

Our Delhi Letter

Bigger Oil Programme Likely

THE despatch of the first consignment of crude oil from Ankleshwer to the Burmah-Shell Refinery last week was undoubtedly an event of some considerable significance. One of the most significant successes of planning in India has been in the field of oil exploration. Besides Ankleshwer, where production has already begun, the commercial possibilities of the Camhay fields have been established and the recent successful drilling in Rudrasagar has indicated the existence of one more field in Assam, viz. Sibsagar. These successes have made the prospects of attaining near self-sufficiency in oil by the Fourth Five-Year Plan brighter. The Oil and Natural Gas Commission has recently revised the Third Plan target of oil production from the original 2.5 million tons to 5 million tons

The controversy in official circles over whether the requirement of oil by the end of the Third Plan will be 13 or 14 million tons appears to have been settled in favour of the latter figure. In view of the rapid industrialisation envisaged in this period, it is wise to put the demand of such an important item as oil slightly on the high side. Projections of demand in the future indicate that by 1970-71 demand will go up to 18-20 million tons and by 1975 it may be between a minimum of 21.1 million tons and a maximum of 38 million tons. Against such rapid rise in demand, what a difficult task it will be to achieve self sufficiency should be clear from the fact that the average cost of discovering, producing, refining, transporting, distributing and marketing a ton of oil comes to about Rs 600.

Phenomenal Success

The upward revision of the target for oil production was first suggested by the Soviet experts engaged in oil exploration. The earlier 2.5 million ton programme was first formulated by the O N G C. in September 1959. At that time the oil production potential had not been so clearly established, as only initial results of exploration in the Cambay region were known. However, the picture has changed

completely in the last two years. Drilling in the Ankleshwer field has so far produced 14 oil-producing wells as against only two dry ones. Of the total of 103 wells drilled so far by the O N G C, 73 have been oil-producing, 8 gas-producing, 12 dry and the nature of 10 is yet unknown. Seen against the background of experience elsewhere in the world — on an average, it is estimated, only one well in 40 meets with success — the O N G C's success has been phenomenal. Another fact which has given confidence to the O N G C to increase the oil target is that, whereas earlier it was estimated that on an average each well in the Ankleshwer field will yield about 15 to 20 tons of crude oil per day, it is now considered possible to increase production to 50 to 60 tons per well per day.

The fulfilment of the new target of oil production would entail 1,000,000 metres of exploratory drilling, 500,000 metres of productive drilling and digging of 200 exploratory and 500 productive wells. The programme would require 50 drilling rigs as against 21 now in use, an army of 5,000 skilled labourers, engineers and technicians and 500 highly-qualified experts organised into some 25 geological parties, 18 gravity-magnetic parties and 30 seismic parties. The strategy of the O N G C during the Third Plan will be to concentrate its efforts in Gujarat, Assam and the Cauvery Basin, while simultaneously carrying on exploration work in the Punjab and the Gangelic Basin. In the Punjab the work will be shifted from the Hoshiarpur-Jawalamukhi belt to the State's platform area and three sites — Zira in Ferozepur, Sultanpur in Kanurthala and the third near Ludhiana — have been selected. The O N G C will also undertake off-shore exploration in the Cambay Gulf where preliminary studies have indicated the possibilities of the existence of rich oil deposits. The Commission is also undeterred by the abortive ten-year search for oil in the West Bengal Basin under the Indo-Stanvac Project for which the Govern-

ment had to bear 25 per cent of the total expenditure of Rs 8 crores. As Shri S P Nautiyal, Superintendent Engineer of the Geological Survey of India, hinted in a recent speech, the Union Government is considering undertaking further exploration in the Bengal Basin.

Higher Outlay

The expanded oil production programme will cost Rs 270 crores, according to tentative estimates. The breakdown of this amount is as follows: Rs 80 crores for exploration of fields; Rs 40 crores for drilling wells and Rs 150 crores for preparing fields for production, increasing capacity of power houses, laying high-voltage transmission lines and arranging water supply, etc. The Third Plan contains a financial provision of only Rs 115 crores for oil exploration. The Planning Commission and the Government, including the Finance Minister, are known to be sympathetic to the O N G C's proposals. The allocation of Rs 21.5 crores for oil exploration in this year's budget is also taken to indicate that during the Third Plan period much more than Rs 115 crores will be actually spent on oil exploration.

