे हो सकते हैं जिनकी वजह से अनेक प्रकार की

कठिनाइयां कार्य के करने में होती थीं, कार्य में देरी होती थी, महकमों की रेड-टेपिज्म, लाल फीते, की दिक्कतें उसको अनुभव करनी पड़ती थीं लेकिन अगर यह विधेयक पास हो जाता है और पार्लियामेंट के द्वारा इस पर अपनी स्वीकृति दे देते हैं तो उन सब दिक्कतों का अनुभव उसे नहीं होगा।

अब मुझे दो, तीन बातों के बारे में कहना है। तीन वर्ष में आपने १२ या १५ स्थानों का पता लगाया है जहां कि तेल निकल सकता है लेकिन बड़ौदा के एरिया में और कम्बे के एरिया में कुछ हद तक तेल का पता भी लगाया गया है। कम्बे में तो तेल का ज्यादा पता लगा है। यह सही है कि अभी यह नहीं कहा जा सकता है कि वहां कितना तेल है और वहां व्यावसायिक रीति से तेल निकाला जा सकता है या नहीं लेकिन यह अवश्य मालूम होता है कि उस जगह पर काफी तेल है क्योंकि जहां कहीं भी खोदा जाता है वहां ही लोगों को पता लगता है कि तेल है और आपके महकमे के जो लोग हैं, जो बड़े बड़े विज्ञ लोग हैं, और रूस आदि देशों से इस कार्य में प्रवीण लोग जो आये हैं उन लोगों का यह अनुमान है कि कम्बे एरिया में तेल बहुत काफी मात्रा में है। कम्बे में अभी ड्रिलिंग सही मानी में नहीं हुआ क्योंकि अभी ३,००० फीट ही ड्रिलिंग हुआ है जो तेल प्राप्ति के लिये पर्याप्त नहीं है। मेरा खयाल है ज्वालामुखी पर पांच, पांच हजार बल्कि शायद सात हजार फीट तक सब हो चुका है लेकिन अभी तेल का पता नहीं लगा है।

लेकिन इन सब बातों को करने के लिये रुपये की आवश्यकता अवश्य होती है जितने रुपये की उनको हर साल जरूरत होगी उसको पार्लियामेंट मंजूर करेगी। यह एक कठिन विषय है। लेकिन जिस प्रकार से यह

[श्री ब्रज बिहारी शर्मा]

कमिशन अपना कार्य कर रहा है यदि उसमें और भी प्रगति इनकी स्वतंत्र संस्था कायम हो जाने के बाद होती है तो मेरा खयाल है कि पार्लियामेंट को इस बात की बड़ी खुशी होगी कि इस कमिशन को पूरी मदद दी जाय।

दो, तीन बातें इस बिल के सम्बन्ध में मुझे और कहनी हैं। एक तो यह समझ में नहीं आया कि जम्मू और काश्मीर को क्यों इस विधेयक को लागू करने से वंचित रखा जाता है। जम्मू और काश्मीर में भी होशियारपुर की तरफ के पहाड़ी एरिया में तेल की प्राप्ति हो सकती है। दूसरा मेरा सजेशन यह है कि जो कमिशन के चेयरमैन हैं यह सही है कि इस वक्त पंडित मालवीय स्वयं हैं, और वे रहेंगे, लेकिन अगर वे नहीं रहते हैं . . .

श्री अमोलख चन्द्र (उत्तर प्रदेश) : रह नहीं सकते हैं।

श्री ब्रज बिहारी शर्मा : रह नहीं सकते हैं तो मेरा यह सुझाव है कि उस पद के लिये कोई टेक्निकल आदमी ऐसा हो जो कि . . .

श्री ब्रजकिशोर प्रसाद सिंह (बिहार) : आदमी तो है आलरेडी।

श्री ब्रज बिहारी शर्मा : जो कोई भी हो लेकिन उसको इस विषय का पूर्ण टेक्निकल ज्ञान होना चाहिये, जिससे वह अपने कार्य का पूर्ण योग्यता के साथ संचालन कर सके।

इसमें एक बात और है कि जो फाइनेंस मेम्बर होंगे उन को पर्सनिंसी दी जाती है जैसा कि एक क्लॉज में है : "provided that one member shall be a whole-time finance member in charge of the financial matters" तो यह किसी टेक्निकल आदमी को होना चाहिये था। टेक्निकल आदमी का होना बहुत आवश्यक है। खैर, मेरी समझ में यह बात नहीं आई। यदि इसका कोई खास कारण हो तो पंडित जी बताने का खयाल करें।

श्री के० डी० मालवीय : महाजन का सभी खयाल करेंगे।

श्री ब्रज बिहारी शर्मा : लेकिन महाजन तो कोई काम नहीं करता, महाजन तो खाली सूद लेता है।

