

Dr. Ram Subhag Singh: I have already accepted that. We shall sit on Saturday if the business is not finished tomorrow.

Shri Umanath: There should not be any uncertainty. If the House is to sit on the 8th, Members will book their seats accordingly. When he says that if it is not finished tomorrow, the tendency will be to finish tomorrow somehow.

Dr. Ram Subhag Singh: I agree that we can sit on Saturday also to complete the business.

Mr. Deputy-Speaker: So, we sit on Saturday.

18.38 hrs.

MINERAL PRODUCTS (ADDITIONAL DUTIES OF EXCISE AND CUSTOMS) AMENDMENT Bill

The Minister of State in the Ministry of Finance (Shri K. C. Pant): Sir. I beg to move:—

“That the Bill further to amend the Mineral Products (Additional Duties of Excise and Customs) Act, 1958, be taken into consideration”

The object of the Bill is to replace the Ordinance that was promulgated by the President on the 15th December, 1966. A statement explaining in detail the circumstances which necessitated the promulgation of this Ordinance has already been laid on the Table of the House and I would request the Members to refer to it.

The House is aware that in terms of the agreements concluded with the three major oil companies, namely, Messrs Burmah Shell, ESSO and Caltex, the ex-refinery prices in India of the major petroleum products are determined on “import parity” basis which include the following elements in addition to wharfage/landing charges at Indian ports of discharge:—

- (a) f.o.b. cost at Abadan, and
- (b) marine freight, marine insurance and ocean loss applicable from Abadan to the Indian ports of discharge.

The selling price which is also controlled is, on the other hand, determined on the basis of ex-refinery price plus marketing charges, profit of marketing companies and recoverable duties and taxes. On the basis of the above formula, the ex-refinery prices increased after devaluation in terms of rupees because of the changed value of the Indian currency. The refineries were accordingly entitled to fix higher ex-refinery selling price. It was found that this gave the refineries an adventitious profit because they were able to fix ex-refinery price on their own products manufactured in India on the basis of the notional increase of similar imported products as a result of devaluation. The internal cost of production had not increased in the same proportion as the notional import price. It is to mop up this difference that a higher additional excise duty is now proposed to be levied. This, however, cannot be done in respect of kerosene certain grades of refined diesel oils, light diesel oil and Bitumen without an amendment of the Mineral Products (Additional Duties of Excise and Customs) Act, 1958 because this Act has fixed ceiling limits in respect of these products which will be exceeded if the full additional excise duty which is likely to be imposed immediately or in the near future on these items is actually levied. The Bill, therefore, propose to raise the ceiling limits in regard to these four products. The hon. Members will recall that an Ordinance was issued on the 15th December, 1966 to enhance the ceiling limits in regard to these four items. The present Bill seeks to replace the Ordinance. In regard to the other petroleum products, the

ceiling limits imposed in the Act are sufficiently high and there is no need therefore to enhance these limits also.

A question may be raised as to whether the imposition of higher additional duties will not have the effect of increasing the price of these products to the consumers. I would like to assure the hon. Members that this would not be so because under section 5 of the Mineral Products (Additional Duties of Excise and Customs) Act, 1958, the additional duties cannot be passed on to the consumers. The consumer price which is controlled does not take into account these additional duties and its imposition will, therefore, have no effect on the consumer price.

Sir, I move.

Mr. Deputy-Speaker: Motion moved:

"That the Bill further to amend the Mineral Products (Additional Duties of Excise and Customs) Act, 1958, be taken into consideration."

Dr. Ranen Sen (Barasat): Mr. Deputy-Speaker, Sir the Statement of the Objects and Reasons of the Bill states, in a nutshell, that these foreign oil companies were taking advantage of devaluation for sometime past and they were making extraordinary profits in addition to profits which they were making before. Secondly, the object of the Bill is to mop up these profits. This is what the Statement of Objects and Reasons of the Bill says.

I would first deal with the first question. It has always been found that these foreign oil companies, particularly, the Burmah Shell, the Esso and the Caltex, have tried to benefit from our difficulties and from our troubles. This devaluation was done in our country, as it is known today to everybody, at the behest of the American Government.

An hon. Member: The World Bank.

Dr. Ranen Sen: The World Bank is only a subsidiary to the American Government. Everybody knows it. These are the companies which are international cartels and two of them belong to very big international cartels under the American patronage. Before Independence, in the olden days, one could understand that their exploitation knew no bounds. But even after Independence, these foreign companies went on doing things with impunity. They used to dictate terms to India. I may recall some of those instances.

Shri R. D. Bhandare (Bombay Central): Sir, the rules of relevance must be enforced in this House. He is allowed to speak on company law and on what not. (Interruption).

