

SHRIMATI INDIRA GANDHI : It is not under this department.

SHRI RANGA (Srikakulam) : May I draw the attention of the Prime Minister to the lot of discontent prevailing among the rank and file of the scientists who are being employed both at Trombay and also in Bangalore and various places in various sections of the Atomic Energy Commission and its departments? I would like to know whether anything is being done in order to appoint an expert committee or an expert himself to look into this question, whether the people are being promoted in a just manner, whether individual preferences are not being given free play, whether opportunities are fully made available to all those people who are really qualified.

SHRIMATI INDIRA GANDHI : Obviously, we could not function at all if all these things were not being done. But complaints do arise sometimes and they are always looked into. If the hon. Member has any specific cases in mind, I will be very glad if he addresses them to me.

MR. SPEAKER : The question is :

"That the respective sums not exceeding the amounts shown in the fourth column of the order paper, be granted to the President, to complete the sums necessary to defray the charges that will come in course of payment during the year ending the 31st day of March, 1969, in respect of the heads of demands entered in the second column thereof against Demands Nos. 89, 90 and 134 relating to the Department of Atomic Energy."

The motion was adopted.

18.26 hrs.

[Mr. Deputy-Speaker in the chair]

* PRICING OF OIL

SHRI DHIRESWAR KALITA (Gauhati) : Mr. Deputy-Speaker, Sir, on 25th March, 1968, there was a Starred Question regarding the pricing of oil India. That

*Half-An-Hour Discussion.

was answered by the Minister of Petroleum and Chemicals. My question was whether the pricing of oil in India is determined by Persian Gulf parity theory or not. The Minister said, yes, it was based on Persian Gulf parity theory. This Persian Gulf parity theory is known as is called the Second Supplemental Agreement of 1961 and, to our Minister, is like a New Testament. It is a New Testament to our Ministry and to our Minister because they do not think this Agreement which was signed something like 14 years ago and, subsequently, in 1961, is nothing but our Government's signing on some dotted lines, according to the dictates of the British imperialists.

What is this Persian Gulf parity theory? According to this Second Supplemental Agreement, on p. 3, item (iv) says :

"Posted F. O. B. Middle East price of equivalent quality crude oil" means the price quoted in Petroleum Press Service quotation relating to Arabian crude oil ex Ras Tanura for a gravity of 34°-34.9° A. P. I. adjusted to 33.67° A. P. I. which at the date of these presents is Rs. 63.37 per ton."

This is Persian Gulf parity theory price and that price has been brought down to India. How is our pricing fixed? There is, on p. 5, another Para 9(A) (i) which says :

"Subject to the provisions of sub-clause (c) of this Clause and on the basis (a) that the paid up capital of Oil India does not exceed Rs. 28,00,00,000/- and (b) that the posted F. O. B. Middle East price of equivalent quality crude oil is in the range of Rs. 57/- to Rs. 63/- per ton, the price per ton at which crude oil from Area A and Oil India's existing areas will be sold and"

delivered to Indian Refineries Limited's Barauni and Nunmati Refineries and Assam Oil Company's Digboi Refinery will be the posted F. O. B. Middle East price of equivalent quality crude oil plus ocean freight (as per Average Freight Rate Assessment (AFRA) award for a general purpose tanker) insurance (comprehensive

insurance covering all risks against which shipments of crude oil are generally insured) and ocean loss (at average rate) from Ras Tanura to Calcutta less such a discount on posted F. O. B. Middle East price of equivalent quality crude oil as will secure a return to the shareholders of Oil India of 10.8 per cent on paid up capital after payment of all taxes (including taxes payable on dividends) calculated in accordance with the formula set out in sub-clause (B) of this Clause."

18 29 hrs.

[Shri G. S. Dhillon in the Chair]

This is the basis and this is the parity on which we are paying. Let me explain one point, how it acts really. Assam produces crude oil, Assam refines crude oil in Digboi and in Gauhati. It produces crude oil, it refines crude oil...

AN HON. MEMBER : Supplies also.