और बाकी कलाजेज के बारे में मुझे विशेष कुछ नहीं कहना है। सिर्फ इतना ही कहना है कि इस विधेयक को मैं अपना पूर्ण समर्थन देता हूँ और आशा करता हूँ कि बहुत जल्दी ही हमारा देश तेल के मामले में आत्मनिर्भर हो जायेगा।

SHRI D. P. SINGH (Bihar): Mr. Deputy Chairman, I would like to begin by congratulating the hon. Minister on a very lucid picture that he gave to us, the whole position so far as oil is concerned in this country. He also told us at great length, at considerable length, as to what are the likely prospects although he did not indicate to us in precise terms, maybe because it is not possible for him to do so. He also told us how we are so very much dependent even now on imports, on these foreign oil companies for the import of oil, petroleum products, etc., and how we are annually spending about Rs. 100 crores of our foreign exchange over it. He has rightly said that as years roll by, we shall require more and more petroleum and petroleum products and unless and until we develop in our country oil resources, unless and until we are able to be self-sufficient, if not self-sufficient, at any rate unless and until we are able to increase the availability of oil in our own country to a considerable extent, it will be very difficult for us indeed to make real progress. Our progress will come to a standstill or will be very much slowed down. This Bill which gives more power to the Commission and makes the Commission a statutory body certainly is a Bill in the right direction. It deserves to be welcomed. There is no doubt about it. This Commission has been given more

power so that the little delays which occur are eliminated and the work goes ahead with speed. This Bill, as far as it goes, is indeed very good.

After having said that, I would like to point out just a few defects which leap to one's eyes while one goes through the Bill. I feel that more power should have been given to this Commission than has been done in this Bill. For instance no financial autonomy practically has been given to this Commission. Clause 15 of this Bill will make that clear. Clause 15 runs as follows:

"The Commission may exercise all such powers as may be necessary or expedient for the purpose of carrying out its functions under this Act:

Provided that before exercising the powers in respect of the following matters, it shall obtain the previous approval of the Central Government namely:

(a) the creation of any post the salary or honorarium of which would be rupees two thousand a month or more . . .

(b) the implementation of any scheme or proposal which will involve a capital expenditure exceeding thirty lakhs of rupees;

(c) the disposal of any property, right or privilege, the original or book value of which exceeds ten lakhs of rupees."

I quite see that certain powers, financial powers have been given to the Commission but I would like that more power should be given and this curb which has been put on the Commission should be taken away. I would also like to say a few words in regard to the composition of the Commission. It appears to me that it is open to the Minister concerned or the Permanent Secretary of the Department concerned, to be the Chairman of the Commission. I submit that it will not be a very good thing if the Minister concerned or the Secretary

becomes the Chairman of the Commission because in that case the Commission will lose its autonomy. It will not then be what it is intended to be. I would therefore suggest that some changes should be made in the Bill so that it is not possible, or at any rate, if no changes are made, this should be borne in mind that the Minister or the Secretary should not be the Chairman of the Commission.

Further I find that although we have a whole-time finance member on the Commission,—and that is a provision which I welcome—I find that there is no provision to necessarily associate, say, a technician or a scientist or an expert, with the Commission. Such a provision should be there and that also should be borne in mind.

There are only a few more points to which I would like to draw the attention of the House. I find that there is no time-limit prescribed for placing before Parliament the audit reports and the Commission's annual reports for each year. Of course, these reports will be placed before Parliament, but there should be some time-limit mentioned here within which they should be placed before Parliament so that there is no unnecessary delay.

Next I would like to refer to what the hon. Member, Mr. Bhupesh Gupta, said in the course of his speech. He has referred to the foreign oil companies which are operating in our country, as for instance, the Standard Vacuum Oil Company, the Burmah Shell Oil Company and so on. It is only right as was pointed out by the hon. Minister himself, that oil should be developed now and hereafter in the public sector largely. At the same time, he welcomes private efforts also. But largely, if I have been able to understand him correctly, he is in favour of the development of oil in the public sector. So the question seems to me to be somewhat academic at the present moment as to whether private interests should come into the field or not, whether private interests

[Shri D. P. Singh.]

should be encouraged or not in the production of oil. But it seems to me that our friend, Shri Bhupesh Gupta, is really obsessed with some kind of fear, or I do not know what it is. I know that our Government has been negotiating with these foreign companies about certain terms and it has been trying to see to it that these foreign companies reduce the prices charged, reduce the price of petrol, which they distribute and so on. But I think if we use the kind of language which my hon. friend, Shri Bhupesh Gupta, has been using, we shall unnecessarily be scaring away such ventures. I do not for one moment say that we should not put curbs on foreign interests. I do not say for a moment that we should not see to it that the foreign companies that are operating in our country really promote the interests of our country. I do not suggest that the prices should not be reduced. I do say that the prices should be reduced, and they must be brought within the means of the people in our country. I also agree with my hon. friend that the money that these foreign companies earn should, as far as possible, be re-invested here so that the oil development in this country progresses with that money also. That would certainly eliminate the difficulties which confront us in respect of foreign exchange, since even now we are spending about a hundred crores of rupees every year in foreign exchange as has been pointed out here. All that I say is that we must proceed with this business—and I am quite certain that the Government is proceeding with this business in that way—in such a manner that we do not create any unnecessary scare, that whatever is available to us is not impeded. With these words, Sir, I generally support this Bill.

