

**Shri T. B. Vittal Rao:** May I know which is the country which is most advanced technically in the matter of transport of oil through pipelines?

**Shri K. D. Malaviya:** There are various countries which are dealing with this problem, and Italy is one of them.

**Shri Hem Barua:** May I know whether it is a fact that the Nunmati-Barauni pipeline at place runs within five miles of the Pakistani border? If so, I want to get an assurance from him....

**Mr. Speaker:** No assurance can be asked for during the Question Hour. Next question.

**Shrimati Renu Chakravartty:** Question Nos. 691 and 697 may also be answered along with this.

**Mr. Speaker:** Questions 689, 691 and 697.

#### Oil Prices

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\*689. { **Shri Kodiyan:**  
      **Shri Warier:**

Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) whether it is a fact that Government have suggested a further extension of the *ad hoc* price agreement with the private oil companies;

(b) if so, for what period; and

(c) when the negotiation with the private oil companies for entering into a price agreement is expected to be started?

**The Minister of Mines and Oil (Shri K. D. Malaviya):** (a) to (c). The *ad hoc* price agreement entered into by Government with the private oil companies terminated on 30-9-1961. Government had appointed on 2-8-1960 the Oil Price Enquiry Committee (Damle Committee) to examine the principles and elements according to which selling prices of petroleum products in the country should be deter-

mined. The Committee submitted its Report to Government on 19-7-1961 and the recommendations thereof were implemented with effect from 1-10-1961 and additional non-recoverable duties were imposed to mop up the reductions in prices proposed by Damle Committee; therefore, the question of entering into negotiations with the private oil companies regarding price agreement does not arise.

#### Prices of Petrol and Kerosene Oil

\*691. **Shrimati Mafida Ahmed:** Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) whether Government are aware that Burmah Oil Company has increased the prices of Petrol and Kerosene; and

(b) if so, the reasons therefor?

**The Minister of Mines and Oil (Shri K. D. Malaviya):** (a) Yes, Sir.

(b) As a result of conversion of the duty rates for the various petroleum products to the metric system with effect from 1-10-1960, certain marginal adjustments in the quantum of such rates became necessary. The determination of the exact quantum in respect of each product was under discussion between the oil companies and the various Government Departments concerned. On conclusion of such discussions, all the oil companies [Including Burmah Oil Company (India Trading) Ltd.] were authorized to carry out adjustments thereof in the ceiling selling prices of the products, with effect from 1-10-1961, resulting in very marginal increases only in the prices of petroleum products.

#### Damle Committee's Price Formula

\*697. **Shrimati Renu Chakravartty:** Will the Minister of Steel, Mines and Fuel be pleased to state:

(a) the position regarding the refusal of foreign oil companies to accept Damle Committee's price formula;

(b) what are their counter proposals; and

(c) Government's reaction to the same?

**The Minister of Mines and Oil (Shri K. D. Malaviya):** (a) to (c). A statement is placed on the Table of the House.

#### STATEMENT

Following the Government's decision to implement the recommendations of the Report of the Oil Price Enquiry Committee with effect from 1-10-1961 in toto, subject to review after a year or two, the three major oil companies i.e., Burmah Shell Oil Storage & Distributing Company of India Limited, Standard Vacuum Oil Company and Caltex (India) Limited, had represented to Government that their suppliers abroad are not able to load supplies of deficit petroleum products at the discounted prices recommended by the Oil Price Enquiry Committee and therefore such imports of deficit products could be arranged only at the full posted prices. The oil companies had proposed to increase crude throughput in their refineries to relieve the present foreign exchange position. After detailed examination the oil companies have been informed that:

- (i) the reduction in prices proposed by the Damle Committee and implemented by Government by imposition of additional (non-recoverable) duties, must be adhered to for all petroleum products, including imported and indigenously refined products;
- (ii) having regard to the possibility that the companies may face difficulty in arranging for supplies at the discounts determined by the Damle Committee, with immediate effect, Government will have no objection to their utilising foreign exchange allocations for the current half-year period i.e., October 1961—March, 1962,

to purchase their supplies at the most favourable prices which they can obtain either from their traditional sources or any other sources;

