

a motion to be moved by Shri Chintamani Panigrahi on the 22nd December, at 4 P.M.

12.24 hrs.

**MINERAL OILS (ADDITIONAL DUTIES OF EXCISE AND CUSTOMS) AMENDMENT BILL**

The Minister of Revenue and Civil Expenditure (Dr. B. Gopala Reddi): Sir, on behalf of the Finance Minister I beg to move:

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

The Bill seeks to amend the Mineral Oils (Additional Duties of Excise and Customs) Act, 1958, so as to enable the Government to mop up for the public exchequer, with retrospective effect for the period 1st April, 1959 to 31st October, 1959, part of the price reductions agreed to by the principal companies distributing mineral oil products in India, in respect of certain categories of mineral oils, which has not been so mopped up already.

It may be recalled that the oil companies agreed to an *ad hoc* reduction of prices, amounting to about Rs. 10 crores a year, in respect of the same categories of mineral oils with effect from 20th May, 1958, pending evolution of a new price formula after due examination by a Cost Accounts Officer appointed by Government. As a result of further discussions between the companies and the Government, after receipt of the report of the Cost Accounts Officer, another *ad hoc* agreement has since been reached in October 1959, by which the companies agreed to reduce their prices by a further sum of about 3 crores for the first seven months of the current financial year and, with effect from 1st November, 1959, at the rate of about another Rs. 9 crores a year.

Having regard to the necessity of mobilising all available resources for successful attainment of Plan targets, and the price reductions being not of such magnitude which could give any appreciable benefit to the consumers, and as there could be no guarantee that the proposed reductions may not be absorbed by middlemen, it was decided in May 1958, that the benefit of the *ad hoc* price reductions made then should accrue to Government. With this object in view, the President was pleased to promulgate an Ordinance known as the Mineral Oils (Additional Duties of Excise and Customs) Ordinance, 1958 on 30th June, 1958 under which additional central excise, and counter-vailing customs duties, became leviable with effect from 20th May, 1958, within certain ceiling rates of duty, the effective rates being left to be fixed by notification. This Ordinance was subsequently replaced by an Act passed by Parliament in August, 1958. These increased duties were borne by the companies themselves and the consumer prices were not correspondingly raised. That position would still continue.

The price reductions as per the agreement last year and the agreement reached recently this year, taken together, cover three periods:—

- (i) from 20th May, 1958 to 31st March, 1959;
- (ii) from 1st April, 1959 to 31st October, 1959; and
- (iii) from 1st November, 1959 onwards.

In so far as the period from 20th May, 1958 to 31st March, 1959 and from 1st November, 1959 onwards are concerned, notifications have already been issued under the Mineral Oils (Additional Duties of Excise and Customs) Act, 1958, specifying the effective rates of the additional duties, and thus the price reductions during those two periods have already been mopped up.

[Dr. B. Gopala Reddi]

As regards the price reductions for the period from 1st April, 1959 to 31st October, 1959, the new *ad hoc* agreement having been reached only in October 1959, it appears that the existing Act does not enable the Government to issue notification, giving retrospective effect for that period to any enhanced effective rates of duty to mop up the further reductions. Nor would it have been possible to pass on this benefit, retrospectively, to the consumer. It has, therefore, been found necessary to amend the Mineral Oils (Additional Duties of Excise and Customs) Act empowering the Government suitably to mop up these reductions, with retrospective effect, over the period from 1st April, 1959 to 31st October, 1959. The rates of excise duty have been specified in the Bill itself; the rates of customs duties, will, by virtue of the powers conferred by Section 4 of the proposed legislation, be fixed by notification at the appropriate levels consequential on the changes made in the rates of excise duties.

Sir, I hope that, in view of what I have stated, hon. Members will have no hesitation in accepting this measure.

**Mr. Speaker:** Motion moved:

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

**Shri Narayanankutty Menon (Mukandapuram):** Sir, before I begin my speech, may I point out that it will not be possible to discuss the contents of this Bill unless the Minister for Steel, Mines and Fuel is there because he was responsible for arriving at an agreement for this year's increase, the agreement entered into with the oil companies.