SHRI AMOLAKH CHAND: Mr. Deputy Chairman, I rise to support this Bill and I also congratulate the hon. Minister whom I congratulated even in his absence.

SHRI B. K. P. SINHA: Local patriotism.

SHRI AMOLAKH CHAND: Well, Mr. Sinha views everything with local eyes. What I want to say now is that as was stated in connection with the discussion on the Central Excises and Salt (Amendment) Bill, this morning, this work has brought in about Rs. 3.5 crores which he has earned for the Consolidated Fund of India. I think it is the unanimous opinion of the House that the work that has been done by this Commission during the last three years is notable. It is after the appointment of this Commission that we began to hear of oil in India. Before that, oil was being imported from outside. I would not like to take much time of the House by giving statistics relating to foreign exchange and the like. I would like to go straight to the Bill and I would like to begin by saying that this is a Bill which I find has been properly drafted by the Law Ministry and it gives Parliament all the possible controls that should be there on a corporation like this.

[THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN) in the Chair.]

When I deal with this subject, I do want to bring to the notice of the House that whenever we agree to have corporations like this, Parliament wants to exercise its own control over the Corporation. How can Parliament exercise its own control over the Corporation? Is it through the Minister or should there be something more? The question has been dealt with in some detail in all the countries of the world where we find that more and more public enterprises are coming into the field. In the United Kingdom, as you know, Sir, it is the Parliament there through a select committee that looks into the working of a corporation. In the United States of America also, it is a committee of the House of Representatives which looks into the reports of these corporations. Let us examine whether all these controls find a place in this Bill or not.

We find in the scheme of affairs here that the financial control is with

the Commission. There is a full-time member to look after the finances of the Corporation. The Comptroller and Auditor-General of India has the power to look into the accounts and to get them audited through his men. And the annual reports of the progress of the Corporation would be placed on the Table of the House. This is the reason why I said that all ways of Parliamentary control on the Corporation find a place in this Bill and as such I do not think there is any objection in giving larger powers to this Corporation which are now sought to be given to it through this Bill. I have talked about Parliamentary control. The annual reports will be submitted and the Auditor-General will audit the accounts and there will be sufficient control of Parliament over this Corporation.

Next I would like to discuss something about the constitution of the Commission. Clause 4 deals with the composition of the Commission. The original proposal was—and that we find from the Bill as introduced in the Lok Sabha—that the Commission should consist of the Chairman and not less than two other members, appointed by the Central Government. The Lok Sabha has added this:

“The Commission shall consist of a chairman and not less than two and not more than eight other members appointed by the Central Government”

And I think this scheme appears to be a better scheme than what was originally proposed. I think it is quite good to have more than three members on the Commission i.e. the chairman and two other members. Now the number can be up to eight.

Then in clause 6 you will find a change made, a change from what was in the Bill as introduced and as passed by the Lok Sabha. Clause 6 says:

“A person shall be disqualified for being appointed or for continuing . . .”

I am reading from the Bill as introduced in the Lok Sabha:

“as a member, if he has, directly or indirectly, any interest in a subsisting contract made with, or in any work being done for, the Commission except as a shareholder (other than a director) in an incorporated company.”

The shareholder has been omitted. Probably the idea is that only those persons who have any direct contract with the Commission for the supply of any material, etc., should be debarred.

Clause 10 says that persons who are considered to be experts in this line may be associated with the Commission for the purpose of tendering advice. The idea probably is that as you regulate the daily allowance and the travelling allowance by rules in the case of the officers, you would be able to regulate the daily allowance and the travelling allowance of the experts.

SHRI K. D. MALAVIYA: This will be done under the rules.

SHRI AMOLAKH CHAND: That power has been taken only in respect of the employees but what about those who would be associated with the Commission? This needs being looked into.

I now come to the clause dealing with the powers of the Commission. How can this Commission borrow from others? Clause 20 says that the Commission may, with the previous approval of the Central Government, borrow money. Probably there is a misprint here. The wording is, on page 7, “The Commission may, with the previous approved . . .” It should be “approval”, not “approved”. “The Commission may, with the previous approval of the Central Government, borrow money in the open market or otherwise”. I do not understand this. Probably the idea is that the Commission will go to some private financier and borrow money or will go to some bank and borrow money but on which security and on whose application? These are all matters which need being looked into.



[Shri Amolakh Chand.]

Then I come to clause 13(1) (c). There is mention of "the affairs of the Union" and "foreign service". I do not think these are happy words to use. Somebody may get the idea that this relates to service outside India. One can understand the meaning all right but there may be some confusion regarding service abroad because when these words were first used, there was no Foreign Service.