Dr. Ranen Sen: He is new to this House and, therefore, he does not find relevance in what I say. I may point out that the Statement of Objects and Reasons of the Bill specifically mentions that after devaluation, these foreign companies are cheating India. Therefore, I am raising this point. It is not for the first time that these foreign American companies and British companies are exploiting India. If that hurts that gentleman's sentiments, I am sorry I cannot help it.

As I was saying, this is not a new thing. But unfortunately, the Government of India from the very beginning bowed down to the blackmail tactics of the foreign oil companies, namely, the three giant companies. In the past, I remember, these companies were given the contract to find out whether oil or gas was available underground in India. These are the very two companies—Burmah Shell and Esso—which wasted the public money for two years and gave a wonderful report that India does not have any gas or oil underground. But after a few years with the help of Soviet technicians,

[Dr. Ranen Sen]

oil was found in Gujarat and other places and prospecting is going on.

Secondly, these companies refused to give us—I may refer to the Damle Committee report—the source of their crude oil supply. It is written in the Damle Committee report that these companies refused to give us the source of their crude oil supply. Also, about prices, I may refer you to the very recent report of the Working Group on oil prices. This Working Group, set up by the Government of India, in their observations, have stated:

“The arrangements made by the three private oil companies .”

namely, those three companies—Burmah Shell, Caltex and Esso—

“... for import of crude oil are intended to dispose of the oil produced by their principals, affiliates or subsidiaries and do not permit of price-fixing by free and full competition and it is difficult to accept that their prices are the most favourable in the world market.”

This is from the report submitted by Talukdar Committee in August 1965. It shows that even today they want to dictate the price. Again, in this report, there is a specific mention about the Caltex company. It is stated:

“The process margin guaranteed under the agreement for the Cochin refinery . . .”

This agreement was entered into only two years back.

“... is higher than the calculated margins of the three existing coastal refineries. The price of crude oil reported to have been negotiated by Philips for the Cochin Refinery appears to be considerably higher than

the price for the same crude oil offered to the Ministry.”

This exploitation of India went on during British days. Even today, when we are free, when we have a free Government, this Government acts at the behest of these oil companies; they are afraid of fighting these companies. I am going to say how they are fighting the companies, when I discuss another section.

We should at the same time remember that this attitude of the Government of India is quite manifest in this aspect. Offshore drilling was done with the help of Soviet technicians and they made a positive report that on the Coromandal coast, near Kerala, near Bombay and near some other place in the gulf of Cambay, there were strata of oil and gas, and they are prepared to help the Government of India with their knowhow, but the Government of India has—of late, particularly—developed a soft corner for these Americans. They, in the name of getting the latest and the best technique—I do not know what is meant by the latest and the best technique—entered into an agreement with the American Company, the Ashland Company, but within a few months, the Ashland Company backed out; they wanted better terms, they wanted to squeeze India further, and now we are left high and dry. These are the three companies which are not only affecting the economy of India but are also affecting the employment potential of our country. These are the companies which have created havoc in the employment position in India, by introducing electronic computers to throw out people, by closing down Tin factories, by winding up offices such as the Caltex office in Calcutta and so on. How are we going to fight these companies?

Shri K. C. Pant has said that by the imposition of these levies the extra profit is going to be snipped

up. Sir, you are an experienced parliamentarian and you know what happens whenever the Government of India or any State Government impose a levy of even one paise. The result has been that the prices have gone up invariably. Why? They go up because the Government of India have no price-fixing machinery.

Shri K. C. Pant: If the hon. Member would give me a moment, may I explain the position? This is not the ordinary excise duty; this is an additional excise duty which is non-recoverable and it is not passed on to the consumer. So, there is a distinction between the two.

Dr. Ranen Sen: I understand that. I do not mean to say that the provisions that he has spoken of will not have any deterrent effect. I do not say that. But what will happen in the market, in the whole sale market and in the retail market? It has been our experience that the prices generally go up in such cases. It is the consumers who will have to pay more; the travelling public will have to pay extra bus fare or taxi fare. It is the peasants in the villages who will have to suffer for want of kerosene. So, I would submit that Government have to exercise some control on the prices. May I know what control is exercised by them on the price of kerosene, and on the ordinary fuels which the villagers use today? Therefore, I say that some other method should be found out by the Government of India to control the prices and at the same time mop up the extra profit which the oil companies are making.

Shri Jyotirmoy Basu (Diamond Harbour): We all know the collaboration of this Government with their godfathers in the West, namely private American capital. I would not go into the details of that it is a very sordid chapter.

Kerosene is an item which is almost as important as food to the common man. It is a 'must' for the millions of students who have no access to electricity which the Government have promised for long. To a city-dweller and to the common man who cannot afford an electric chimney or heater or something of that sort, kerosene is the only source of fuel which will generate no smoke. So, if you discourage the use of kerosene, there will be health hazards. I do sincerely hope that the finance Minister's colleagues, namely the Education Minister and the Minister of Health would at least step in and see that this kerosene flows into the household of the common man at a lower price. The hon. Minister is talking of giving relief to the common man. This is an opportunity. Why should they not sell at least one item at a lower price?

