

(Shri A. P. Sharma)

the Indian Railways' regrouping would not be complete unless and until the 10th zone was created. In view of the recommendations of the Kunzru Committee on Railway Accidents that the Northern Railway and the Western Railway are very unwieldy and the Northern Railway extends from Moghalsarai to Jodhpur, will the hon. Minister tell us when, as a result of the constant review which he says he is making, he is going to make an announcement about the formation of the 10th zone.

**Shri S. K. Patil:** I had said so even when the ninth zone was created two years ago, and yet it has taken such a long time even to inaugurate it, because it is not merely a question of the declaration that the zone is created, but many things have got to be done; unless it is opened and it goes on, we cannot divert our attention to something else. But if what I have said just now is any indication as to how our minds are working, I think there is the clearest proof in it.

**Shri Priya Gupta:** May I seek one clarification?

**Mr. Deputy-Speaker:** When I had called the hon. Member earlier, he did not get up. We cannot convert this into a question-hour now. We have already had a full-dress debate for about 20 hours or so.

**Shri Priya Gupta:** You did not call me earlier, but you had called Dr. Ranen Sen.

**Mr. Deputy-Speaker:** All right, he may put his question.

**Shri Priya Gupta:** May I request the hon. Minister not to cancel the entire argument about the wage board and the grainshops and the bonus? The question raised by me was about the principles of fixation of wage, which he never touched at all; he only touched on the question of comparison of the railway workers with other workers. That is not the criterion. That is my first question.

**Mr. Deputy-Speaker:** He can put only one question.

**Shri Priya Gupta:** My second question is also a part of it. Regarding the question of bonus, they have stated sometimes that the railway workers are industrial workers, and sometimes they have stated that they are departmental workers. That position also needs clarification.

Regarding grainshops, if the grains are available through the other market sources, they can also be made available through the subsidised grainshops.

These are the principles which I had raised, but he has not touched them at all. He has evaded them.

**Shri S. K. Patil:** I have nothing to add to what I have already said.

**Mr. Deputy-Speaker:** Now, we shall take up the Indian Tariff (Amendment) Bill.

**Shri Ranga (Chittor):** I also wanted to put one question.

**Mr. Deputy-Speaker:** I am sorry; we cannot convert this into a question-hour.

**The Minister of State in the Departments of Parliamentary Affairs and Communications (Shri Jaganatha Rao):** The Demands are there still to be discussed and hon. Members can put those questions at that time.

15.58 hrs.

INDIAN TARIFF (AMENDMENT)  
BILL

**The Minister of Petroleum and Chemicals (Shri Alagesan):** On behalf of Shri Manubhai Shah, I beg to move:

"That the Bill further to amend the Indian Tariff Act, 1934, be taken into consideration."

**Shri D. C. Sharma (Gurdaspur):** What is the time allotted for this?

**Shri Alagesan:** I think it is about 1½ hours. 15.59 hrs.

[**SHRI P. K. DAS** in the Chair]

This Bill seeks to amend the First Schedule to the Indian Tariff Act, 1934, in order to give effect to Government's decision on certain items regarding protective duty. Hon. Members will have observed from the statement of objects and reasons attached to the Bill that the Bill seeks to replace the two Ordinances, one deprotecting the ball bearings industry from 1st January, 1966 and converting the protective duty into revenue duty on ICT items Nos. 72(35), 72(36) and 72(37) and the other levying protective duty on petroleum crude at the rate of 20 per cent *ad valorem* under a new item No. 27(10) in the ICT schedule with effect from the 1st February, 1966.

Copies of the Tariff Commission's report on the ball bearings industry and of the Government Resolution issued on the report have already been laid on the Table of the House. Notes containing a gist of the Tariff Commission's recommendations in respect of the ball bearings industry and the statement explaining the reasons relating to deprotection of the ball bearings industry with effect from the 1st January, 1966 and the levying of 20 per cent *ad valorem* protective duty on petroleum crude with effect from the 1st February, 1966 through ordinances have also been circulated amongst the Members.