**Dr. B. Gopala Reddi:** But the Finance Minister was also associated with the negotiations at every stage. As far as the Bill is concerned there is no difficulty.

**Mr. Speaker:** Whichever hon. Minister is piloting the Bill here will note down all the points and if certain particular points can be explained only by another hon. Minister, certainly, he will be on the scene and explain it.

**Shri Narayanankutty Menon:** Mr. Speaker, Sir, this Bill is the culmination of a series of controversial negotiations which were going on between the 3 major oil companies and the Government of India regarding the reduction of oil prices for the last years. As early as 1958—even though it was too late compared to the length of the Government which considered this question—the Government was convinced that the overall petroleum prices taken by the 3 major oil companies in India were exorbitant compared to the prices prevailing in the world market and that it should do something to cut down these prices both to prevent the drainage on foreign exchange and also the drainage of money from the consumers' pockets. Discussions were initiated by the Government of India in early 1957 and the matter used to come up before this House every session regarding the progress of the negotiations.

For the first time the Finance Minister came to this House with a statement on the 20th June, 1958 announcing that an agreement had been reached with the oil companies for an *ad hoc* reduction of Rs. 10 crores which will be mopped up by the then Additional Excise Duties Bill and that negotiations would continue; and, in the meantime, the Chief Accounts Officer of the Government of India would go into the accounts of these companies and submit a report later on to the Government of India. Based on that report Government would arrive at a suitable formula for a reasonable price for the petroleum products.

When the first Mineral Oils (Excise Duty Amendment) Bill was discussed by this House apprehensions were expressed by hon. Members that any delay in the negotiations with the oil companies would deprive this country

of the valuable surplus that has to be mopped up. On 13th August, 1958, the hon. Finance Minister, Shri Desai assured this House that whatever time might be taken for these negotiations any settlement arrived at will have retrospective effect from 1st April, 1958. In the agreement that was placed on the Table of the House it was provided that the pricing formula will have retrospective effect. There was considerable delay in the examination of the company's accounts by the cost accountants and the negotiations with the oil companies and the hon. Minister for Mines and Oil told this House that he was terrifically disappointed with the attitude of these oil companies. There was a little consolation because of the assurance given by the Finance Minister that any agreement arrived at would have retrospective effect from 1st April, 1958.

Afterwards, almost ignoring the existence of this House the Ministry gave out news to the Press that another tentative agreement had been arrived at. This House was never told till after two months that another ad hoc agreement had been reached, mopping up Rs. 5 crores according to the Statement of Objects and Reasons of this Bill and 3.5 crores according to the Finance Minister's calculations. We still do not understand as to what is the actual amount involved.

**Dr. B. Gopala Reddi:** I said only Rs. 3 crores in my speech just now.

**Mr. Speaker:** He said three crores and something.

**Shri Narayanankutty Menon:** He said 3.5 crores or something. The other day when the question came up before this House the hon. Minister of Mines and Oil said this.

**Dr. B. Gopala Reddi:** He may see in the Statement of Objects and Reasons also; it is Rs. 3 crores.

**Shri Narayanankutty Menon:** Whom am I to believe? The Hon. Finance Minister who comes with this Bill or

the hon. Minister of Mines and Oil who answered this question and conducted the negotiations?

**Dr. B. Gopala Reddi:** We are in charge of all these statistics. The Finance Ministry is in charge of collection of this money.

