PLANS AND PERSPECTIVES

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Two kinds of planning co-exist in Delhi each destructive of the other. The Government is too preoccupied to notice this detail or perhaps accepts this situation as a reflection of its own ambivalent thinking.

The object of planning must surely be to promote production and progress and not thwart initiative and inhibit growth. But these are the two voices that so often engage in furious debate in the process of planning in India. A current instance serves to illustrate the point. It concerns the utilisation of natural gas in Assam.

On the basis of current estimates the Naharkatiya oil fields will yield 38 million cubic feet of "associated" gas per day—related to the production of 2.75 million tons of oil to be refined at Nunmati and Barauni—and about 60 million cubic feet of "non-associated" gas per day. Eleven million cubic feet of associated gas will be produced as soon as the Nunmati refinery goes on stream towards the end of next year. Another 27 million cubic feet will become available with the production of oil from the Barauni refinery which is scheduled to be completed by 1962-63. All this gas must be utilised or will have to be flared. There is no other economic alternative.

The quantum of "non-associated" gas that will be free for commercial and industrial purposes has yet to be determined as part of the available reserve may have to be retained underground to maintain the pressure needed to force up the oil without resort to more expensive pumping or other operations.

In any event there is an absolute minimum of 38 million cubic feet of gas per day that will soon be available and which must either be used or go to waste. A natural gas utilisation committee, set up last year by the Government of India, and other foreign experts recommended a number of projects for the utilisation of this gas.

It was decided to set up a plant to break up the gas into higher and lower fractions and use the higher fractions to manufacture carbon black or channel black and the lower fractions for power generation, manufacture of fertilisers and cement and domestic fuel supply.

The Assam Government is accordingly setting up the fractionising plant and a 50,000 kW thermal station at Naharkatiya and has also prepared a scheme for gas distribution to Tinsukia and Dibrugarh. The Union Government for its part is going ahead with plans for fertiliser plant at Naharkatiya with a capacity of 32,000 tons of nitrogen per annum. These four public sector projects will utilise about 22 million cubic feet of "associated" gas per day. The cement project has been delayed on account of limestone difficulties. This would have used about three million cubic feet of gas per day.

However, as things stand, there is still 16 million cubic feet of "associated" gas which is available for use and it is here that the trouble has started.

The Assam Government had earlier considered additional projects based on Naharkatiya gas for inclusion in its third plan. But these had to be dropped because of lack of finances. The utilisation of this "surplus" gas in the private sector was thereupon approved. Anxious to promote the industrialisation of the State and in view of the relative dearth of capital in the State, the Assam Government made a special effort to awaken interest in the potentialities of gas utilisation elsewhere and attract capital from outside. It succeeded and a number of proposals have been received.

Among the private proposals for which a licence has been sought is an attractive Rs. 12-crore synthetic rubber and plastics project in which the foreign collaborators are prepared to invest the entire foreign exchange component as equity capital. This and certain other projects have been cleared by the Union Ministry of Commerce and Industry and the Planning Commission, but the department of mines and oil which has to supply the gas (through Oil India Limited) has objected.

The grounds of objection would appear to be three. It is argued that the Industrial Policy Resolution requires the location of all petro-chemical industries in the public sector. This assumption is totally unfounded. The Resolution certainly says that the production of mineral oils (and

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gas) shall be in the public sector, but there is not the merest hint that the utilisation of oil and gas shall be exclusively reserved for the public sector. On the contrary, synthetic rubber, intermediates and chemicals are specifically mentioned in the concurrent list.

It is further argued that all petro-chemicals like synthetic rubber are "strategic" industries which must be located in the public sector. This again does not hold water. Strategic in this context has two meanings. An industry is strategic because it exercises a controlling influence on the economy. Thus oil and steel may be strategic industries but petro-chemicals are not. Strategic may also connote an important defence potential. Here again petro-chemicals like synthetic rubber, polythelene and carbon black hardly qualify.

A third reason given against location of petro-chemical industries in the private sector is that they are highly profitable. This again is a specious argument. The Industrial Policy Resolution was not drafted with any profitability test in view. Neither can it be said that there are not other very profitable industries in the private sector nor that the Government does not share in corporate profits through taxation.

The whole argument becomes even more meaningless in the light of the fact that a large number of petro-chemical industries have in fact been licensed in the private sector, including a synthetic rubber plant at Bareilly.

It is an extraordinary situation that the private sector is not being permitted to utilise a valuable raw material even though the public sector has not the resources to exploit it. The tragedy is that unless somebody uses it, 16 million cubic feet of "associated" gas per day will have to be flared : a pretty sight but a colossal national waste. The enormity of the waste can be gauged by the fact that 16 million cubic feet of gas per day is equivalent to about 150,000 tons of oil per annum.

The whole question of Naharkatiya gas utilisation has been processed so slowly that even the projects approved in the public sector will not be ready by 1962 or 1963. This means that for some time after the Nunmati and Barauni refineries go into production the equivalent of nearly 350,000 tons of oil per annum will be flared. Can we afford this kind of deliberate waste?

If this same negative policy is extended to utilisation of whatever "non-associated" gas becomes available at Naharkatiya as well as to the gas that may be produced at Sibsagar, Cambay-Ankleshwar and elsewhere and as a by-product of oil refining operations, the loss will be even greater.

India faces a great economic challenge. It cannot afford to wait or wilfully throw away the meagre resources in its possession. The people want jobs and incomes and petro-chemicals have immense possibilities of development. A grave mistake was made in waiting to exploit Naharkatiya oil for five years. Let not the same sorry mistake be repeated in waiting to utilise Naharkatiya gas.

The recent Assam riots were a manifestation of economic discontent. The "cultural" aspects of the upheaval provided a facade for an underlying hunger for jobs. Is Assam going to be denied the right to provide work for its people and the opportunity of advancement to satisfy some fad? Is this what planning means? Is this the socialism we have in mind?

Naharkatiya gas is only a symbol of a wider malaise—an ideological masochism, an infirmity of purpose and a complete disregard of the cardinal fact that we have no time. It is already high time.

The views expressed in this leaflet do not necessarily represent the views of the Forum of Free Enterprise.

With best compliments of:

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