The ball bearings industry was protected up to the 31st December, 1965. The Tariff Commission submitted its report on the industry on 1st October, 1965 and recommended continuance of protection to the ball bearings industry for a further period of three years up to the 31st December, 1968 and also recommended to extend the scope of protection to other rolling bearings.

The Tariff Commission's recommendations were considered carefully by Government. Having regard to the fact that there was no likelihood of any unhealthy competition from imports, as the bearings of specifications which are locally produced are banned for import and in view of the rate of customs duty having been rationalised under the Finance (No. 2) Act, 1965, Government considered that tariff protection to the ball bearings industry need not be continued beyond the 31st December, 1965. Government, however, considered to continue the then existing rates of duty on ICT items Nos. 72(35), 72(36) and 72(37) under which ball bearings are assessed to duty. Government decision on this industry could not be included in the Indian Tariff (Amendment) Bill, 1965, as due to procedural difficulties, examination of the Report in question could not be completed by the time of introduction of the aforesaid Bill during November-December 1965 session of Parliament. Government decision deprotecting the ball bearings industry with effect from 1-1-1966 was announced only on 31-12-1965. As Parliament was then not in session, the Indian Tariff (Amendment) Ordinance, 1965 (7 of 1965) was promulgated on the 31st December 1965, converting the protective rates of duty into revenue duty with effect from 1st January 1966.

16 hrs.

Now, I come to the levy of the protective duty on crude imports.

**Shri Ranga (Chittoor):** Kindly explain what is the significance of the conversion from protective duty to revenue duty.

**Shri Alagesan:** Once you de-protect it, the duty can be varied; there is no need to go to the Tariff Commission. That is the main difference.

With the object of economising on foreign exchange expenditure and bringing import costs more in line with international prices, Government has been constantly trying to bring down the prices of crude oil imported into the country. A substantial measure of success was achieved during 1965 in securing price reductions. While this was wholly welcome, the development had some adverse effects on indigenous crude oil now becoming available in increasing quantities. The policy hitherto followed as regards indigenous crude prices has been to fix them on a par with the discounted and fluctuating prices at which crude oil is imported from the Middle East from time to time. Success in securing reductions in imported crude prices has, therefore, resulted in continually depressing the prices of crude oil produced in the country. There is a clear and imperative need to secure for indigenous crude oil a price that is in keeping with the costs of oil exploration and production to the indigenous crude producers.

In this situation, it became essential to evolve a scheme:

(i) to improve the prices of indigenous crude oil by delinking them from the principle of strict import parity at discounted rates and relating them, for the present, to undiscounted posted prices for analogous crudes in the Middle-East; and

(ii) to ensure that imported crude (available at much lower cost in the Middle East) should be subjected to import duty to bring its cost in India reasonably on a

par with the new price basis for indigenous crudes.

As a corollary, the prices of refined products would have to be refixed suitably on a basis that pays also due regard to the economics of refinery operations.

The formula hitherto in force for determining the ceiling of selling prices of major petroleum products was due to expire on 31st January, 1966. The continuance of a basis that had become out of date would not have been desirable; besides this would have also prolonged the above-mentioned consequences on the pricing of indigenous crude. There had also been considerable speculation about the Government's decisions on the new price basis in the light of the recommendations of the Talukdar Working Group on Oil Prices which had submitted its report in August 1965. This report had been prepared after full study and the due inquiry over a period of about 16 months. It dealt with the pricing of crude oil and petroleum products after giving to private and the public sector oil companies and the crude producing interest in the country adequate opportunities for expressing their views.

In this situation, Government's decision on the pricing of major petroleum products was announced on 1st February 1966, on the basis of the recommendations by the Talukdar Working Group with modifications on the lines explained above. As an integral part of the new pricing scheme, it was necessary to provide, simultaneously, for the levy of a protective duty on imported crude. As Parliament was not in session and action was immediately necessary for the reasons explained above, the Indian Tariff (Amendment) Ordinance, 1966 (1 of 1966) was promulgated on 1st February 1966, in the interest of the industry and protective duty of 20 per cent *ad valorem* on petroleum crude was

levied by creating a new item No. 27 (10) in the Indian Customs Tariff Schedule.