**Shri Banga (Tenali):** The other gentleman must have mentioned that qualification 'perhaps'.

**Shri Narayanankutty Menon:** We get only Rs. 3.5 crores now.

**Dr. B. Gopala Reddi:** That is additional duty.

**Shri Narayanankutty Menon:** Exactly. From the period 1st April, 1958 upto 1st April, 1961—according to you the agreement is in operation till 1st April, 1961—the amount to be mopped up is Rs. 10 crores according to the last excise duty Bill and Rs. 3.5 crores according to this Bill. So, it comes to Rs. 13.5 crores. According to the calculation of the Government of India originally the excess profits taken by these oil companies according to the prices prevailing in 1948 came to Rs. 25—35 crores per year. Now, according to the other hon. Minister, because the international price of oil, especially the Persian Gulf price, has come down, another Rs. 5 crores ought to be added. According to the Governments own report prepared by Shri Sahni in 1956 every year the oil companies were taking an excess profit of Rs. 50 crores. The other day the hon. Minister said that Rs. 10 crores were taken last year and now Rs. 5 crores are taken, making a total of Rs. 15 crores. Even according to the report of the cost accountant, there is Rs. 14 crores. So, Rs. 29 crores have been taken in excess. Even if there is no correlation in all these figures, I agree for the purpose of argument that Rs. 29 crores is the figure. This agreement does not take retrospective effect from 1st April, 1958. I am entitled to ask the hon. Minister why there was a contravention of the assurance given by him here about giving retrospective effect to this agreement and why, without consulting this House, the

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Government surrendered the entire profit amount for the year 1958. This House requires an explanation why this Rs. 10—15 crores had been surrendered to the coffers of these companies and why the original agreement has been abrogated by the Government without consulting this House because, this House has approved that statement and it is on the basis of that statement the previous Bill was passed.

The cost accountant of the Government of India went into the pricing question of the oil companies. I wish to congratulate the Government of India because, according to the companies' own story, this is the first time that any Government, without taking a sort of revolutionary action, was able to find out even the outer walls of the companies' accounts. In the case of Persia, Dr. Mossadiq came to power and nationalised the Anglo-Iranian Oil Company. The Government of India could claim a certain amount of praise to them. Our cost accountants were able to get at least a shadow of their accounts. Having looked at the cost accountant's report, we are so dissatisfied and dismayed because the relevant figures that are required for finding out the correct figure of the costing of the entire oil price, *i.e.*, prices, were never available to him. The exorbitant rise in the operational costs of distribution of oil in India from 1948 to 1959 is there because the costs have gone up by more than 249 per cent. The salary of the managerial staff from 1948 onwards till 1957 has gone to 240 per cent. The cost accountant says that the companies did not give a reasonable explanation for the increase in the operations and there is another thing also. The profit per gallon has risen substantially from 1948 onwards. The sales have gone up considerably. When more gallons are sold the operational cost per gallon should go down; it is simple arithmetic. Instead of that, the distribution cost per gallon has gone up so much. That is not understandable. There should be all

glory and praise and congratulations to that gentleman who could get something out of the companies' accounts. This is the first time that a democratic Government had done it. Still so much has been left out. So, Government could not rest content that there is a report from the cost accountant and that is his final report regarding the pricing formula of the oil companies. If this House comes to know the real state of affairs it will be seen that they were carrying on this thing in this country from 1947, when the new Government came into power. Till 1957, every year they took an excess profit of Rs. 50 crores and for ten years it comes to Rs. 500 crores. My point is this. Whatever happened in the past has happened. In 1951, there were negotiations for the original agreement and we came to know that the oil companies were taking out of this country Rs. 50 crores. The hon. Minister has to admit that circumstances were such that they were compelled to sign such an agreement. Now, we have lost Rs. 500 crores which should have been available for oil exploration and prospecting in this country. Any delay in pressing upon the company to come to a final conclusion based upon this report of the cost accountant will drain from this country another Rs. 25 crores a year even according to the Government. We cannot afford to lose that because we want more money and our programme of oil prospecting, production and refining and distribution would require a minimum of Rs. 350 crores during the Third Plan. The other hon. Minister is sending out invitation cards to all the other western countries to come down here for exploration of oil because we have no money. If they had been careful during the First Plan or the Second Plan, they could have had these excess profits that had been taken away by the oil companies which came to about Rs. 500 crores. There will be a corresponding loss of another Rs. 250 crores during the Third Plan period. These amounts would have made us well off for exploration of oil.

