



# India's Political Economy, Centre-State Relations and Oil Refinery Movement in Assam

**Dr. Tarun Gogoi**

**Associate Professor**

**Dept. of Political Science**

**D.R.College**

**Golaghat, Assam, India**

## **Abstract**

Crude oil is an important mineral resource of Assam. It has been playing an important role in the politics of the State by influencing the relations between the Centre and the State. The right over the oil resources of Assam has been an issue of contention between the Central government and Assam in post-independent India. The refinery movement is one of the organized movements in post-colonial Assam that reflects the complex relation between multiple identities and the unitary federal developmental State of India. This paper makes an attempt to understand how the movement for establishment of oil refinery affected the Centre-State relations in India.

## **Key Words**

Assam, Crude Oil, Centre-State relations, Refinery Movement

## **Introduction**

The peripheral State of Assam has remained economically depressed and politically subjugated within the federal democratic polity of India, due to capitalistic path of development and modernization in India after independence, for which, scholars often regard it as a 'colonial hinterland' (Misra 1980). In post-independence period, the neo-colonial trend generated by the emergence of a new group of Indian elite has cast its impact on the nature of emerging politics of Assam during the same period. The Assamese middle class elite wanted to change this situation by ensuring adequate provisions for financial resources for Assam. Having this reality in mind, we propose to explore here the question of the right over the natural resources and the demand for more power and resources for the States to strengthen the federal polity as well as to enable it to meet the growing needs of the people in the context of Assam. This paper will deal with the question of oil refinery movement of Assam as crude oil is an important mineral resource of Assam, which has been playing an important role in the politics of the State by influencing the relations between the Centre and the State. The right over the oil resources of Assam has been an issue of contention between the Central government and Assam in post-independence India. The discovery of new oil fields in Assam, immediately after independence, led to conflicts between Assam and the Central Government over the location of the refinery. Further Assam's public opinion and the Assam Legislative Assembly raised the issues like the rights over natural resources, Centre's role in Assam's development and the financial relations between the Centre and the State. The refinery movement is one of the organized movements in post-colonial Assam that "reflects the complex relation between multiple identities and the unitary federal developmental State of India" (Baruah 2011: 65). This paper makes an attempt to understand how the movement for establishment of oil refinery affected the Centre-State relations in India. Further emphasis has been made to know the reactions of Assamese people regarding the establishment of the oil refinery in Assam.

## History of Crude Oil in Assam

In India, crude oil was discovered for the first time in Assam and is the second place in the world where petroleum was discovered. It was first noticed in Assam by R. Wilcox, a British army man and geologist, in 1825 in the bed of the river Burhiding at Supkong. Following him several Britishers like C.A. Bruce, Adam White, Jenkins, S. Hanny etc. reported the presence of petroleum in eastern Assam in areas like Makum, Nampong, Borhat, Naharpung at different times. However, following the formation of the Geological Survey of India (GSI) in 1851 only the British Government undertook concrete steps towards mineral exploration in the State and started “experimental borings to test the value of oil accumulated” (Barpujari 2004: 86). The Assam Railway and Trading Company (ARTC) drilled first successful mechanically drilled oil well in Makum of Assam way back in 1867. Later on Assam Oil Company (AOC) was formed in London and it took over the rights of the ARTC. With the establishment of Digboi Oil Refinery, Asia's first refinery, in 1901 by the AOC British Government commercially exploited oil resources of Assam. The formation of AOC also witnessed the Government's growing interest in the oil industry. Till 1921, the ARTC was closely associated with the AOC when the Burmah Oil Company (BOC) took over the AOC (Baruah 2011: 63). During the colonial period the oil exploration in India was not satisfactory. The reason for the slow growth in oil exploration might be the colonial government's ‘exclusivist policy’ (Baruah 2011: 63). The efforts of the American oil companies to explore oil in India was discouraged by the British Government to secure the monopoly enjoyed by the AOC and BOC. It has been argued that the exclusion of foreign capital from India and Burmah's oilfields were to protect the interest of British capital (Chandra 1999: 353-75). Such a policy had a detrimental effect on India's oil prospects. The exclusivist policy slowed down the exploration and development of oilfields in colonial India (Kaul 1991: 19; Baruah 2011: 64). In independent India, the Government did not want to involve the big oil companies in oil industry and emphasized the increased involvement of the Government of India through nationalization of minerals. Therefore, the Government of India undertook the task of strengthening India's national oil industry in the late 1950s and early 1960s during the time of K D Malaviya, Union Minister for Natural Resources and Scientific Research.

Hence, the Government of India started to explore the oil resources by establishing public sector undertakings like Oil & Natural Gas Corporation (ONGC) in 1956 and Oil India Limited (OIL) in 1959. With the efforts of these public sector undertakings the GOI explored crude oil from upper Assam region viz. Digboi, Naharkatia, Duliajan, Moran, Makum, Rudrasagar, Geleki, Hugrijan, Joipur, Kathalguri, Tarajan, Rajgarh, Nagajan, Borbil, Diroi, Dikom, Chabua, Sapekhati, Deosal, Tamulikhat, Salmari, Sapjan, Lahori, Baghjan, Kamkhat, Matimekhela, Rajali, Khagorijan etc. At present, Assam has become a major producer of crude oil and it accounts for about 15% of India's crude output ([Http://en.wikipedia.org/wiki/Assam](http://en.wikipedia.org/wiki/Assam)). It has four oil refineries located in Digboi, Noonmati, Bongaigaon and Numaligarh with a total capacity of 7 million metric tonnes per annum ([Http://en.wikipedia.org/wiki/Assam](http://en.wikipedia.org/wiki/Assam)).