SHRI DHIRESWAR KALITA : It also supplies. Now, how is our price fixed? It is fixed from the Arabian Persian Gulf Abadan : it comes from Arabian Sea, than the landed cost at Bombay, then from Bombay to Calcutta and from Calcutta to Gauhati and from Gauhati to Digboi. It is all imagination. But this is in the Agreement, and our Minister is always defending the Agreement. On the 22nd, the hon. Minister, Shri Asoka Mehta, defended the price policy. How we in Assam lose! We produce nearly four million crude oil; it is refined here in Digboi and Gauhati, but we pay the highest price for petroleum per litre, we pay 95 Paise, whereas Calcutta, which does not produce, pays 90 Paise. Bihar produces petroleum and kerosene, and Bihar is also paying more. Why Government is following this policy, I do not understand. The Government of Assam, since 1957, have been sending Memorandum after Memorandum saying that they have got a refinery, they have got crude oil, but Assam is not benefited at all,

Then what about Ankleshwar in Gujarat? Gujarat is also suffering from the same thing. According to the Minister's statement, the indigenous Ankleshwar crude oil is Rs. 115.41. This is for the Ankleshwar crude oil. What is the landed cost of imported crude oil? Light Iranian oil is Rs. 101 and some Paise; Kuwait crude oil is Rs. 96.93; Arabian mixed is Rs. 99 and some Paise. But what about Calcutta price? In Calcutta, it is not imported. It has been said by the Minister that in Calcutta, where it is not imported, the price of Oil India Limited, crude, for the year 1967, is estimated at Rs. 97.50 per metric tonne. So, this is not only the case in Assam, but this is also the case in Gujarat, Gujarat is also suffering. Tomorrow there may be oil in Bihar, there may be oil in U. P., there may be oil in Punjab, there may be oil in Kashmir also, and everybody will suffer in this way. The whole policy has been like this from the very beginning. The Government should revise this policy, the Government should abrogate it. It is not to our advantage. This policy was laid down by the British, when there was a single refinery for the whole India, Digboi refinery—Assam Oil Company. There was a single refinery a hundred years ago, and the Britishers laid down this policy. When our Government came into contact to sign the Agreement, they dictated terms. I do not blame Mr. Asoka Mehta; he was not the Minister at that time. It is not a personal matter at all. It may be that he has become the Minister in charge only recently. So, I do not blame him. But my point is that Government signed on the dotted lines. It is high time that our Government revise their policy and abrogate this policy. The Government of Assam have been submitting memoranda after memoranda, but the Government of India are not paying any heed to it. They should at least make some *ad hoc* arrangements, but they are not doing even this. I am not holding any brief for any government of any State or for any individual. I was myself writing letters to Shri Asoka Mehta regarding furnace oil. Gauhati produces furnace oil, and this furnace oil is consumed by only one industry. That industrialist had come from Bombay to make hardboard or something like that out of wood waste materials,

[Shri Dhireswar Kalita]

But they had to pay a high price for the furnace oil. The factory is in Gauhati and it produces furnace oil but the price of furnace oil in Gauhati is Rs. 252 per MT whereas in Bombay it is Rs. 180 per MT and Rs. 202 per MT in Calcutta. Even that industry is closed now because they cannot compete well. As a result about five hundred workers have been retrenched. An economic unit was built round that but that also has been smashed. When this is in the position how can industry develop in Assam which is a backward State?

Even in regard to motor spirit and kerosene, besides furnace oil, which the people are consuming and which the industries are consuming the people of Assam are suffering. The Government of Assam have been sending memoranda after memoranda to the Centre since 1957 but the Government of India have not paid any heed to it and they have not even considered them at all. So, I am raising this point in this House that Government should institute an inquiry into the pricing policy. Government should take a decision to change the present policy. Government should take a decision at least to benefit our Indian people and see how best the supplemental agreement can be revised in the interests of the Indian people.

Government have been saying that because we have to import oil, therefore, we have to agree to this. Our present crude oil capacity is not much. But by 1971 we shall have at least 10 million tonnes of crude oil, of which Assam will produce 6 million tonnes and Gujarat will produce 4 million tonnes. By 1971 we shall have still a gap of 5 million tonnes, which we have to bring from outside...

THE MINISTER OF PETROLEUM AND CHEMICALS AND SOCIAL WELFARE (SHRI ASOKA MEHTA) : Not 5 million tonnes but 12 million tonnes.

SHRI DHIRESWAR KALITA : I am giving the figure given to the Estimates Committee by Shri Nayak. Shri Inder J. Mathotra will bear me out when I say this.

SHRI ASOKA MEHTA : Even today we are using 15 million tonnes,

SHRI DHIRESWAR KALITA : I take the figure, but this was the figure given by Shri Nayak in the committee.

SHRI ASOKA MEHTA : I am afraid there is some mistake in his calculation.