Now you have got the report. What made the Finance Minister to go before the companies, when you have got the authority of the cost accountant's report, and make a shameful surrender before the companies? I have got a letter written by the company to its New York office that they were able to fool the Government of India, because the agreement was entered into on 28th May, 1958, and under pressure from the company and before the company's arguments the Government had to surrender with retrospective effect. They make a glory out of it. Therefore, this House should know today why the Government went back upon the agreement and, secondly, why the Government agreed to an *ad hoc* agreement for Rs. 3.5 crores where they ought to have got Rs. 14 crores and more.

**Dr. B. Gopala Reddi:** I would like the hon. Member to read out that portion of the letter where the company has written that it fooled the Government of India.

**Shri Narayanankutty Menon:** I shall pass on the whole letter itself to the hon. Minister; it is a true copy.

Now, Sir, I will read out certain portions of the cost accountant's report which are noteworthy. I believe, the hon. Minister has read it. If the hon. Minister has really read it he would not have signed this agreement with the oil company for Rs. 3.5 crores which represents only a pittance of the total profit which the companies are taking. Every day, when the hon. Minister sits here, these companies are taking away from the country crores of rupees which we require for oil exploration here. Instead of preventing that, by allowing them to take away exorbitant profits you are going to their own brethren in Western Germany, America and England asking them to come down with their own terms for exploration of oil here. This should not happen. This should be prevented. We have made it clear many a time that this should be prevented as soon as possible. But even now when the Finance Minister comes

before this House he is not prepared because, whatever pittance of Rs. 3.5 crores has been agreed to, he comes before the House and says that an *ad hoc* agreement has been entered into.

Then, we are alarmed today because no positive answer is given by the Government of India whether this is a final agreement or we are in search for a real formula and it will be pursued by the Government of India. If a real formula is being pursued, what is the immediate action that the Finance Minister is going to take in order to find out that formula and get the entire money from the oil companies? We demand a categorical answer today, whether the Government is sleeping over this agreement already entered into whereby we are getting Rs. 13.5 crores, or whether we are pressing the oil companies, because nothing has been said apart from the Press report that an *ad hoc* agreement has been reached between the oil companies and the Government of India.

The cost accountant says, on the trend of expenses, that the company quite well knew in 1956 that the Government was up to do something and, therefore, 1956 papers were not available with the companies and the cost accountant was told that they had not got the papers for 1956. On this point the cost accountant has made a remark:

"It can be seen from the above that the increase in the incidence per unit volume in 1957 was spectacular in distribution and depreciation in spite of an increase of 144 per cent in volume of trade over 1948, for the same volume of trade increase in 1957 over 1948 would be 240 per cent. Main increase in service and filling station expenses 500 per cent."

Immediately the Government started examining the accounts there was 500 per cent increase in the total expenses of service stations, while not a single pie has been spent in relation to the total volume of increase in trade. Sir, when more petrol is sold certainly expenses on service stations should

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go down. That is why the companies have not produced proper accounts. I should submit, the report given by the cost accountant is not complete. Government should take measures to direct the cost accountant to have a fresh enquiry and, if required, as the hon. Home Minister stated the other day, legislation should be brought before the House for compelling these companies to bring the entire documents before the cost accountant so that the cost accountant will be able to see the company's accounts and arrive at a pricing formula.

There is one more point. This is something which is unprecedented in the world. Even in America these companies operate. United States is a country which is importing oil now and because of import of oil it should be expected that the American Government should be taking the maximum profit. The cost accountant giving an analysis of the international profit of the biggest oil companies finds out that the only place where they take so much percentage of profit on net block capital investment in this industry is India alone. Even in the United States they are not taking so much profit. The Standard Vacuum Oil Company gets 39 per cent on the net capital that they have invested and that net capital represents borrowings from their own banks, and the absolutely paid-up capital as far as this country is concerned is zero, because Standard Vacuum is never registered in India and no Indian is a shareholder.

Therefore, in view of the observations made by the cost accountant and the figure of Rs. 14 crores plus Rs. 3.5 crores which you have placed before the House is negligible compared to the real profits earned by the oil companies, an enquiry should be ordered by the cost accountant and legislation should be brought to compel the oil companies to produce the entire accounts after examining which you should reach a pricing formula where-by we will be paying the oil companies

a reasonable price that other free countries are paying.