With the development of oil industry, in post-independence Assam, the sub-nationalist mobilizations rallied around the economic demands, in addition with cultural demands like the use of Assamese language, for large-scale projects which would lead the province towards progress (Baruah 2010). Further it has been argued that the question of a regional or an ethnic identity is not only related to cultural demands, but also about claims to a territory, resources and to livelihood (Cederlof 2005). Thus, the oil industry got entangled with the growing forces of regionalism. As Assam was one of the most backward States of India, therefore the Assamese leadership continued to show concern for the economic development of Assam. Despite being in possession of the largest oil resources in the country Assam has always been treated by the Centre most shabbily in allocation of projects and schemes for exploitation of these oil reserves, it is alleged by the Assamese elite. By pointing out ‘the development concerns of the province’, the people and their representatives of Assam challenged the unitary nature of Indian federation. The ruling elite in Assam put the whole issue within the context of India's political economy and Assam's persistent economic backwardness. The Assamese public opinion continuously refers to the availability of natural resources in Assam and its contribution to the Central exchequer at the cost of its own development. The Assamese nationalist leaders argue that Assam is not poor in resources, but remained poor as her financial returns has been low and because of the “inequity of the Central Government” and alleged that “Despite her vast potential resources Assam is today as underdeveloped as she was during the British rule” (*The Assam Tribune* 1949, June 11; 1973 Nov. 19; 1975 Feb 8). Therefore, the people of Assam launched two popular

oil refinery movements viz., first one in late 1960s and second one in late 1970s to set up oil refinery in Assam in public sector.

### Development of Refinery Movement in Assam

In 1955, when a huge reserve of oil was discovered at Naharkatia, Moran, Hugrijan, Lakwa and Rudrasagar, the Government of India decided to establish a new refinery in the public sector to refine newly exploited 2½million tonne crude oil per annum. The people of Assam demanded that the new refinery should be established in Assam so that the industrial development of the State is rectified. But the AOC suggested setting up the new refinery in Calcutta. Further AOC projected to the Government of India the Calcutta site as the recommendation of the expert committee (Kaul 1991: 75). AOC pointed out to the transportation problem of Assam and maintained that the Digboi refinery already fulfilled the demands of oil in Assam. On the other hand, the then Union Minister of Oil and Petroleum did everything in his power to locate the refinery for processing the crude at Barauni in Bihar. The Central Government's decision to establish the refinery at Barauni was challenged by the Assam Government and all the parties representing the hills and the plains.

The demand for establishment of first oil refinery at public sector near to oilfields was started at Sivasagar district. The Assam Student's Federation challenged the idea of establishment of refinery outside the State. They came forward to oppose the idea. On August 11, 1956 under the leadership of Assam Student's Federation statewide hartal and picketing was organized against the move of the Central Government to establish the refinery outside the State. The people organized meetings, processions and shouted slogans in support of the demand in different places of Assam viz., Jorhat, Tinsukia, Golaghat, Borpetta, Goalpara, Laming, Koliabor, Jamuguri, Mariani etc (*Asom Bani* 1956, August 24). On August 12, 1956 in the Conference of the Assam Pradesh Congress Committee (APCC) held at Guwahati the oil refinery issue was discussed in detail and decision was taken to raise the demand of refinery to Central Government by sending a 22 member group representatives (*Asom Bani* 1956, August 17). The opposition political parties also participated in the movement. 'Assam Oil Refinery Karma Parishad' (Assam Oil Refinery Action Committee) (AORAC) was formed. The political parties who joined in the council were CPI, RCPI, and PSP etc. The AORAC, led by Hareswar Goswami and Hem Baruah both leaders of the Praja Socialist Party, played a crucial role in the oil refinery movement in Assam. It organized State wide movement to pressurize the Central Government to establish refinery in Assam. All sections of people of Assam participated in the movement. The employees' unions and trade unions also cooperated in this movement. Within a very short span of time the movement for the establishment oil refinery acquired the character of mass movement as it spread to the then NEFA, Khasi and Jayantia Hills and Borak valley (Kalita 2009: 11-25). J J M Nichols Roy representing the hills supporting the cause stated:

...we in Assam, naturally expect that when this oil is found in the wells of Assam, the refinery should also be in Assam. That is our natural feeling that when we have the source of oil wealth in the state, we have the right to claim that the processing of crude oil also should be in Assam... We the people living in the Hills or Plains of Assam feel strongly that this refinery should be located in Assam. (Roy 1957: ALAD).