I now come to clause 14, dealing with the powers and functions of the Commission. Clause 14(3) talks of directives to be given to the Commission. An hon. Member, Shri Sharma, suggested that the hon. Minister himself can be the Chairman of the Commission. If the hon. Minister himself becomes the Chairman, then I would like to know as to who will give the directions on behalf of the Central Government, because the Central Government would be represented by the Minister himself and his Secretaries. Clause 14(3) says:

"In the discharge of its functions under this Act, the Commission shall be bound by such directions as the Central Government may, for reasons to be stated in writing, give to it from time to time".

This power of giving directions or directives as they are called, in the case of private corporations has given some trouble during the last year or so. I would suggest that if directions are to be given by the Central Government as envisaged in this Bill, then the Commission should be independent of the Central Government. If it becomes part and parcel of the Central Government, then no purpose would be served by giving statutory powers to this Corporation. As we know, this Commission is being run departmentally but the reason why this Bill has been brought before us today is that there are difficulties in the day-to-day working of the Commission and the Government wants to obviate those difficulties. When there is Parliamentary control over the Commission, I

think we should leave it free to carry on with its day-to-day administration and Government interference should be as little as possible.

There is another provision to which I would like to make a reference. Clause 15 reads as follows:

"The Commission may exercise all such powers as may be necessary or expedient for the purpose of carrying out its functions under this Act:

Provided that before exercising its powers in respect of the following matters, it shall obtain the previous approval of the Central Government, namely:—

(a) the creation of any post the salary or honorarium of which would be rupees two thousand a month or more or would be on a scale the maximum of which is rupees two thousand a month or more, and the appointment of any person to any such post;"

As I understand it, appointments to posts carrying a salary up to Rs. 2,000 can be made by the Commission and for posts carrying salaries beyond that figure, prior approval of the Central Government is required. I think it would be much better, and I think the hon. Minister would agree with me, that even appointments carrying a salary of Rs. 1,000 and above should be filled up not only with the approval of the Central Government but also with the approval of the Union Public Service Commission. We have constituted the Union Public Service Commission only for the purpose of selecting proper persons, persons with due qualifications and it may be that such persons as are selected would not be so selected because of nepotism, favouritism or because of any influence of the persons in power and authority. Although the provision is not there in the Bill, I would suggest to the hon. Minister that he should see to it that under the rules it is made obligatory for person to be appointed on the recommendation of

the Union Public Service Commission, especially in regard to posts carrying a salary of Rs. 1,000 and over.

Then comes clause 29. While discussing the Road Transport Corporation (Amendment) Bill, we were told that the State Governments wanted to run State Transport undertakings departmentally in order to save income-tax. What would be the position as far as this Corporation is concerned? All the money would be advanced by the Consolidated Fund of India. The entire organisation would be run by money provided by the Central Government or borrowed from the market. What the Commission would be doing would not give any income.

This clause says:—

"The Commission shall be deemed to be a company within the meaning of any enactment for the time being in force providing for the levy of any tax or fee by the Central Government or a State Government and shall be liable to pay such tax or fee accordingly."

Now, as far as can understand, it is provided under the Mines and Minerals Preservation Rules that if the Central Government or this Commission takes some leases for prospecting on or other minerals, they have to pay some fees and some duties. I do not know if the only idea is to provide for those taxes and fees or whether the idea is that this Commission will also pay income-tax to the Central Government. As far as I could understand from the Bill itself, what they propose to do is to take up the distribution of their products also. And probably when they take up the distribution of their products they would be running the Commission just on business lines. I do not know what the scheme is. Probably it will take some time before the Commission would be able to finalise and decide how far they can take up the question of distribution. Sir, these are the few points which struck me and I thought I might place them before the House for consideration.

Then as far as the working of the Commission is concerned, as I have suggested, it should be given a long rope to do its work efficiently and there should be less and less of interference from the Central Government. I do not want to say more on this point because everywhere we find in this Bill this 'previous approval of the Central Government' and all that. That is necessary to some extent but when we want to have corporations like this we should give them more freedom. Thank you.

SHRI B. K. P. SINHA: Sir, I congratulate the hon. mover of this Bill for conceiving this measure; I congratulate him further for conceiving three years back the idea of a departmental Commission. It is now easy, when so much has been achieved, to claim that any one of us could achieve it. The point is that it was the hon. mover of this Bill who first conceived this organisation and made a success of it. Without his imagination, his initiative and his drive we would not have been able to achieve what has been achieved today. I therefore again congratulate him.