Last year, we had a student procession in Basirhat. The students wanted kerosene for their studies. They had an annual examination before them; they could not study after darkness in the absence of kerosene. Then, what happened? The trigger-happy Congress Government of Bengal was ruling at that time. Here was a young boy who wanted kerosene for his study and who wanted to pass his examination by studying in the darkness....

Shri K. C. Pant: There has been some firing since then too. There has been some firing, of late also.

An hon. Member: Is the hon. Minister very happy over it?

Shri K. C. Pant: I am unhappy. I am merely pointing it out. The hon. Member said 'trigger-happy'. We are all trigger-happy.

Shri Jyotirmoy Basu: It was the Congress Government in Bengal which did this at Basirhat. Let him read the newspapers. This had been engineered by him. We all know that. These petroleum combines are too big for this small Government of India. They

(Shri Jyotirmoy Basu)

will never disclose to them the first landed cost of petroleum products. If Government say that they give them these figures, I do not believe it. So buying petroleum from their sister concerns in Abadan or Gulf of Mexico and producing an imaginary invoice on that, Government conspired because they could not take the risk of taking the Parliament and the people into confidence, and imposed an overnight devaluation. Government have been throwing salt on the wound of the countrymen. Now they are playing into the hands of the foreign investor.

I would not like to say anything further because the time is very short. What I say to the Finance Minister is: give a chance to the common man to survive; give him the minimum human musts, and kerosene is one item that the student requires, that the city-dweller requires. I hope he will take it that way.

Shri S. M. Banerjee (Kanpur): I support the contentions of my hon. friend, Dr. Ranen Sen.

Shri Jyotirmoy Basu: About your collaboration with the agitators in Calcutta, I will discuss it with you later.

Mr. Deputy-Speaker: Order, order.

Shri S. M. Banerjee: I fully agree with the hon Minister when he said that this is non-recoverable. It is stated already in the statement of objects and reasons. But one thing is clear: after devaluation, who is getting more profit? We have been telling in this house that all these oil companies are making fabulous profits, and they should have been nationalised by this time. This Government has neither the courages nor the conviction to do so because it has to get help from America which is the country which controls the big oil industry.

I would request the hon Minister to see that those commodities used by consumers, specially kerosene oil and other oils, are made available to them

without any increase in price. We know that the prices have increased. Even after this I can assure you that there will be more profits that the foreign oil companies will make and less benefit to the consumers.

So my submission is only this, that the hon. Minister should explain the position and give an assurance to this House that efforts will be made to bring down the prices of oils, especially kerosene oil, because it is used not by the big people, but by the ordinary common people.

Another thing. They are taking advantage of the Government's weak policy pursued not by the Finance Minister, but by the Minister for Petroleum and Chemicals. These oil companies have taken advantage of it and they have thrown hundreds of employees on the streets. They have not accepted the recommendations of Shri R. L. Mehta and today nearly 500—600 men in Calcutta belonging to the Caltex company are on the streets. Some members are likely to be retrenched because they are going to introduce computers and automation.

I mention this point because this is all connected with those oil companies who earn more profits, on the one hand, and retrench our Indian workers on the other. They are earning these profits at the cost of our nation.

Shri D. C. Shama rose—

Shri S. Kandappan (Mettur): On a point of order. When an hon. Member is on his legs, can the hon. Member (Shri D. C. Sharma) remain standing?

Shri S. M. Banerjee: I do not mind because whether he is sitting or standing, to me it is the same.

I would only request the Minister to kindly consider this matter. We expect from Shri Pant, the worthy son of a worthy father, to rise above the ordinary Congress politics and try to curb the profits of these monopolists.

29 hrs.

Shri D. C. Sharma (Gurdaspur): I am glad I have caught your eye today, and I first of all congratulate on your elevation to this Chair.

An hon. Member: Better late than never.

Shri D. C. Sharma: It is very difficult to speak about those foreign oil companies. If any one does so, he does so at his own peril. If any one tries to compete with them, he does so with a great deal of danger to himself.

There was one Union Minister of Oil here, Shri K. D. Malviya. He tried to put Indian oil on the map of India, and also on the map of the world, and I know what his fate was, what

his fate now is and what his fate will be in future. Therefore, one has to talk with a great deal of restraint when one talks about these foreign cartels, trusts, combines, of these oil companies. They topple down governments in the Far West, they change governments. They have political power. It is not that they have only this oil, but to this oil, to every barrel of oil, every can of diesel oil, to every barrel of other kinds of things, political strings are attached.

Mr. Deputy-Speaker: The hon. Member may continue tomorrow.

19.02 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Friday, April 7, 1967|Chaitra 17, 1889 (Saka).