SHRI INDER J. MALHOTRA (Jammu) : There can be difference between the Minister and the secretary.

SHRI DHIRESWAR KALITA : That may be so.

According to the survey that has been made for locating oil, we can have 107 million tonnes in the near future. Slowly year by year we are progressing, but if we harness properly the oil deposits located up till now, we shall not have to depend on foreign oil at all.

Of course, offshore drilling has not been mentioned in this connection. This is about the land surveys. So I can very well say that progress is on our side. In 10-15 years, we have not to depend on foreign sources for crude oil. We will be able to achieve self-sufficiency in this regard.

But this argument cannot be accepted that because we have to import oil, therefore we have to accept certain terms the foreign company or individual insists on. This cannot be the basis for pricing oil. We are importing wheat from America, We are also procuring it from Punjab. What should be the basis of price? American terms or the procurement price in Punjab? There should be some average struck, some new policy evolved. We cannot tolerate the argument of those who say that we have to depend on the import of oil and we have to obey the dictates on the foreign companies.

SHRI D. C. SHARMA (Gurdaspur) : I thank him for referring to Punjab.

SHRI DHIRESWAR KALITA : Yes.

Shri Mehta said the other day during the debate on the Demands for Grants regarding the refinery in Assam that Assam is having a loss in Gauhati refinery. I think that is not correct.

SHRI ASOKA MEHTA : I did not say that. I said under recoveries. In disposing of the products of Assam refinery, IOC loses. Gauhati refinery is making a profit. We have to sell outside Assam. There we lose. That is the loss of IOC. The refinery division is making a profit, but the distribution division loses.

श्री अशोक मेहता : क्या यह सही नहीं है कि ये जो ग्रेड आयल की कीमत कारेन कम्पनियों से 11 पैसे पर-लिटर ज्यादा चाज करते हैं ?

شری عبدالغنی ڈار : کیا یہ صحیح نہیں ہے کہ یہ لوگ ریڈ آئل کی قیمت نامی کمپنیوں سے 11 پیسے فی لیٹر زیادہ چارج کرتے ہیں۔

MR CHAIRMAN : No intervention in between.

SHRI DHIRESWAR KALITA : Gauhati refinery is making a profit, I do not want to enter in to the intricacies, of profit as between the marketing division, production division or selling division. That is hair-splitting. I do not want to indulge in that. But as a whole the Gauhati refinery is making a profit, not only making a profit, but making the highest profit at the cost of the people on this basis.

What should be the basis? He has said that the refinery should be based on the consumption basis. That is what I am contesting, that any refinery or industry should be based on consumption basis. That cannot be the basis at all.

Today Bokaro is being built. Is Bihar going to consume all the steel? Tata's factory was built. Is it being consumed all there? Bombay is producing cloth; it is having most of the mills. Is Bombay consuming all the cloth? No. So this cannot be the basis.

Again, Birmingham was producing all the cloth. Was it basis on British consumption?

So consumption cannot be the basis. The whole production policy throughout the world is not based like that except in socialist countries. Even in socialist countries, it is the commodity that is produced that enters into the calculation,

We produce for sale. Everything is produced for sale. How we can best manage and make a profit is a separate thing. But we produce a commodity for sale, for marketing, to earn some profit.

So, consumption cannot be the basis. When the Digboi refinery was there, when only one refinery was there, even that production could not be consumed by the Assam people. Why? In the Digboi refinery, the wax is a monopoly, and that wax is being also exported to other foreign countries. Digboi is having many by-products, and those by-products are being sold throughout India and outside India also. So, consumption cannot be the real basis for any industry that is set up. This point should also be brought home to the Government. On that day, Shri Asoka Mehta said flatly that on this basis they are setting up new refineries particularly in the north-east. That basis cannot be maintained and that cannot be accepted.

So, in conclusion I say that the pricing policy which is adopted as adopted and accepted by the Government over the last fourteen years and the supplemental agreement which has been concluded in 1961 need a complete revision. And that revision should be done immediately by a Government announcement to that effect, by a committee.

Secondly, till any enquiry is made, till any committee is appointed, regarding pricing policy, some *ad hoc* arrangement must be made so that the oil-producing States get at least the major benefit in this direction. That is my submission. With these words, I conclude.