Sir, some of the previous speakers have scanned wide horizons but I propose to confine my vision to the narrow field of the structure of this Bill and to the structure of the organisation that this Bill seeks to establish. The Commission that is sought to be brought into existing will pre-empt, as it were, over the world of oil from the stage of exploration to the stage of consumption. The Commission will explore the oil, they will produce oil, they will transport oil and they will sell oil to the consumers. That is the idea. The Commission therefore is supposed to operate over a very very wide field, and in the course of their operations they will have to establish not one but, I am sure, many establishments. They will have to establish refineries at many places and they will have to establish a separate organisation for the sale of oil. I would like to know from the hon. Minister what shall be

[Shri B. K. P. Sinha]  
 the exact nature of those establishments and what shall be the exact nature of this organisation. What will be the relationship between this Oil and Natural Gas Commission and the various industrial units and the various establishments that will be brought into existence later on to deal with the various activities envisaged in this Bill? That is very important. Sometimes I feel apprehensive when I visualise the size of the activities of this Commission, for the law of diminishing returns works in every field and there is, as it were, a law of optimum. The law of optimum prevails in the industrial sphere and it rules in the agricultural sphere as well. There is an optimum size for every organisation and if the size exceeds that optimum, the results instead of being encouraging will be discouraging. I would therefore request the hon. Minister to scan the organisations that are to come into existence from the point of view of this law of optimum and if the economics of optimum requires that the organisation should be split up into several constituent units, I hope the hon. Minister will have no hesitation in splitting up this organisation. At least the hon. Minister should enlighten us about the relationship that is likely to prevail between this Commission and its various subsidiary or constituent bodies.

Sir, coming now to the structure of the Bill, I find that in this Bill the qualifications of the members who would compose this Commission are not laid down. This Parliament has legislated for the formation of many autonomous corporations and I remember in many of them the qualifications of members who would be nominated to these corporations or bodies were given. That was, as it were, a sort of direction or directive from Parliament to Government. I find that such a directive is peculiarly absent in this Bill. While one of the clauses mentions one disqualification and under the rule-making powers it is said that Government may make rules prescribing additional disqualifications, there is

nothing in this Bill which deals with the qualifications of members who would compose the Commission. I feel that that is a lacuna which should be filled but I know that now it cannot be filled; but I hope when the need arises the hon. Minister will come forward with an amending Bill laying down the qualifications of members.

Sir, I find that clause 5 lays down that the Central Government may terminate the term of office of a member but in what conditions and in what circumstances the term of a member shall be terminated is not given in that clause. I have experience of several other measures of this character dealing with autonomous bodies and there it used to be laid down what shall be the broad conditions and broad circumstances in which the term of a member shall be terminated. This clause, as it is, gives a wide latitude to Government in this respect. This Bill, as it were, confers uncontrolled and untrammelled powers on the Government in this regard. The slight protection that is given in the clause, in my opinion, is not enough protection.

Then this Commission shall be a very big Commission. They will have to make thousands of appointments. We do not know what shall be the machinery for making these appointments. The Public Service Commission nowhere comes into the picture and rightly so but then at least by rules the Government should lay down some machinery which can inspire confidence both in the public and in the Parliament. If appointments are left to the untrammelled discretion of the members of this Commission, or to some body to which this Commission delegates its powers, I feel that that will give ground for suspicion, misapprehension and misunderstanding. Therefore, under the rule-making powers, it should be made clear as to what machinery shall deal with the appointments.

I find one thing extremely peculiar in this measure. Parliament, as it were, presides over the birth of this

Commission. Parliament sustains this Commission by sanctioning or approving moneys that are advanced and which would be advanced by Government to this Commission. And by keeping a healthy watch on the activities of this Commission, Parliament, as it were, performs the function of Brahma, the creator, and Vishnu, the sustainer. But then, I find that Parliament does not come into the picture when it is a question of destruction. Clause 30 of this Bill lays down:—

“The Central Government may, by notification in the Official Gazette, direct that the Commission shall be dissolved....”

and its properties sequestered. I do not see why Parliament should have no hand in such an important matter. It is a very big organisation that we are going to bring into existence and bring into existence after a great deliberation. Government will be choosing the members of the Commission after great deliberation. They will be putting the best men on the Commission. In the circumstances, why should Government take up the untrammelled power of dissolving this Commission without any reference to Parliament? I feel that it would have been better if this clause were not there, because in that case if Government were to dissolve the Commission, Government would have had to come before Parliament for sanction or with an amending Bill. In any case, I feel that in any subsequent measure, Government should provide that prior to dissolving the Commission, Government shall seek the approval of Parliament.

Other speakers have already shed light on the other clauses of this Bill. In the end, I would like to draw the attention of the hon. Minister to one thing. Now, it is just possible that some Members of Parliament may be appointed to this Commission by Government. In their case, if they are appointed, the rules provide for allowances, salaries and remuneration in various forms. If they are so

appointed, they shall be debarred from membership of Parliament, because they would be holding an office of profit. Therefore, in the United Kingdom, a practice has developed that in such cases the Bill itself or the Act itself, which creates a body and provides for nomination to that body by Government, contains a clause that if any Member of Parliament is put on such a body, he shall not be disqualified from membership of Parliament. There is, I know, one general measure dealing with all sorts of disqualifications, but that measure has been in existence for a large number of years. I do not know if under the general operation of that measure the membership of this Commission will also come. If it does not come, it may be very hard, because in that case some able Members of Parliament, who would be doing good service on that Commission, would be debarred from its membership. Therefore, the hon. Minister should apply his mind to this aspect of the question also.