In the face of vehement protest of the State Government, organizations, political parties and press against the move of the Central Government to establish the refinery outside the State, the then Union Minister of Natural Resources and Scientific Research Keshabdeo Malviya visited Assam on August 27, 1956 to pacify the people. He declared that the Central Government would form an expert committee to examine the commercial, economic and technical aspects regarding the establishment of refinery (*Asom Bani* 1956, August 24). During the time of his visit the APCC submitted a memorandum in which it maintained:

The people of Assam are very much worried by hearing the arguments given by some sections to establish the proposed refinery outside the State. The Assam Pradesh Congress Committee is also worried with the people and the Government of Assam. The Assam Pradesh Congress Committee considers it as their duty to bring it to the notice of the All India Congress Committee and the

Government of India that the proposed refinery should be established in Assam to refine the crude oil extracted from it. ...The Assam Pradesh Congress Committee considers it judicious and relevant from the point of view of economic, political and military importance (*Asom Bani* 1956, August 24). (Translation mine)

APCC's memorandum pointed out industrialization as the prime factor of economic progress of the country and maintained that industries should be established in the particular region on the basis of availability of raw materials as well as economic upliftment of the region. The memorandum further asserted that oil refinery in Assam should be established from the point of view of "equal distribution of economic resources and to end economic disparity to different regions of India." The APCC clearly noted in the memorandum that "if the new refinery is established in Assam, the natural gas extracted from the oil fields can be properly utilized in the refinery, which can not be done if it is established outside the State or it needs extra expenditure." By establishing the refinery in Assam, the refined oil can be transported to different areas of the country, APCC argued.

The first widespread protest for the refinery in Assam took place on 28 August 1956 under the auspices of the AORAC. On that day a strike was organised throughout Assam and public meetings were followed by street marches in all the parts of Assam. Shops, schools, colleges and offices remained closed. The State transport and railway services had to be curtailed under pressure. On the issue of oil refinery a common slogan was developed '*tez dim tel nideu*' (We will give blood not oil). On that day, the people came to the streets in support of the demand in the places like Guwahati, Sibsagar, Jorhat, Dibrugarh, Golaghat, Tezpur, Mongaldoi, Nagaon, Chaygaon, Simaluguri, Loharghat, Longpatia, Jamunamukh, Kakojan, Pathsala etc. The supporters of the movement suffered a lot as the government had taken tough measures against the movement. Thousands of people were arrested. The hartal of 28 August was debated in August-September session 1956 of the Assam Legislative Assembly. The incumbent Congress Chief Minister Bishnuram Medhi termed the strike as "unjustifiable" to toe the dictation of Central government and argued "a vital question like the location of an oil refinery could not be decided on the streets, it had to be decided only after cool and dispassionate deliberations" (ALAD 1956: II (18) 1464). He argued that in spite of the assurance given by the Union Minister Malaviya and the efforts of Assam Govt. to consider the demand of oil refinery in Assam, the opposition parties instigated the people in view of the coming election. On the other hand the leader of opposition Hareswar Goswami maintained that the revolt and strike of the people was spontaneous. Assam had been persistently neglected by the Centre, industrialization of the State had been sadly delayed and therefore "the people have taken resort to the only way left open to them and when such negligence and indifference became no longer possible to bear, the strike was the logical consequence" (Speech of Hareswar Goswami ALAD 1956: II (18) 1479).

Chief Minister of Assam Bishnuram Medhi communicated it to the Central Government but failed to persuade. Later on a delegation of AORAC comprising Hem Baruah, Gauri Shankar Bhattacharjee and Hareswar Goswami met the Chief Minister at his residence to discuss the issue. But the Chief Minister was reluctant to concede the arguments given by the delegation and argued that "it would be like digging one's own grave by establishing a refinery at this point of time" (Kalita 2009: 26). According to him, without the technical manpower, the refinery will be overflowed by non-Assamese employees, as technically expert manpower was very much limited in those days. The delegation was very much upset with the arguments given by the Chief Minister Medhi and demanded that the refinery must be established at Guwahati. The people of Assam had their way for agitation. The AORAC submitted a memorandum to Prime Minister Jawaharlal Nehru on October 18, 1956, and sent to the members of Parliament, MLAs of different States and some intellectuals of the country. The memorandum maintained "The proposed Refinery should be established in Assam. The proposed pipeline should transport refined petroleum, instead of crude oil. The natural gas extracted from oil wells should not be extinguished; rather some finished products should be produced" (Kalita 2009: 26). The memorandum further pointed out some vital problems of Assam such as, immigration problem, flood problem, problem of industrialization, transportation etc. The memorandum urged the 'leading and well-meaning countrymen' to understand some of the burning problems of Assam and feeling of this State vis-à-vis the treatment meted out to it by the Central Government. It appealed them to understand the problems of Assam and to refrain from passing uninformed, ill-informed or uncharitable remarks about the situation and people of this State.



The demand of refinery not only caused great public concern, indeed it generated much heat in the Assam Legislative Assembly and Parliament of India. Hareswar Goswami stated in the Assembly “I will suffer to be parochial rather than to live in a house where I have no rights over my belongings. This is a question of regional development and we stand by it...Assam must have the oil refinery which is its natural abode” (Speech of H. Goswami, ALAD1956, June 17: 486). On the other hand, one of the vocal parliamentarians from Assam Debeswar Sarma raised the issue of oil refinery in the Lok Sabha and argued:

The first five year plan has totally neglected the interest of Assam and there is no scheme for Assam in the second five year plan either on industry or energy resources. The All India Congress Committee conference held at Delhi proposed that the backward regions should get special benefit in regard to industrial development. The State Reorganisation Commission in its suggestions also maintained the same view. But we do not see its implementation in case of Assam. Now we have heard that the Government is contemplating to establish a refinery outside the State to refine the oil excavated from the newly invented oil fields at Naharkatia and its adjacent areas. We demand that the refinery should be established in Assam...(*Asom Bani* 1956, April 10). (Translation mine)

