

COMPANIES

RIL commissions gas cracker complex

Reliance Industries (RIL) has commissioned its Refinery Off-Gas Cracker (ROGC) Complex of 1.5 million tpa capacity, along with downstream plants and utilities. The complex will use off-gases from RIL's two refineries at Jamnagar as feedstock. According to Mukesh Ambani, CMD, Reliance Industries, "The world's first ROGC and downstream plants marks a paradigm shift in the profitability and sustainability of RIL's petrochemicals business.

Barmer slugfest

Elections provoke BJP, Congress to take credit



A political slugfest has broken out over the Barmer oil refinery with both Bharatiya Janata Party and the Congress claiming credit for setting it up. The BJP government, in fact, is showcasing the refinery as a major achievement. The BJP is even saying that the Vasundhara Raje government had first proposed an oil refinery in Barmer in 2004, but the then UPA government ignored it. The move coincides with the bypolls in Alwar and Ajmer Lok Sabha seats, and Mandalgarh Assembly seat on 29 January. Rajasthan also goes to polls later this year.

Oil minister Dharmendra Pradhan's recent statement that Prime Minister Narendra Modi will on 16 January flag off the "project commencement" work on the ₹43,129 crore project followed the Congress claim that its former president Sonia Gandhi had laid the foundation stone of the refinery on September 22, 2013 and Modi was "re-laying" the foundation stone. Earlier, there were reports that Modi will lay the foundation stone. Former Rajasthan CM and Congress leader Ashok Gehlot shot off a letter to Modi, saying that laying a foundation stone twice sets a bad precedent.

It is learnt that the PMO had then asked the oil ministry for the facts of the case. The embarrassed top brass of

the ministry then wriggled out of the situation by saying that Modi would flag off the "project commencement".

Announcing the details of the event, Pradhan did not term the event foundation laying and merely said "work on the project will start" in Modi's presence. "Project ka Shubharambh hoga (project will commence)." He ridiculed the 2013 foundation laying as a "political stunt" as the function was held just days before the model code of conduct for assembly elections came into force on 27 September, 2013.

"When there was talk of introducing BS-IV and BS-VI emission compliant fuel in the country, why did he (the then chief minister Ashok Gehlot) sign an agreement for producing BS-III compliant fuel from the refinery?" he asked. The 9-million tonnes a year refinery will now produce BS-VI or Euro-VI grade petrol and diesel.

In 2013, according to Pradhan, when Congress was in power in Rajasthan as well as at the Centre, 4,800 acres of land were allotted to the project without any lease deed being executed. "The surface right of the land was on paper only." Environmental clearance to the project was not obtained and no physical activities on the ground were initiated in 2013. After the NDA government came at the Centre, "genuine

and earnest efforts" and project financials were renegotiated on "better and advantageous terms".

Differing viewpoints

As per the agreement, Hindustan Petroleum Corporation Ltd (HPCL) will have a 74 per cent stake in the project, while the state government will hold a 26 per cent interest. Instead of giving tax benefits, the state government will give ₹1,123 crore per annum for 15 years as an interest free loan. This has resulted in reducing the financial burden on the state government from ₹56,040 crore to ₹16,845 crore. The project will be completed by 2022-23.

Pradhan said it was decided to start physical activities at the project site before the formal groundbreaking ceremony so as not to repeat the mistake committed by the then state government of launching the project only on paper. For this, all the statutory clearances/approvals for the commencement of work were obtained expeditiously. These included the environmental clearance and execution of lease deed of the allotted land of 4,567.32 acre for the refinery.

Gehlot, on the other hand, says the BJP is politically milking the project that he had initiated. According to him, Raje's obstinate attitude had delayed the project and caused a cost overrun of ₹6,000 crore from ₹37,000 crore to ₹43,129 crore. The former Congress government had signed an MoU with HPCL for putting up the 9 MMT capacity refinery and petrochemical complex at a cost of ₹37,229 crore. "The chief minister should apologise to the public for misleading them and for her anti-development stance," Gehlot added.

For the record, Raje has often said the agreement signed earlier with HPCL by the Congress government was unprofitable for the state. Later, she said her government renegotiated the terms of agreement, saving the state ₹40,000 crore. HPCL officials say that the board of the state-owned HPCL had in April 2013 approved the incorporation of a joint venture company to set up the ₹37,320-crore oil refinery and petrochemical complex in Rajasthan, implying that work, at least on paper, had begun then.

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