I again say that it has been a great achievement for the hon. Minister. I am reminded, in the end, of a story about Columbus.

**THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN):** Mr. Sinha, may I request you to please wind up, as the hon. Minister wants to reply.

**SHRI B. K. P. SINHA:** I pay my compliments to him and congratulate him and I hope that he will continue to work with drive and energy.

**THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN):** I call upon the Minister to reply.

**SHRI K. D. MALAVIYA:** Sir, I am a little upset at the prospect that I may not be able to deal more leisurely in reply to many of the very relevant points raised by my hon. friends here.

**SHRI H. P. SAKSENA (Uttar Pradesh):** Is the hon. Minister overwhelmed with the praises that have been showered upon him?

**SRI K. D. MALAVIYA:** I am just completing, because I have to go away on a very important public business tomorrow morning and I am rather anxious to finish today. Anyway, it is indeed a pleasure to hear this patting and encouragement from the hon. Members who spoke from all quarters. Well, I do not wish to mention more about it. I am thankful to them and I am grateful to them and it will be my duty to see that the Oil and Natural Gas Commission proves worthy of all the Commendations that it has received from the House. Now, Sir, I shall take some of the important points that have been made.

**Mr. Singh** from the other side was generally suggesting that more powers should be conferred on the Commission and incidentally he referred to the question that the Minister and the secretary of the Ministry be excluded from the Commission. This point was raised by other hon. Members. The position is, as we envisage it, that this Commission shall consist of not more than 8 members exclusive of the chairman. We have deliberately not provided for the qualification of the members, except the Finance Member. The Finance Member, we are quite sure, has to be there in consultation with the Finance Ministry. If we are sure of any member besides the chairman, we are sure that there will be a Finance Member, because there has to be very close relation between the Finance Ministry and the Commission. They are the people who will finance us. Therefore, that could not be avoided. About the rest, we do not know yet as to what type of technicians shall constitute this Commission. Now, at this early stage we are busy mostly with oil-exploration tasks. We want to concentrate our minds today on oil-exploration, because that is the central programme, duty and obligation of the Commission, as we see it today. After a couple of years, when we shall have discovered some oil and proved it, we

shall have to refine it, we shall have to distribute it. So, at that time we shall have other sets of technicians. Today, to put in a clause by which we define each and every individual member's qualifications will, in my opinion, be premature. Therefore, we have left it and as time progresses and our work multiplies, we shall consider the qualification of each member as he comes and joins this Commission. For the present we are providing for three members along with the Chairman, one of whom will be a finance member; the other two will be technicians.

5 P.M.

Now, by and large this Commission shall be composed of technicians, and nobody but technicians. The task of oil exploration will be entrusted to technicians. I have been the Chairman there so far and I do not wish to remain as Chairman a single day longer than is necessary. I entirely share the views of my hon. friend, **Mr. Amolakh Chand**, and others that a Minister-Chairman does not fit into the pattern of this technical Commission. But perhaps in its early stages under certain circumstances he has to be there unavoidably. In this transitional period when we have to establish the correct relationship between the administrative machinery and the technical organisation, when we have to establish conventions regarding the division of work, for a little time perhaps the Chairman will have to be the Minister of Mines and Oil because he may be able to facilitate the work; but the intention is that he will not stay there for a day longer than is necessary.

With regard to the profits and income-tax clause, clause 29—which point was raised by my friend **Mr. Amolakh Chand**—of course the Commission will have to pay all the taxes including the income-tax. But, to begin with, we do not foresee in the near future that that situation will arise. For a number of years to come

perhaps we are going to be a spending Commission. We shall receive money from the Government or raise loans otherwise, and spend that money in search and development of oil resources. Whenever such an occasion arises that we have started making profits, surely we shall pay all the dues to the Government as are due from any company registered under similar circumstances.

My friend, Mr. Amolakh Chand, then wanted to know what the word 'otherwise' means in clause 20. There can be many other agencies which could extend loans or from whom we could arrange loans besides the open market. It is no use defining all those agencies. It means collaboration with any party or any bank or any other authority which deals with this business. We could perhaps envisage conditions in which we may have to borrow money from such authorities which do not come actually under the open market clause.

Then, clause 14(3) reads: "In the discharge of its functions under this Act the Commission shall be bound by such directions as the Central Government may, for reasons to be stated in writing give to it from time to time." The object here is to associate consultants or other such employees with the Commission. The idea is not that anyone will be associated as a member of the Commission. So far what we have envisaged is that in the task of oil exploration it does seem necessary to get opinion from international experts, consultants or a group of people constituted as a committee of experts, and then to consider the conditions under which those groups of consultants or committees have been invited and pay them the fees. Now that will be provided for under the rules.