In view of the movement the Union Government formed an eleven member expert committee to look into the issue of establishment of oil refinery. The eleven member committee was headed by S.S. Basistha, Advisor of Railway Ministry. Though the committee was welcomed, the people of Assam were apprehensive about it which was reflected in the voice of the AORAC who told Jawaharlal Nehru, during his visit to Assam that the expert committee should be looking at the issue of establishing the refinery in Assam and its objectives should have been to find ways to do so by tackling the problems (*Natun Asomia* 1956, Oct. 20). Finally, the committee in its report suggested the establishment of oil refinery in Calcutta. The committee favoured the refinery in Barauni and Digboi in second and third place respectively. Due to the rejection of the expert committee to establish refinery in Assam a possibility of another movement was hanged in Assam. The Secretary General of AORAC Sri Rabindranath Nabish vowed the formation of a wing of twenty five thousand satyagrahi to rectify the movement (*Asom Bani* 1956, August 24). In an another meeting under the presidentship of Gauri Shankar Bhattacharjee held at Nabin Ch. Bordoloi Hall in Guwahati resented the move of the Central Government to establish the refinery outside the State. As chief guest, Hem Baruah asked the government to adopt a clear policy regarding the establishment of the refinery (*Natun Asomia* 1956, Dec. 29). On the other hand, the Central Government had taken a decision to establish the refinery in Barauni of Bihar and the State Government was informed in this regard. There was repercussion throughout the State against the move of the Central Government.

In the face of popular agitation the Chief Minister personally wrote to the Central Government on the issue. Chief Minister Bishnuram Medhi even challenged the Central Government that “if the refinery is not established in Assam, Government will resign”(*Asom Bani* 1957, June 21). But the ‘economically deprived and politically subjugated peripheral State Assam’ was neglected by the Centre showing two reasons – transportation and security problem. The Union Petroleum Minister K. D. Malviya intimated about it in a public meeting at Navin Ch. Bordoloi Hall, Guwahati. Prime Minister Jawaharlal Nehru and Education Minister Abul Kalam Azad also maintained the same view by favouring the refinery at Barauni in Bihar. Nehru argued that the location of the refinery was a technical, financial and security question and not a political one. Giving arguments in favour of its view Prime Minister Nehru wrote a letter to Chief Minister Bishnuram Medhi and Governor of Assam Fazal Ali on June 12, 1957 and maintained:

Our defence chiefs, having examined these various schemes, said definitely that they could not undertake to protect the refinery, if it was situated in Assam or the pipeline if it went to Calcutta along the Pakistan border... When the military opinion was dead against it... we were driven to the conclusion that the only feasible proposition was to locate the refinery at Barauni (B Medhi Papers, NMML, New Delhi).

The same view was also expressed by the Education Minister Abul Kalam Azad (June 18, 1957) and Petroleum Minister K.D.Malviya (June 13, 1957). In the month of June and July 1957 Chief Minister Medhi wrote several letters to the Union Government to establish refinery in Assam. The Chief Minister even decided to resign on the issue of refinery and on June 13, 1957 the Chief Minister sent a telegram to the Prime Minister and maintained: “Consequences of denying refinery to Assam is far reaching....If decision are not revised, the Congress Parliamentary party unanimously insisting on resignation. Cabinet will have no option but to seek permission to resign”(B Medhi Papers, NMML, New Delhi). In reply to the telegram

of Chief Minister Bishnuram Medhi, Prime Minister Jawaharlal Nehru wrote in his telegram the same day (June 13, 1957) “We have every regard for the feelings in Assam. But we cannot obviously decide something against our judgement and we think that it will not be advantageous even to Assam. Important decisions do not depend on pure sentiment or political pressure”(B Medhi Papers, NMML, New Delhi).

The decision of the Central Government to establish the proposed refinery at Barauni was resented by the people of Assam and the people observed ‘protest day’ throughout the State on June 22, 1957. The protesters organized hartals, public meetings, procession etc. in support of their demand in places like Guwahati, Dibrugarh, Karimganj, Tinsukia, Jorhat, Nagaon, Shillong, Digboi, Ledo, Moranhat, Nagarbera, Sasoni, Borholla, Tipling, Harisinga, Nazira, Golaghat, Bokhakhata, Sonari, Bhojo, Nalbari, Puronigodam, Palasbari, Tihu, Kalaigaon, Raha, Sarupathar, Chabua etc. The people shouted slogans like ‘*asomor daabi maaniboi laagibo*’ (Assam’s demand has to be recognised), ‘*tel sudhanagar asomot lage* (the oil refinery must be in Assam), ‘*asom mantrisabhai padatyag karok*’ (Assam ministry must resign), *asomor udyogikaran hoboi laagibo* (Assam must be industrialized) etc. (Translation mine) (*Natun Asomia* 1956, Oct. 17). In a public meeting MLA Hareswar Goswami said that “the oil refinery movement is the movement for the survival of the Assamese people – the movement for the progress of life of the Assamese” (*Natun Asomia* 1957, June 9).