श्री आर्जुन करनेजीव (बम्बई-दक्षिण) : हमारा देश सब से गरीब देशों में से एक है, लेकिन जहाँ तक तेल और उस से सम्बन्धित चीजों का प्रश्न है, उन के दामों में शायद वह सब से ज्यादा महंगा है। मैं यह बात नहीं मानता हूँ कि वृत्ति दामों के बारे में धरब देशों से, जहाँ से हम कूड आयल लाते हैं, हमारा एग्जीमेंट है, उसी के कारण ये दाम ज्यादा हैं। मैं समझता हूँ कि सरकार की टैक्स की नीति उस का मुख्य कारण है। मंत्री महोदय यह जानेंगे कि हिन्दुस्तान के गरीब प्रादमियों के

[श्री जाबं फरतैन्डीज]

लिये कैरोसीन आयल एक बहुत ही आवश्यक चीज है और पेट्रोल तथा डीजल के दामों पर कई दूसरी चीजों के दाम निर्भर करते हैं। इस लिये क्या मंत्री महोदय इस सिद्धान्त को मानने के लिए तैयार हैं कि क्रूड आयल के आयात का जो दाम हो, उस की रिफाइनिंग और ट्रांसपोर्टेशन का जो खर्च हो, उन सब को जोड़ कर, उससे डेढ़ गुना से ज्यादा इस तेल आदि का बेचने का दाम नहीं रहेगा ?

मैंने यह सुना है कि इन रिफाइनरीज की ओर से सिलिंडरों में जो कुकिंग गैस बेचा जाता है, उस के दाम और बनाने के खर्च में कोई रिश्ता नहीं है। इंडियन आयल कम्पनी में जो कुकिंग गैस बनता है, वह करीब-करीब बुरखेन और एस्सो की कुकिंग गैस के दामों के बराबर ही बेचा जा रहा है। मंत्री महोदय को कम से कम इंडियन आयल कम्पनी के गैस के बारे में जानकारी होगी। क्या वह यह मालूमता देंगे कि उस गैस का लागत खर्च क्या है, वह किस दाम पर बेचा जाता है और यह फर्क किस आधार पर तय किया गया है ?

SHRI BEDABRATA BARUA (Kaliabor) : Mr. Chairman, Sir, this is the third time I have the opportunity to raise the question of furnace oil prices, and so I do not want to discuss it again. It has been brought out by Mr. Kalita himself. The question, so far as the pricing of oil is concerned, is that we wanted a minor concession in Assam. We wanted it in view of the fact that we are producing crude oil and Assam supplies more than half of India's oil. We are not, however, even getting the full value for it. The Minister was saying that there will be no more refineries in Assam.

But even when it comes to considering Gauhati as a port, which is our demand, the reply is that the working group does not favour that proposal. This type of answer does not help. We do not think the difficulties are so insurmountable that justice cannot be done to Assam. When we purchase any commodity, we have to pay freight. But on petrol, which we produce freight is again charged from us,

in the reverse order. It is an absurd position and no amount of technicalities can gloss over this fact.

The reply to part (d) whether Government propose to declare Gauhati as port for pricing oil, the reply is

"It is not practicable to adopt a pricing basis different from import parity for the products of one refinery, the annual throughput of which is a small portion of the total all-India throughput"

But more than half of the throughput is supplied from Assam. It is a question of justice and the entire federal principle which is at stake. This question should be settled on the basis of equity and justice.

Then, if there can be an all-India pool price for other things like cement, why not for oil? We want to be treated equally with others. We do not want to be treated in a favourable way. But why should you charge more price for the products we produce? I want to know whether there is any insurmountable difficulty in having an all-India pool price not only for furnace oil, but for all petroleum products.

Then I want to know whether it is possible for us to charge sales-tax on the crude oil that is produced in Assam. This should be considered.

श्री रवि राय (पुरी) : सभापति जी, मैं कालिता साहब को घन्यवाद देना चाहता हूँ कि तेल के दामों के सिलसिले में उन्होंने यहां पर बहस छेड़ी। इस सिलसिले में सवाल करने से पहले मैं अशोक मेहता साहब और रघुरमैया जी को याद दिलाना चाहता हूँ कि विदेशी मोनोपोलिस्ट लोगों का जो प्रभाव रहता है—जैसे ईरान के भूतपूर्व प्रधान मंत्री श्री मुसद्दिक साहब ने अमरीका के मोनोपोलिस्ट लोगों का जो प्रभाव ईरान के तेल के ऊपर था, उस को खत्म करने के लिए, उसका राष्ट्रीयकरण करने के लिये, जब उन्होंने प्रयत्न किया तो उनको अपनी जिन्दगी देनी पड़ी और वे एशिया के पिछड़े हुए देशों अमरीकी मोनोपोलिस्ट लोगों के खिलाफ जो आन्दोलन चल रहा था, उस के प्रतीक बन गये।