Sir, I move.

Mr. Chairman: Motion moved:

"That the Bill further to amend the Indian Tariff Act, 1934, be taken into consideration".

Shri D. C. Sharma: What is the time allotted for this?

Mr. Chairman: 90 minutes.

Shri Ranga: There is one good feature about this, that the protective duty imposed years ago on ball bearings is being withdrawn in view of the fact that the object for which it was imposed at that time has been achieved. This duty was imposed at that time to help the ball bearings manufacture in our country and make it stand on its own legs. At the same time, I have a feeling that this revenue duty which is being imposed is going to be a burden as much on the ball bearings manufacturing industry as upon the rest of the industrial system in this country which is dependent on the use of ball bearings. It is this kind of thing that economists all over the world have been condemning because they do not want all these primary industrial products to be taxed in this manner because that would come to be included in a snowball fashion in the final price the consumer would have to pay.

Secondly, in regard to crude oil also, in respect of which they are imposing an *ad valorem* import duty of 20 per cent, I have a feeling that we would have been able to produce all that crude here, and at a much less price earlier than the effort that the Government had made in order to produce crude oil under government auspices; and it is because of the higher cost of production that they have to incur that they are now obliged to impose this import duty. Upto this time, we never had it. Now we would like Government to explain to us how it is that after we have begun to develop

our own oil exploration and our own industry, the prices of crude oil in our country have gone up. If they have gone up, why is it so? Because all this time we have been complaining that all these private monopolies with their headquarters in various Other countries were trying to exploit us, the consumers in this country. Now, are we to be a partner in the exploitation of consumers in this country merely because we are developing our own home industry, in addition to whatever we have been getting from abroad from these monopolists? Or is it going to be another monopoly levy upon our industry by our own oil industry? We would like to be satisfied in regard to this matter. If it is absolutely necessary in the interest of national economy and in the interest of the development of our own oil industry to levy higher prices, let it be said so, so that we know what we are doing and why we are doing it. These are the two main points I wanted to make in this connection.

I am one with Government in their anxiety in developing our own industry in our country. But I want them to keep in mind in the recommendations we have made in the Public Undertakings Committee. There was too much of wastage, there was not sufficient control over the stores, there was too much of *golmal* in stores management, too much of capital locked up, purchase of crores and crores of rupees worth of machinery, some of which have not been unpacked even now after they were imported from Russia, so much of it that was imported into our country not having been properly inspected and so on. We do not know how much there is in all these various packets, whether there is anything at all in them, whether there is not any redundancy. All these facts were brought out by the Committee on Public Undertakings, and they made their recommendations. I would like the hon. Minister to give some information to the House and satisfy the House that there is better management on the part of Indian Oil

[Shri Ranga]

Co., than there had been till very recently.

Now, I am told that the Assam Government is being given a kind of subsidy. What is the price of crude oil in Digboi, what percentage of it is the sales tax, and why is it that this Assam Government is allowed to raise such a huge sales tax? How much are they realising as a result of this sales tax? Do the Government of India have any kind of control at all over these things? We would like to have some information.