It was followed by the second oil refinery convention held at Kumar Bhaskar Natya Mandir in Guwahati where several speakers opined that by ignoring the public opinion and judicious demands of the Assamese people, the Central Government had decided to establish refinery in Barauni for the interest of oil companies. Therefore, the people of Assam must organize a strong movement to oblige the Central Government to establish the refinery in Assam. Around two hundred delegates from different parts of Assam joined the convention. In the convention, Hareswar Goswami, Rabindranath Nabish, Biswanath Upadhaya, Khagendranath Borborua, Gauri Shankar Bhattacharya, Hem Barua etc. argued that the people must organize themselves against the move of the Central Government (*Natun Asomia* 1957, June 29). On the other hand, the special session of the AORAC held at Guwahati Church field several thousand people participated. In the session, held on June 29, 1957, Biswa Goswami, Haladhar Bhuyan, Phani Bora, Ranendra Mohan Das, Khagen Borborua, Golap Borbora, Hem Baruah, Gauri Shankar Bhattacharjee, Mahendra Phukon, Dhireswar Kalita etc. spoke in support of the mass movement to establish refinery in Assam. It adopted a detail programme. The mass movement had been divided into two phases which started on July 28, 1957. The programme of action included in the first phase are – (1) Urged the members of the Assam Assembly to abstain from attending session on July 1 and July 2 (2) Not to participate in the Umro Hydro-electric project inaugural programme to be held on July 9, 1957 (3) Peaceful demonstration in the arrival of Union Home Minister on July 8, 1957 (4) The MPs from Assam should abstain from attending the session of Parliament on July 15 and by organizing public meeting proposal should be submitted to the Prime Minister and Union Minister of Petroleum and Mines to establish refinery in Assam. (5) Organise hartals and strikes throughout the State on July 29, 1957. The programme of action in the second phase include – (6) In the direction of AORAC the MLAs and MPs from Assam should resign (7) At least 500 satyagrahis should be enrolled in each sub-division of Assam within July 28 to rectify the movement (8) To form sub-division and local action council throughout the State (9) The members of the action council should visit the villages of Assam and make the people understand about the movement (10) To collect at least one thousand rupees from all the sub-divisions to form the central fund (11) To popularize the movement by publishing leaflet, bulletin etc. and (12) To organize picketing in the government offices (*Natun Asomia* 1957, June 30).

In the midst of these developments, in the first day of monsoon session of Parliament (July 15, 1957) Prime Minister Nehru declared in the Lok Sabha that the proposed refinery would be established in Barauni of North Bihar. He maintained that the decision taken by the Central Government in this regard was final. By participating in a debate on the adjournment motion in the parliament tabled by PSP MP Hem Barua, Prime Minister Nehru maintained that “hartals and protests cannot determine the economic and technical aspects.” Speaker Ananta Sayanam Ayanger rejected the motion tabled by Hem Barua. As a reaction against the comment of Prime Minister two PSP MPs from Assam Hem Barua and Amzad Ali and an MP of Uttar Pradesh Mahendra Pratap boycotted the House. Such statement made by the Prime Minister caused a great deal of anxiety in the minds of the leaders of Assam and the declaration was discussed in the Assam cabinet in an emergent meeting. They argued that in a state-controlled developmental economy, the State’s policy regarding the location of the refinery should not be completely guided solely by commercial concern, but also by the developmental concern of the province. After series of agitation and protest to establish oil

refinery in Assam ultimately the Central Government had taken a decision in favour of Assam. The Government of India promised to formulate a new plan to study the possibility of refinery in Assam on July 26, 1957. On July 27, 1957 Prime Minister Jawaharlal Nehru in a press release maintained:

There is nothing to think that refinery cannot be established in Assam. I am very much sorry to learn about the oil refinery movement in Assam. I have sympathy to the interest of Assamese people for oil refinery. But oil refinery can be established by considering all the ins and outs about technical and economic aspects with patience. I realize that in the pre-independence period Assam was neglected and therefore now Assam is fit to get assistance and inspiration. Besides, the new situation emerged in the post-independence period have made Assam important (*Asom Bani* 1957, August 2).

He further maintained that “the Chief Minister and other ministers of Assam have pressurized us to establish refinery in Guwahati.” By considering the oil refinery issue sympathetically he wrote “Assam is a borderland State so it should get special treatment. We are not ignoring the issue. The demands of Assam will be considered sympathetically” (*Asom Bani* 1957, August 2).

As decided earlier, the historic hartal was organized throughout the State on July 29, 1957. The people came out to the streets spontaneously in places like Shillong, Dibrugarh, Jorhat, Tezpur, Nagaon, Sibsagar, Doomdoma, Karimganj, Mangaldoi, Tinsukia, Khowang, Baihata, Palashbari, Titabor, Dhing, Raha, Sarupathar, Simaluguri, Sualkuchi, Safrai, Margherita, Ledo, Tongla, Dergaon, Kampur, Goalpara, Bijni, Silchar, Nongpu, Bordubi, Khoirabari, Rampur, Furkating etc (*Asom Bani* 1957, August 2).

The AORAC decided to carry on the movement by starting a satyagraha from 14 August and by 4 November around 1,000 satyagrahis were arrested in different parts of Assam (*Natun Asomiya*, 1957, Nov. 4).

Thus, the Assamese public opinion, which continuously refers to the availability of natural resources in Assam and its contribution to the Central exchequer at the cost of its own development, successfully raised the demand for refinery in front of the Centre by pointing out that in a state-controlled developmental economy, the state's policy regarding the location of the refinery should not be completely guided solely by commercial concern, but also by the developmental concern of the province and obliged the Centre to take a decision in favour of Assam. In fact, the Refinery Movement in Assam brought to forefront their inherent contradictions of unitary federalism in relation to distribution of grand central projects among the states. This particularistic sentiment of the Assamese elite arose out of an acute anxiety about the existing financial difficulties as well as partisan attitude of the Centre.