कालिता साहब ने तो जो तेल अरब-गल्फ़ से आता है, उसको लेकर प्रश्न पूछा है, लेकिन मैं मंत्री महोदय से कहूंगा कि जो तेल हमारे देश में होता है, उसके लागत खर्च की भी जानकारी हम को दें। एक बोतल में जितना मिट्टी का तेल आता है उस पर लागत खर्च कितना है और जब वह गांव में बिकता है तो कितने का बिकता है, इन दोनों में कितना अन्तर है—इससे सदन को पता लग जायेगा कि इस में किस प्रकार का शोषण हो रहा है।

दूसरे जो एग्ज़ीमेंट विदेशी लोगों के साथ हुए हैं, उन को तत्काल खत्म करें। खास कर मिट्टी का तेल, जो अभी लोगों को नहीं मिल रहा है, उस को लोगों को देने और उस के लागत खर्च और बिक्री के दाम में जो अन्तर है, उस को खत्म करें ताकि लोगों को सस्ते दाम पर मिल सके इस पर सदन में आश्वासन दें।

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND CHEMICALS AND OF SOCIAL WELFARE (SHRI RAGHU RAMAIAH): Mr. Chairman, Sir, I am grateful to the hon. Members who have spoken on this occasion. I would like to assure them that Government are equally anxious that the anomalies in the existing policies should be thoroughly examined.

I may, to start with, give the reason why this price is based on import parity. It is not as though it is the whim of the Government. It is not as though we want to defend somebody or enable somebody to make profits. There is a historical background for this. In the various agreements made with the foreign oil companies there is a clause which enables them to sell their refinery products at a price not exceeding the landed cost of similar imported products. That is the basis for the whole import parity policy.

This matter has been gone into very thoroughly by two Committees, one in 1961 by the Damle Committee and another in 1965 by the Working Groups generally

known as the Talukdar Committee. Both of these have gone into it and in view of these commitments they said—I am reading from the Talukdar Committee Report—:

“Taking everything into consideration, it is felt that for the present no departure should be made from pricing based on import parity at the port of Calcutta in the case of refineries...”

The logic is this. Out of the throughput of about 15 million tons, nearly 47 per cent is the refining capacity of the various foreign refineries; nearly half. If you really follow the policy of import parity in the case of nearly half of our refinery products, how can you follow a different policy in regard to the other 50 per cent? That raises various anomalies.

SHRI DHIRESWAR KALITA: How can you allow us to suffer?

SHRI RAGHU RAMAIAH: I am coming to the point. But I do not want you to think that Government is unaware of the anomalies.

SHRI DHIRESWAR KALITA: May I point out...

SHRI RAGHU RAMAIAH: Please, let me complete. At the end, if you still have any doubt, I shall be happy to clear them. Government are seized of the problem. We are anxious to solve it. Consistent with our obligations, we will remove the anomalies. We will be the first persons to remove them. If you hear to the end, you will be satisfied with what the Government proposes to do in the matter. I am only trying to explain the historical background. It is not because of the whim of Shri Asoka Mehta or myself that we are following this policy. It has become inevitable in the course of certain commitments made in the past and this matter has been thoroughly gone into by the various committees.

19.00 hrs.

As the hon. Member knows, in the case of motor spirit and kerosene, we recently introduced a policy of uniform freight from ex-Digboi and this has slightly

[Shri Raghu Ramaiah]

reduced the price. It has not solved the problem; I agree; the anomaly is there. If you take *ex-Bombay* it is cheaper than *ex-Calcutta* because from Persian Gulf to Calcutta the freight is more. In places for which the delivery points are based on *ex-Bombay* the same stuff is cheaper than in places for which the delivery points are based at *ex-Calcutta*.

Therefore the anomalies are there and the Government are seriously looking into this matter. As a matter of fact, I do not know whether I should congratulate the hon. mover of this debate for having anticipated the determination of the Government. Government are very serious-

ly considering the question of appointing a committee to go into this very question, whether the pricing policy should be based on import parity or on the production cost or on any other fair and equitable basis, of course keeping in mind the various commitments we have made, and I hope that very soon an announcement will be made to that effect.

19 01 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Thursday, April 25, 1968/5 Vaisakha, 1890 (Saka).