- (iii) Government trust that with this flexibility, the companies will be able to arrange for the expected level of supplies of deficit products; if however, there is any apprehension of a shortage of any product the companies will give timely notice of this to Government so that alternative possibilities of meeting this situation can be considered;
- (iv) the companies' proposal to increase the throughput of crude in their refineries gives rise to many other issues and will need separate consideration along with other possible alternatives for meeting the shortage, if any.

2. As a result of the above decision the reduction in prices proposed by the Damle Committee continue to be in force. Some clarifications have been sought and some comments have been offered by the companies. These are under examination. In the meantime, the companies have assured that there will be no interruption in the line of imports of deficit products and thus import of supplies will be continued within the 'free' foreign exchange made available to them. The question of increase in through put of crude oil is being separately examined.

**Shri Kadiyan:** Does it mean that the Damle Committee's formula of oil prices has been agreed to by the companies without any reservation or have the yattached any condition?

**Shri K. D. Malaviya:** I will refer the hon. Member to my statement which I made the other day in the House wherein Government's decision in this connection was taken and indicated to the oil companies. And, it is a well-known fact that the prices which are now governing the petro-

leum products in this country are guided by the recommendations of the Damle Committee.

**Shrimati Renu Chakravartty:** In answer to my question it has been stated that for the period October 1961 to March 1962, the Oil companies are being permitted to import petroleum products at most favourable prices and not at the reduced discount prices. Are we to take it that after March 1962, this particular concession will also be withdrawn? At the moment it looks as if there is a concession.

**Shri K. D. Malaviya:** Yes, in a way we can call it a concession, so far as the utilisation of the gross foreign exchange is concerned. What the Government have relaxed in this connection is that all the total foreign exchange will be utilised for the purchase of any product that they would like to if there is some difficulty in the purchase of a particular product, against the foreign money allocated for that product. So, all that the Government have done is to put the whole money in one kettle and allow them to utilise that for any product they like.

**Shri Hem Barua:** In case the Oil companies prove adamant so far as the implementation of the Damle Committee's recommendations are concerned, may I know whether Government propose to invoke the provisions of the Essential Commodities Act to bring them round?

**Shri K. D. Malaviya:** Why should we make such presumptions which are not today before us? Let us hope for the best.

**Shri T. B. Vittal Rao:** In the last sentence of the statement appended to the answer to the question by Shri-

mati Renu Chakravartty, it is stated that—

“The question of increase in throughput of crude oil is being separately examined.”

Am I to understand that the proposal to increase the capacity of these three foreign refineries is under the consideration of Government?

**Shri K. D. Malaviya:** There have been some proposals made from time to time by the Oil companies to increase the crude throughput of their own refineries; and Government have always taken the position about which hon. Members are aware.

**Shri T. B. Vittal Rao:** Very well aware.

**Shri K. D. Malaviya:** When this question cropped up all that we said was that it should be separately taken up. If the proposal is taken up separately, surely, Government have every intention to consider it on its own merits.

**Shri T. B. Vittal Rao:** The other day the hon. Minister said categorically that they are not going to allow any increase in the refining capacity of these foreign refineries. How is this reconciled?

**Shri K. D. Malaviya:** All that I said was that so far as the present capacities in the Third Five Year Plan go we have fixed them. But if there is any other proposal, on its merits, in an overall way of prospective plans, surely we can consider it.

**Shri Hem Barua:** Do Government apprehend any threat to the supply of petroleum products and also that the discounts may not be available for refined products? If so, are Government convinced by the arguments offered by the Oil companies.

**Shri K. D. Malaviya:** I am not able to answer, Sir.

**Mr. Speaker:** The Question Hour is over.