Under clause 15, suggestions have been made with regard to the precautions that must be taken by the

Commission in cases of appointments. Now, one of the places where we get stuck up is delays in appointments. Union Public Service Commission under its own organisational set-up and the customs that have grown round it does take some time. We have found that sometimes it takes from eight to sixteen months to find a suitable man through the Public Service Commission. That is the practice which is now going on, and in all the Corporations or registered companies which are meant to pursue an objective of business, appointments are needed in a matter of days or weeks, and the authority, the Corporation or the company, have got to be trusted with that sense of responsibility that they will discharge their functions so far as appointments are concerned with due care. We have to be very careful in constituting authorities under the Commission for undertaking this task of appointment and we shall give due attention to this fact that appointments are not made in any irresponsible way or in any such way that will be open to criticism by this House or any other section. The limit we have deliberately put as Rs. 2,000 because the pattern of salaries that will have to be paid to the technicians who will be required for our work quite frequently comes under that category. For technicians, who will be required over and above that limit the Commission will have to obtain the sanction of the Government. Foreigners may be needed and all sorts of matters may arise, and so Government sanction is needed for appointments requiring salaries above Rs. 2,000.

Mr. Sinha raised the question of splitting up of the organisation and the relationship that has to develop between the Commission and its subsidiaries. He has raised a relevant point and I am thankful to him. I have to state in this connection that it is our intention, as our work accumulates, to create more organisations as subsidiaries. They will have to function in as autonomous a way as possible, because the very purpose of

[Shri K. D. Malaviya.]

creating those organisations is to entrust to them a certain type of work, a certain quantum of work, and then to give them power. Now the relationship between the Commission and those subsidiary organisations will be governed by the type of work that has to be taken from those subsidiaries, and it is the general intention of the Commission to give them as much power as possible.

My friend, Mr. Chettiar, has raised certain important points with regard to the Bill, and he has also drawn our attention to certain criticisms and news items which have appeared in a section of the press, and he has read them. What shall I say about them? All I can say is that no individual—I do not want to be very emphatic but with all humility I would like to state that no individual—howsoever important he may be in any other country of the world can be expected to influence our Government in any policy or in any matter. It is our complete freedom to think for ourselves, to take decisions, and institutions are always much higher than the individual. So far as the interests of a Government are concerned, I suppose it is preposterous to think that they can be influenced by individuals, more so a foreign one.

SHRI BHUPESH GUPTA: They can be.

SHRI K. D. MALAVIYA: Well, if individuals make suggestions . . .

SHRI BHUPESH GUPTA: We have a Minister in West Bengal—the Food Minister—who is in the pocket of a handful of hoarders. He is in their pockets.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): Mr. Bhupesh Gupta, he is not here to defend himself. So, I would request you not to make observations regarding . . .

SHRI BHUPESH GUPTA: You are there.

SHRI RAJENDRA PRATAP SINHA (Bihar): How can the Chair defend the Minister of West Bengal? I cannot understand.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): I say about persons who are not here to defend themselves.

SHRI BHUPESH GUPTA: Chair was there in Bengal!

SHRI K. D. MALAVIYA: I can only speak on the subject which is just now before us, Sir.

Reference was made by my hon. friend to a certain news item appearing in the papers with regard to oil policy, that it is being influenced by certain individuals in foreign countries. I can categorically state that we do not attach importance to any partisan view from anyone who is interested in this business, because the first and the foremost thing before us is our own interest, our own policy, and we are concerned only with the interests of the country. Here, particularly, some reference was made to Petroleum Concession Rules. These rules have been framed by us. If there were delays in framing them, they were deliberately delayed because there was no necessity of formulating those Petroleum Concession Rules earlier. Therefore any criticism levelled by any section of people or authority that there was delay in framing those rules, is not justified. It was our concern, and whenever we thought it proper, we formulated those rules and they are for inspection or for the use of any party, and they are most welcome to come, inspect and make use of them if they like. There is no exclusive tendency in our policy. I categorically deny that. Our oil policy has been shaped and moulded according to the best interests of our country. We want to control oil as much as we like, because the exploration, production, refining and distribution of oil should be, we are convinced, as much under the public sector, as much

under government control, as it is possible for us to keep it. Now, we have not adopted any exclusive policy because as you know, Sir, there are oil exploration companies which are functioning in this country—business companies who have come not only for distribution and refining, but also for exploration—and if any foreign interests want to take an interest in the exploration and discovery of oil in our country, they are most welcome to make their own proposals to us, and so long as it is consistent with our interests and flows from our policy, well, every consideration will be given to such proposals, because we need people who can come here and help us in the exploration of oil. If we need their assistance, we should welcome them, and we do not mind, we do not grudge, the profit that they would like to take from us, provided it is a legitimate profit and it does not intrude into the legitimate right that we consider we have in that profit. So, it is not a question of profit which prevents us from inviting private companies to come and try to search for oil, nor do we want to establish any exclusive tendencies for any party outside. But surely, so far as the Government is concerned, we have the right to establish exclusive tendencies for our own government.