The regional newspapers of Assam played a crucial role in oil refinery movement. The sentiment of the people of Assam was reflected in some of the newspapers of those days like *Asom Bani*, *Natun Asomiya*, and *The Assam Tribune* etc. These newspapers led the oil refinery movement by publishing news, reports, cartoon, pictures etc. *Asom Bani* and *Natun Asomiya* published several news and editorials where they justified the cause of refinery movement in Assam. To support the establishment of refinery in Assam *Asom Bani* wrote an editorial titled ‘*natun sudhanagar asomot lage*’ (need a new refinery in Assam) and maintained:

Assam Oil Company has announced that due to the discovery of new oil fields in Naharkatia newly one million tonne crude oil will be excavated and a new refinery is being proposed by the company. The people of Assam cheer up for these new developments. The Government of Assam has already suggested the Centre to set up the refinery in Assam. But some vested interests have argued to establish the refinery in Calcutta.... Of late, Assam Oil Company has proposed the Government of India to set up the refinery near to Calcutta (*Asom Bani* 1956, Feb. 24). (Translation mine)

The weekly further maintained that as an industrially backward State Assamese people wanted some benefits from tea and oil industries. But the AOC's proposal to establish the oil refinery in Calcutta will hamper the interests of Assam. The weekly urged the AOC to adopt a liberal policy in the interest of Assam to develop it industrially. It also called upon the Assam Government to pressurize the Centre to establish the refinery in Assam by opposing the proposal of AOC. The *Asom Bani* resented the move of AOC to establish the oil refinery outside the State. The newspaper criticized the argument given by AOC that the Digboi refinery had fulfilled the demand of oil of Assam and pointed out that it was a negation of the theory of economics. It suggested that instead of making the pipeline for the transportation of crude oil by spending so much money, the government should improve the railway services which will benefit AOC as well as help in the economic development of Assam. The decision of the Government of India to establish the refinery



outside the State revolutionized the mind of the people and *Asom Bani* made immense contribution in it by publishing the news related to the movement. It kept the people well informed and alert with the coverage of events regarding oil refinery movement.

*Natun Asomia*, another Assamese daily, also made the demand for oil refinery in Assam. The newspaper published various news and articles in which it focused on the need of refinery in Assam. In an editorial titled '*tel sudhanagarar sthan*' (place of oil refinery) the daily wrote:

We are delighted to know that the oil refinery expert committee formed by the Government of India has proposed to set up the refinery in Assam. Now the Government of Assam should leave no stone unturned to establish the refinery in Assam as anti-Assam lobbyist are giving new arguments to influence the experts (*Natun Asomiya* 1956, Nov. 10). (Translation mine)

The daily regarded it as indispensable to establish the refinery in Assam from the point of view of economic and industrial policy of government, political and economic ideal, and justice to the weak and backward region. It pointed out that the demand of refinery was not only the demand of the indigenous people of Assam, but also all sections of people of the State. Thus the regional sentiment was articulated and public opinion was formed by the regional news papers in favour of public sector refinery in Assam.

### Refinery Movement and Establishment of Refineries in Assam

Finally on December 6, 1957 Union Minister Sardar Swaran Singh declared in the Lok Sabha that two refineries would be established in the public sector in India and amongst the two the first would be established in Assam. The decision of the Central Government was hailed by the Assam Government, political parties and the people. After series of debate and discussion on October 22, 1959 the final agreement to construct the oil refinery at Noonmati in Guwahati was signed. The Hindustan Construction Association had started its work on February 14, 1960 and Prime Minister Nehru inaugurated the refinery formally on January 1, 1962 and dedicated to the nation. Thus, Assam succeeded in getting the public sector oil refinery in Guwahati after a movement.

After a prolonged movement by the people of Assam, a small 0.5 million tonne annual capacity refinery was set up in Guwahati (1962) and a bigger refinery of 3 million tonne annual capacity was set up at Barauni (1964). Most people in Assam as well as the Assamese press felt that this was not a compromise formula but it was a betrayal of Assam's cause. In spite of the views of both the Indian and foreign expert that the location of Barauni was vulnerable to both floods and earthquakes the Central Government established a big refinery in Barauni. In this regard *The Assam Tribune* maintained:

It was politics rather than economics that turned out to have stronger pull against the considered view of experts the Government of India, for reasons best known to it, decided in favour of Barauni. Gauhati too was given a refinery – but it was a toy refinery with only a third of the refining capacity of the unit at Barauni. Even this was not given in good grace but only as a grudging concession to a popular agitation (*The Assam Tribune*, 1967, Mar. 23).

In spite of being the leading oil producing State in the country the total refining capacity established in Assam that of Guwahati and Digboi added together is smaller than that of the single refinery at Barauni, which is fed with Assam crude. The State Government is deprived of the sales tax on the crude supplied to Barauni. Terming the Guwahati refinery as a 'toy refinery' noted intellectual of Assam Sri Homen Borgohain in an interview with '*Desh*' said: "After a vigorous movement Assam has got a toy refinery. Its capacity was very little. Of course, it has been enhanced later on. ...I still remind that to fulfill the justified demands people had to take the recourse of a movement" (*Desh*, 1991, May; *Amar Asom* 2011, August 10).