श्री तुलशीदास जाधव (नांदेड़) :  
सभापति महोदय, इस टैरिफ बिल के अन्दर जो मन्वी जी ने यहां रखा है, 20 परसेंट टैक्स पेट्रोलियम और क्रूड आयल वगैरह पर बढ़ाया है। मैं हाउस का ज्यादा वक्त तो नहीं लेता लेकिन मिनिस्टर से यह रिक्वेस्ट मेरी है कि क्रूड आयल के ऊपर टैक्स बढ़ाने से यह नीचे के जो काश्तकार हैं उनको इंजिन के लिए लेना हो तो उसकी भी कीमत बढ़ जाती है; हम एक तरफ तो अनाज की उपज ज्यादा से ज्यादा करने के लिए काश्तकारों को उत्तेजना देते हैं। हमने देखा महाराष्ट्र में कि महाराष्ट्र गवर्नमेंट ने अनाज की उपज ज्यादा से ज्यादा बढ़ाने के लिए मुफ्त इंजिन दिया काश्तकारों को। लेकिन क्रूड आयल की कीमत दुगुनी हो गई और उसका बाजार में मिलना मुश्किल हो गया तो कई दिन तक क्रूड आयल न मिलने से इंजन बन्द रहे और इससे अनाज का हावैस्ट जो खड़ा था वह सूख गया। यह महाराष्ट्र की हालत हो गई और जब कलेक्टर ने आर्डर दिया कि हमारे परमीशन के बगर किसी को न दो, तो उसकी क्यू लग गई। 40-40 लीटर हर एक आदमी को देने के लिए उन्होंने आर्डर दे दिया। लेकिन उसके लिए कलेक्टर के आफिस में जाना और दो तीन घंटे वहां बैठना, फिर उसकी परमीशन लेकर क्रूड आयल लेने के लिए जाना, इसमें उनको बहुत मुश्किल का सामना करना पड़ा।

40-40 और 50-50 मील से जिले के स्थान तर उन्हें आना पड़ता था। तो ऐसी मुश्किल न हो, और वह ज्यादा से ज्यादा महंगा न हो, इसलिए मेरी रिक्वेस्ट है कि जो टैक्स आप बिठाते हैं, वह जरूर बिठाइए, उसके बगैर तो काम नहीं चलेगा लेकिन जिन लोगों को, काश्तकारों को अनाज की उपज बढ़ाने के लिए कहते हैं उनको तकलीफ न हो। एक तरफ तो हम उनसे यह कहें कि तुम अनाज की उपज बढ़ाओ और दूसरी तरफ हम उनके रास्ते में रुकावटें डालें, यह उचित नहीं होगा। आज क्रूड आयल के लिए गरब है। जब एलेक्ट्रिकीजेशन सारे देहातों में हो जायगा तो फिर इसकी गरज नहीं पड़ेगी। लेकिन जब तक हर देहात में जहां कि कुएं हैं और पानी देने का इन्तजाम है और काश्तकार बड़ी मेहनत से अपनी हावैस्ट को पानी देते हैं उनको इसकी तकलीफ न हो, इसका ध्यान आप रखें। हमारा एक्सपीरियंस है कि क्रूड आयल की महाराष्ट्र में बड़ी तकलीफ काश्तकारों को हुई। महाराष्ट्र गवर्नमेंट ने सेंट्रल गवर्नमेंट को लिखा और हुमायूँ कबीर साहब उस समय थे, उनको भी लिखा तो उनकी तरफ से कुछ इसके लिए रिजर्व किया और महाराष्ट्र के लिए थोड़ी व्यवस्था हो गई। तो ऐसी दिक्कत न हो यह टैक्स बढ़ाने से इसके लिए इतना तो इसमें हो जाय कि काश्तकार और अनाज उत्पन्न करने के लिए जो क्रूड आयल का इस्तेमाल करते हैं उन के ऊपर टैक्स न हो; इतना तो करना लाजिमी बात है। बस यही मेरी रिक्वेस्ट है।

Shri Alagesan: My hon. friend, Prof. Ranga, has disappeared so soon.

Shri Warior (Trichur): He has just gone to the Select Committee meeting. He was summoned by somebody.

Shri Alagesan: I do not mistake him.

He raised the question about ball bearings and said that this conversion

of the protective duty into revenue duty on the import of ball bearings would go to increase the cost of industries which use these ball bearings. Actually, the Tariff Commission, which went into this question, recommended an increase in the *ad valorem* duty from 100 to 125 per cent. What the Government has done is not to accept that recommendation, but to convert the protective duty into a revenue duty, so that it can be altered in future with ease, and has kept it at the 100 per cent level. So, there is no question of any extra hardship being imposed upon industries which use these ball bearings.

**Shri Warrior:** How far will this affect the price that the consumers will have to pay on indigenous products? What will be the impact on the price?