With regard to the negotiations that are going on for finding out a price formula for petroleum products, well, I have stated previously—and I repeat that statement—that the delay that is occurring is unfortunate. But it is a difficult subject. It is not very easy to find out a formula acceptable to both the parties, especially a party which has been working here for some time. There are obvious difficult problems that we are facing. Our idea is to find out a pattern of prices which are acceptable to those who are supplying petroleum products to us. It cannot be a one-sided story. Therefore in such difficult negotiations, time is consumed. When we started these negotiations, I personally thought that they would be finished earlier and I was disappointed a few

months back, I was more disappointed that we were not reaching certain conclusions.

SHRI BHUPESH GUPTA: Why?

SHRI K. D. MALAVIYA: I think the solution is perhaps now nearer.

Well, my friend asked me, "Why?" It is because we are not agreeing among ourselves—the two parties have to agree—to arrive at a conclusion, at an agreement. So far we have not agreed on the various aspects—accounting formulas—and they are under constant examination. It may be that on some point, our differences may be quite big; on others they may not be so big. It is no use my going into those details just now at this critical stage. Perhaps, we may very soon find out a solution. But today...

SHRI D. P. SINGH: Have the differences during the last few months been narrowed down considerably?

SHRI K. D. MALAVIYA: Yes, I am led to think that the differences are being narrowed down. It is a question of perseveringly and patiently following these negotiations and trying to solve them, and I am confident that we shall find out a solution. If I do not find out a solution, then and then alone have I to come and report to the House. It may be as soon as possible; perhaps, it may take a few more weeks. But, as I said, I am really sorry that it is so.

Sir, I do not think there are any other points to deal with. I can only state that in the government's programme of oil exploration and drilling, there is no halting. We are not doing it haltingly, although there have been delays here and there. Perhaps, some of these delays could be avoided. But, as I said in the beginning, we have been making mistakes and are also learning from them.



SHRI BHUPESH GUPTA: Sir, the hon. Minister said that discussions are going on and in some weeks we expect to arrive at some agreement. Well, I do not know how many weeks you will take. But in such matters consult the Consultative Committee sometimes. For instance, even if you do not discuss the matter on the floor of the House, you can place it before the Consultative Committee or discuss it by calling members of the different party together. We would like to know the position. We read so many things in newspapers and we have no doubt in our minds that unnecessary obstructions are being created by interested parties in order to frustrate a proper, amicable settlement. That is what we feel. We should not be kept in the dark in such important matters.

SHRI K. D. MALAVIYA: Sir, I have no intention to keep the House out of the picture so far as these negotiations are concerned. But in the very nature of things, perhaps, you will agree that we cannot describe the details as to what are doing today, what we will be doing tomorrow or what we were doing the day before.

SHRI BHUPESH GUPTA: No Surrender.

SHRI K. D. MALAVIYA: Nobody is going to surrender and we are quite alive to the interests of the Government and the nation.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): The question is:

"That the Bill to provide for the establishment of a Commission for the development of petroleum resources and the production and sale of petroleum and petroleum products produced by it and for matters connected therewith, as passed by the Lok Sabha, be taken into consideration."

The motion was adopted.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): We shall now take

up the clause by clause consideration of the Bill.

Clauses 2 to 32 were added to the Bill.

Clause 1, the Enacting Formula and the Title were added to the Bill.

SHRI K. D. MALAVIYA: Sir, I move:

"That the Bill be passed."

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): Motion moved:

"That the Bill be passed."

SHRI H. P. SAKSENA: This is the third reading and I am standing up to speak, Sir.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): All right, Mr. Saksena.

SHRI H. P. SAKSENA: Mr. Vice-Chairman, my friend the mover of the Resolution and the sponsor of the Bill has been praised from all directions of the House. My praise would have been due to him only if he had come to the House with the good news of having discovered a large commercial quantity of petroleum, and then alone he would have deserved my praise, but all the same I do not want to discourage him. I offer my praise with one request. I want him to come to an end in the matter of the negotiations with the petroleum companies—Standard Vacuum, Burmah-Shell, etc. so that the time may come when the consumer, the poor consumer of our poor country, will get the kerosene oil of daily use at a lower price than he has to pay today. That is all that I have to request him.

SHRI K. D. MALAVIYA: We are striving for that and I assure the House and my hon. friend that that will come very soon, that we shall

have our own oil and the prices will be reduced very much, to be within the economic reach of our poor people.

SHRI BHUPESH GUPTA: And you will have his praise.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): The question is:

"That the Bill be passed."

The motion was adopted.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): The House stands adjourned till 11 A.M. tomorrow, Thursday, September 3.

The House then adjourned at twenty-four minutes past five of the clock till eleven of the clock on Thursday, the 3rd September 1959.