With the discovery of more deposits in Rudrasagar and Lakwa areas the question of having another refinery was cropping up. The people of Assam demanded the second refinery in the place of crude field. When Sri Promod Gogoi, an MLA of Assam Assembly, raised the issue of second public sector oil refinery issue in Assam Assembly the Industries Minister Sri Biswadev Sarma told the Assam Assembly that the Government of India has no proposal, as informed by the Government of India, in the Fourth Plan for setting up of an additional refinery in Assam on the ground that the present capacity in Assam far exceeded the demand. He added that it was the Union Government's view that until additional refining capacity was found justifiable, additional oil production may be used for the following purposes: (1) for the requirements



of the Barauni and Gauhati refineries at their enhanced capacity (2) for making up the gas resulting from gradual decline in production in the oil fields and (3) in substitution of imported crude oil when this is economically feasible (*The Assam Tribune*, 1967, July 5). The disclosure of the Industries Minister, Sri Biswadev Sarma, in the State Assembly created deep disappointment in Assam. In this regard *The Assam Tribune* in an editorial maintained:

The astounding argument as put forward by the Union Minister of State, Sri Raghuramiah was that there is not sufficient demand in Assam for the products of the existing refineries and that the Government is incurring heavy loss in transporting the products to markets outside the state. The absence of a sufficient home market for the final product as an argument for not establishing an industry harks back to the heyday of British rule in India. It was this notorious principle that our foreign rulers invoked to justify their stranglehold on India's industrial development. It is strange indeed that the government of free India should also invoke the same principle in regard to the case of a backward state for the development of one of its major resources (*The Assam Tribune* 1967, July 6).

The daily further stated that Assam had little faith in the Centre's capacity to be fair and generous to this State in the allocation of central projects. It argued that the Centre had established the petro-chemical industry in Gujarat overriding Assam's claim and the case for a second refinery had been similarly treated by invoking outdated principles and untenable logic. "If the Centre is unwilling to take note of the dissatisfaction that is already piling up over Assam's deteriorating economic position, it will soon have to do so when the situation becomes compelling," *The Assam Tribune* further maintained.

This demand of second refinery got a further boost with the memorandum of Congress members of Parliament from Assam to the Union Minister of Planning, Petroleum and Chemicals, Sri Asoka Mehta, in which they made a threefold demand, namely expansion of the Noonmati Refinery, establishment of a large second refinery for refining crude oil from Rudrasagar and Lakwa, and other areas that were opening up and setting up of a suitable petro-chemical complex in Assam. They stated "the people of Assam had been demanding persistently that a large second refinery should be established at a suitable place in Assam to process the crude oil found in various oil fields in upper Assam and that a petro-chemical complex unit also should be set up soon to utilize huge quantity of natural gas that was being flared up but authorities had not so far conceded these demands" (*The Assam Tribune* 1967, July 19). The demand for expansion of the Noonmati Refinery had also not yet been sanctioned although expansion of the Barauni and Gujarat Refineries had been taken up which had caused a great disappointment among the people of the State. The memorandum recalled the background of the decision to set up the first refinery in Assam which was conceded only after a statewide agitation. Likewise there could be no justification in delaying a decision in regard to the establishment of a petrochemical complex unit in Assam when the accredited experts like the National Council of Applied Economic Research and Japan Consulting Institute had already recommended the feasibility of such a complex. Assam MPs urged Sri Mehta to take expeditious decision on all these three matters and thereby satisfy the legitimate aspirations of the people of Assam. Signatories to the memorandum included Sri Liladhar Kotoki, Sri Bijoy Bhagawati, Sri Nihar Ranjan Laskar, Sri B.N. Shastri, Sri Debabrata Barua, Srimati Jyotsnah Chanda, Sri Emon Singh Sangma, Sri Rajendra Nath Barua, Srimati Usha Borthakur, Sri Prafulla Goswami, Sri J.N. Hazarika, Sri Robin Kakoti, Sri Mohitosh Purkayastha and Sri Purnanda Chetia.

In the face of the demands of the people of Assam and the representatives of the State the Union Petroleum Minister Sri Asoka Mehta made a statement on the floor of the Lok Sabha on April 22, 1968 in which the Minister rejected the demand of Assam's new oil refinery. To nullify the demands of refinery in Assam the Union Petroleum Minister Sri Asoka Mehta argued that being a border State a refinery cannot be established in Assam from the point of view of security. The statement was received by the people of Assam with utter dismay and keen disappointment. *The Assam Tribune* protested the statement of the Union Minister in the following words:

It has confirmed earlier misgivings that political considerations are being given weight. If the Union Petroleum Minister's statement ruling out another refinery for Assam is disappointing, his reasons for the decision are surprising. His argument that Assam has a narrow market for oil is astounding, coming as it does from a person who is supposed to know his economics well. ... Assam, with its

highest per capita industrial resources, could well have been developed into a major consumption centre if only the Centre's attitude to it had been more helpful (*The Assam Tribune* 1968, April 24).