**Shri Alagesan:** The local prices are much more than the import prices, and even, when we impose 100 per cent duty, some of the items will cost less than the indigenous prices. There were only three units. Now more units have been licensed, and with the coming in of more units and more production, we can hope that the industrial production costs will also go down and they will be on a level with the import prices.

With reference to the new levy that we propose to have, the new protective duty of 20 per cent *ad valorem* on crude imports, I should like to explain the position. Prof. Ranga thought that at one time oil was produced cheaper and it is costlier now. It was a misunderstanding of the position. It was not so. What actually happened is that we import crude, especially from the Middle East. There, the production costs of crude oil are very low. In fact, we are not able to know the cost of production of crude in Middle East. Certain prices are put up as posted prices, and we have to pay those prices. Uptill very recently we have been paying the posted prices. Only from 1960 some discounts we have been able to obtain, and especial-

ly last year we were able to obtain considerable discounts. In the beginning of last year, there was a discount of 2 cents per barrel; then in the middle of last year, there was a further discount of 7 cents per barrel; and towards the end of last year, there was a further discount of 8 cents per barrel. All these are very welcome things, because they have meant a considerable reduction in the import bill on foreign crude. I think I can calculate it. It may be roughly Rs. 3.5 crores that we would have saved on import bills by these discounts. And we have not stopped trying to get further discount from these oil companies, because we feel that there is still room for more discount to be obtained on the imported crude.

While this is a very welcome factor, what happens is it is not such a welcome factor for the price that we pay for the indigenous crude. We have started producing indigenous crude in some quantities. In Assam, Oil India is producing indigenous crude, and it is feeding the Digboi, Gauhati and Barauni refineries. All told, it now comes to about 2½ million tons.

**Shri Warrior:** Digboi?

**Shri Alagesan:** In Naharkatiya oil field they do not have enough crude to supply, so Oil India feeds a part of the Digboi refinery also. So, it comes to about 2 to 2½ million tons.

In Ankaleshwar also, O.N.G.C. is producing oil. We are now putting that oil, about one million tons and even more, into the Koyali Refinery, and we are also sending about a million tons to the Bombay Refineries.

The price of the indigenous crude was related to the discounted price of the foreign crude. So, as we went on getting discounts and as the price of foreign crude was coming down, the price that was paid for indigenous crude was also going down. So, last year itself, while we had a saving of about Rs. 3.5 crores on the import bill, ONGC and Oil India Ltd., put together got about Rs. 4 crores less for the crude that they sold. So, this

[Shri Alagesan]

was an anomalous position in which we were placed. So, we wanted to free the indigenous crude from this sort of oppressive situation. We delinked the price of indigenous crude from the strict import parity that was obtaining till now. We will pay that price to the indigenous crude which will be related to the posted price without discount. When foreign crude is obtained at a discount, the difference in price between that and the price we pay to indigenous crude will be made up by the duty we are levying. Because the imported crude will have to be brought on a level with the price that will be paid to the indigenous crude. That was the necessity for a 20 per cent protective duty on the imported crude.

**Shri Warrior:** That means the price will be the same. That was also the formula that was there already.

**Shri Alagesan:** That was how we arrived at this and the two prices will be more or less the same. Prof. Ranga had a mistaken notion that the indigenous oil produced in our own country should cost less. He was putting forward a plea that till now the foreign companies were charging a high price and now we are charging the higher price and exploiting. That was his line of argument. That is not so because the production costs in the Middle East are very low. As I said we are not able to find out how low it is. Whereas the indigenous costs are much more, we are still in the process of stabilising our cost, we have to undertake much more exploration and much more drilling, we have to undertake the exploration of many more areas, which have not yet been explored. In fact we want to streamline the activities of the ONGC and take the assistance of even foreign firms who possess expert knowledge and the wherewithal and equipment for exploration not only on land but also under water. We have to expand the activities of the ONGC manifold.