With the O N G C's successful record in exploration and armed with offers of financial and technical assistance from the Soviet Union and now the E N I of Italy. Shri Mala viva feels himself in a very strong position and is in no mood to be browbeaten by the foreign oil companies. While the Government welcomes foreign participation in the search for oil it is willing to collaborate with foreign companies as an equal up to the refining stage. The Government, however, has no intention of giving the foreign collaborator a share in the marketing of the finished products. The Government has also decided not to, permit foreign companies to explore in regions where much preliminary work has already been done by the O N G C and where it is confident of finding oil. Such areas include Gujarat, Assam and the Cauvery Basin. Official circles point out that there is nothing very

radical about this policy and cite the example of Venezuela which has no pretensions of striving for a "Socialistic pattern of society". The Venezuelan Government has reserved for exploitation by itself, regions where it is sure of finding oil. Shri Malaviya, however, has made a standing offer to foreign investors to participate in prospecting, exploration, production and refining of oil in any region of the Punjab and U P.

An Insidid Debate

After marathon debates, both Houses of Parliament have formally put their seals of approval on the Third Five-Year Plan. In Lok Sabha alone as many as 45 speakers participated in the debate. But the large number of participants did not make for a lively or informative debate. Members, both from the Congress and the Opposition benches, concentrated on the failings of the last decade of planning. Even the Prime Minister, who at times used such colourful phrases as "the exciting pilgrimage towards socialism through five-year plans," lacked the confidence and boldness which characterised his speeches in the early days of the Second Five-Year Plan. In fact, many felt let down by the rather subdued tone of the Prime Minister's speech. He spent a good amount of his time defending the public sector, quoting the Papal Encyclical to support "socialisation and public endeavour in this country". Was all this for the benefit of the Swatantra Party whom he himself has described as a "small group of people out of tune with the time"? "Why must we be on the defensive like this after ten years of planning?", a bewildered Member asked after the Prime Minister's speech.

"The man in the street and the Plan" was the theme of a majority of the speeches. For the Congress Members, the lead was given by the Prime Minister himself who said that production was not for production's sake: equitable distribution and equal opportunities were equally important. With the general elections so close, speeches from the Opposition benches were scathingly critical of Government's achievements. The growing unemployment, the possibility of a

further rise in prices in the Third Plan, the growing burden of indirect taxation, the widening disparities between different sections of the people, between rural and urban areas and between advanced and backward regions, the faulty and incomplete implementation of the first two Plans, the inefficient functioning of the public sector — such were the themes of most of the speeches.

The manner of implementation of the Plans: came in for particularly stringent criticism. A Congress back-bencher perhaps-voiced the sentiments of many Members when he said that "there was no complaint against the Plan, complaint is only against the implementation." With his usual cynicism, Acharya Kripalani attacked the inefficient functioning of the public sector, buttressing his argument with statistics: the Tungabhadra project irrigated 1.20 lakh acres last year as against the target of 6.2 lakh acres; Sindri produced 12,500 tons of fertilisers with a capacity of 21,500 tons; only 88 miles of railway lines have been electrified as against the target of 146 miles. Most Members were doubtful about achieving the Third Plan's export targets, particularly in view of Britain's decision to join the European Common Market. The distortion of priorities in the process of Plan execution leading to under-fulfilment of targets in high-pri-

ority sectors and over-fulfilment of targets in relatively low-priority ones was underlined by Shri G D Somani.

A National Plan ?

Parliament has now adopted the Third Plan as a national plan. However, judging by the speeches of Members of the Opposition, it remains for all practical purposes the plan of the Congress Party. Opposition parties made no secret of their feeling, that they were not adequately consulted at the time of formulating the Plan. Institutions created to implement the Plan, it was further alleged, were used for enhancing the influence of the ruling party. The suggestion was made by an Opposition Member that the National Development Council should be expanded to include representatives of the opposition parties. This proposal did not, however, find favour with the ruling party.

Can the tone of the debate in Parliament be taken to indicate how the country at large has received the Third Plan? If so, there may be some reason to feel that the Third Plan may not invoke much more popular enthusiasm than its predecessors did. If there is a general agreement on the objectives of the Plan, it is equally generally felt that these objectives will not be fully achieved.

Three Million Spindles To be Licensed

THE Government of India have decided to license three million additional spindles immediately to achieve the targets of production for cotton textiles envisaged in the Third Plan.

Out of this, a portion will be reserved for grant of additional spindles to the existing units on grounds of balancing the spinning capacity with reference to the weaving capacity or increasing the spindleage, so as to make the spinning unit an economic one. The rest will be allocated among the States on a regional basis for the establishment of new spinning mills. In making the regional allocation the Government of India have taken all relevant facts into consideration such as the population of the States, current production of yarn and cloth in the

States, the existing distribution of spindleage, the concentration of handlooms and the overall needs of the decentralised sector.

Government have also decided that a few model mills should be set up to cater exclusively for the export market. These mills will have a capacity of 25,000 spindles and 500 looms each, and will be equipped with the latest machinery, including automatic looms.

The State Governments have been informed of the additional spindleage allocated to them. Prospective entrepreneurs, desirous of setting up new spinning units should submit their applications to the Union Ministry of Commerce and Industry through the State Governments concerned.