The editorial questioned that if the crude oil can be transported from Naharkatia in Assam to Barauni over a distance of 720 miles, so can, and possibly with less difficulty, refined oil from Assam to distant consumption centres. Indeed, the effort of the Central Government should be to try to develop consumption centres right at the places where crude oil abounds. "Sri Mehta's grounds against a second refinery for Assam were specious and had a strong resemblance to those used by the erstwhile Minister, Sri K.D.Malaviya" *The Assam Tribune* stated. In another editorial *The Assam Tribune* maintained that "the location of a heavy industry like oil refinery is the most powerful way of reducing regional economic imbalances." It criticized "Centre's deplorable attitude" by stating that "the Centre can persist in its apathetic attitude to Assam's demands for another refinery and petro-chemical complex industry only at the risk of attracting the charge of grave injustice" (*The Assam Tribune* 1968, May 27). Due to rejection of the Centre to establish the second public sector oil refinery in Assam, the people observed 'Demand Day' in Assam on June 10, 1968. Through this programme the people demanded a second refinery in Assam and the expansion of the Gauhati Refinery's present annual processing capacity of 0.75 million metric tones to 1.25 million metric tones without any delay. The call for the observance of the 'Demand Day' was given by several students' organizations including the All Assam Students' Federation (*The Assam Tribune* 1968, June 11). It was followed by All Assam Convention on Refinery on July 13, 1968 at Guwahati. In the Convention Sri Hem Barua, MP, said "the Union Government's arguments against the economic feasibility of establishing a second public sector oil refinery in Assam is groundless" (*The Assam Tribune* 1968, July 14). He further said that the demand for setting up of the second refinery could not be dismissed, as had been done by the Centre, on the ground that Assam lacked a market for the project. Altogether 107 delegates from all over Assam participated in the convention including the representatives of different social and political organizations of Gauhati Sri Gaurisankar Bhattacharjee, Sri Dhireswar Kalita, Sri Samsul Huda, Sri Phani Bora, Sri Promode Gogoi and Sri Golap Barbora. The All Assam Convention on second refinery gave the call to observe a statewide 'Demand Day' on August 23, 1968 to press the demand for establishment of a second refinery in the state.

In spite of Assam's persistent demand for locating this refinery in the State it appeared that powerful forces were working against this move and Assam after all did not get the second refinery. Not only Assam was being deprived of her legitimate right of a second refinery, but even the proposal of expansion of capacity of the Gauhati Refinery was being scuttled. Therefore, *The Assam Tribune* criticized the 'unhelpful and unsympathetic attitude of the Central Government' and maintained:

In spite of being the leading oil producing state in the country the total refining capacity established in Assam that of Gauhati and Digboi added together is smaller than that of the single refinery at Barauni, which is fed with Assam crude. The State Government is deprived of the sales tax on the crude supplied to Barauni. ...In all the speciousness of the pleas offered by the Union Petroleum Ministry against an additional refinery in Assam has cast serious doubts on the genuineness of the centre's concern for the growth and development of this border State (*The Assam Tribune* 1968, July 16).

Against the backdrop of resentment towards the Centre a vigorous second refinery movement was started in late 1960s. Bongaigaon refinery (BRPL) in 1974 is the result of this movement, the Assamese elite argued. The third refinery at Numaligarh came in the wake of Assam Accord of August 15, 1985 and dedicated to the nation in 1999. Thus, the refinery movements brought into fore the hurt feelings of the Assamese people (*The Assam Tribune* 2012, Jan 30) it is argued, and who started believing that nothing would come to Assam without an agitation and that some people always wanted to take away Assam's resources for the benefit of others depriving the local inhabitants of the State. All these factors clearly point to the Centre's unsympathetic and partisan attitude towards Assam.

## Conclusion

In the post independence period, the Government of India adopted a planned economy for ensuring rapid industrialization and for reducing economic disparities among the provinces of the country. However, the peripheral State of Assam has remained economically backward and politically subjugated due to the very nature of capitalistic path of development and industrialization in India after independence. The Assamese public opinion has continuously referred to the availability of natural resources in Assam and its contribution to the Central exchequer at the cost of its own development. The Assamese middle class elite have also wanted to bring about a change in the prevailing situation through allocation of adequate provisions for financial resources for Assam. They argued that oil being the most important mineral resources of Assam, the Government's policy regarding the location of the refinery should not be guided solely by commercial concerns, but also by the developmental concern of the province (Baruah 2011: 68). Hence, they challenged the notion of development in India's unitary federalism by demanding refineries in Assam. They have put the whole oil refinery issue within the context of India's political economy and Assam's persistent economic backwardness. The planning could be used as "a positive instrument for resolving conflict" with the universal goal of the planning i. e. the welfare of the people of the nation (Chatterjee 1996: 386). However, the conflict between the whole and the part or the Centre and Units continued even after planning and the issue of industrialization and development got involved with politics. The refinery movement of Assam reflects this inherent conflict of unitary federalism between the Centre and the Unit in India. The refinery movement based itself on the issues of development and the right of Assam over its own natural resources. The post colonial regional aspirations in different parts of the country and their methods of assertion including the refinery movement in Assam were similar in nature. All these movements challenged the unitary nation and attempted to negotiate with the federal government for safeguarding regional pride.

The refinery movement in Assam is also an important issue through which Assamese public opinion was articulated against the deprivation and negligence of the Centre. The Assamese elite politicized the sense of deprivation and negligence in the form of refinery movement which finally led to generating regionalism in Assam. Actually, the Assamese elite did not completely ignore the necessity of a strong Central Government, what they generally pleaded was that the Centre should not be made strong 'at the cost of the provinces'. In fact, they advocated for what they called an 'equitable' and 'balanced' distribution of powers between the Centre and the States. Thus, the demands for more power and rights over natural resources for the States such as establishment of oil refinery are intended to strengthen the federal polity and enable it to meet the growing needs of the people by successfully articulating and rejuvenating federalizing process of the country and created a better Centre-Assam relation.

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