The quantity of oil we get per well averages 50—60 tons whereas the average in the Middle-East is 800-1000 tons. You can imagine how low is the cost of production in the Middle-East and how high the cost of production is in our country. In order to protect the indigenous crude exploration and production we have been forced to impose this levy. It is not a question of our exploiting; it is a question of protecting our own indigenous industry. That is the rationale behind this protective duty. Prof. Ranga also referred to the remarks of the Public Undertakings Committee regarding certain wasteful features of the ONGC. We are fully aware of it; we want to streamline its activities; we are taking every measure to see that past mistakes are not repeated and we shall put it on a much more useful and economic basis. He also referred to the sales tax and the royalties that we pay to the Assam Government. That has been gone into by the Talukdar Committee and on page 33 you will find mention that the sales tax and the royalties are excessive and something should be done about it. Certainly we can persuade the Assam Government and we have been trying to persuade them. I am sorry to say that our efforts have not been attended with any success so far.

**Shri Warrior:** It is the highest rate that any government has charged on any commodity.

**Shri Alagesan:** There is a history behind it. There was a dispute about the actual amount of royalty that should be paid to Assam. Assam was pleading that it is a very poor State and its finances should be strengthened. They placed their cases before our late Prime Minister, Pandit Nehru and it was his award that we have to accept. Hon. Members perhaps know it. Surely, sales tax and royalty certainly are oppressive; there is no doubt about it. We shall continue

our efforts to have these two things set right.

Hon. Member Shri Jadhav talked of crude oil. It is not that crude oil that we are discussing. What we say crude oil in popular parlance, is called light diesel oil. We are making every effort to supply LDO in sufficient quantities both to Maharashtra and Gujarat. Even this morning I was talking to the hon. Minister from Gujarat and we were able to satisfy him. He says that the demand in Gujarat is not fully met and they are able to get LDO from Bombay. That means that LDO that is set apart and allotted to Bombay is not being used for the purpose for which it was allocated and it is being sold into Gujarat. Even so we are making every effort to see that sufficient quantities of LDO for use in agricultural farms, for lift irrigation which goes to augment our agricultural production, are allotted to these two States.

**Shri Tulshidas Jadhav:** Prices must be reduced for agricultural purposes.

**Shri Alagesan:** The price of LDO is fixed and we cannot reduce it only for one purpose. It is difficult to make out a case for this because it is used not only for agricultural purposes but for industrial purposes also. If you start reducing price only for one particular category, it will lead to all sorts of malpractices. If the State Governments think so, they can subsidise the purchase of this oil and so it is for them to take up. I think, Sir, I have covered all the points. I am not moving the amendment which stands in my name.

**Mr. Chairman:** The question is:

"That the Bill further to amend the Indian Tariff Act, 1934, be taken into consideration."

*The motion was adopted.*

**Mr. Chairman:** The question is:

"That Clauses 2 and 3 stand part of the Bill."

*The motion was adopted.*

*Clause 2 and 3 were added to the Bill.*

*Clause 1, the Enacting Formula and the Title were added to the Bill.*

**Shri Alagesan:** Sir, I move:

"That the Bill be passed."

**Mr. Chairman:** The question is:

"That the Bill be passed."

*The motion was adopted.*

16.29 hrs.

#### DELHI LAND REFORMS (AMENDMENT) BILL

**The Minister of State in the Ministry of Home Affairs and Minister of Defence Supplies in the Ministry of Defence (Shri Hathi):** Sir, I beg to move:

"That the Bill further to amend the Delhi Land Reforms Act, 1954, be taken into consideration."

This is a very small Bill which arose out of the judgment of the Punjab High Court on the interpretation of two clauses as now existing. These are clauses 3 and 13. If hon. Members refer to section 3, they will find that the Deputy Commissioner includes Collector and Revenue Assistant or an Assistant Collector of the first class empowered by the Chief Commissioner by notification. Certain powers have been vested in the Deputy Commissioner and the existing Act says that the Deputy Commissioner includes Collector and a Revenue Assistant or an Assistant Collector of the first class empowered by the Chief Commissioner. Now, after the Land Reforms Act was passed in 1954, Bhumidhari rights were given to various tenants. This was done by the Deputy Commissioner by a general declaration and it was followed by specific declaration in individual cases by the Revenue Assistant. The Punjab High Court held that the interpretation