These oil companies are very big masters in fooling others. That they have admitted in 1950. You remember, in Iran, which has been exploited by the Anglo-Iranian Oil Company for 15 years under their own terms, Mr. Mossadeq came to power and he nationalised the Anglo-Iranian Oil Company. Iran was a sovereign country. When the sovereign Prime Minister declared that the Anglo-Iranian Oil Company has been nationalised, within 24 hours of his announcement Mr. Mossadeq, the Prime Minister of that sovereign country, was being pursued on the streets of Tehran by goondas, so-called revolutionaries, financed by the oil companies, and the leaders of Asia at that time, including the Government of India, did not raise a single finger against them to protect Mr. Mossadeq.

**Mr. Speaker:** Order, order. All that is very interesting to hear. But let us not import other matters here. We do not like all that, of course, but so far as this Bill is concerned he has said enough. If he wants to say more regarding the amount of profit that they get, about the profit being very high compared to profits which they get in their own country and all that I will allow him. But he goes out of the way and speaks about Mr Mossadeq being pulled and so on.

**Shri Narayanankutty Menon:** I will explain that. In spite of the agreement with the oil company the Government of India actually found out that so much profit is being taken. The only hesitation is, what will be the repercussion if the oil companies are pressed more and more, because they know that even if statements are made on the floor of this House by the hon. Minister of Steel, Mines and Fuel, the oil companies print millions of brochures and distribute them throughout the country. Every time a discussion takes place here, whatever statements are made by me and

The hon. Minister, they are all contradicted by them, they are said to be all falsehood and papers are circulated throughout the country. Last time when the discussion was there, Mr. Sinclair distributed two million copies of a leaflet printed in art paper free of cost throughout the country saying that what all I said and the Minister said were untrue. I am only pointing out how the oil companies control the political power in other countries whereby it will be impossible for the Government, even if the Government desire.....

**Mr. Speaker:** Is the hon. Member afraid that the propaganda by oil companies will catch in this country?

**Shri Narayanankutty Menon:** I am not afraid, I am only pointing out that the Government should stand up to it. I am only exposing the game of the oil companies.

I shall mention another point and finish. In the negotiations with the oil companies there is another important factor, that a very curious definition was given to certain products called "major products". The Government of India first of all started in 1957 to find out the real price of those major products. Last time, when the Bill came, I pointed out, as if to begin with, that it is good that we examine the price formula for major products. Now we find that the major products have been enquired into and the minor products have never been gone into. The cost accountant has found out that the minor products give more money to the oil companies than the major products and the cost accountant makes a reference to 13 items of specialised oil products which are sold in this country whose pricing formula we have never enquired into.

My submission is that when negotiations are re-started, a formula should be found out for the minor products—greasers and other lubricants—and by that you will be able to realise at least Rs. 10 crores which are being taken away now as surplus.

It is good that we got at least Rs. 3.5 crores. It is good that during the three-year period instead of getting Rs. 50 crores a year—actually we should have got that much—we got at least Rs. 13.5 crores. The Government had to surrender that retrospective operation. I expect that the hon. Minister will give a reasonable explanation why the Government had to surrender it. I am not much surprised that the Government will have sometimes to make a surrender to the oil companies because the companies are so powerful. But after signing a document with the Finance Minister, it is so strange and surprising that you have to go back upon this agreement. Why they go back on the agreement, certainly an explanation should be given before this House.

**Mr. Speaker:** If the prices are reduced with retrospective effect, it is the consumer that ought to get a reduction of the price.

**Shri Narayanankutty Menon:** No, Sir. It is a curious position. The consumer pays the price and the Government is mopping off the price by means of directing the oil companies to credit the surplus profit taken by them to the account of the Government by the agreement and they incorporate that particular quantum of money in the amending Bill. Therefore, the Government directly gets it. The consumer has already paid the price, and even in future years, the consumer is not going to get it. We do not grudge it, because the Government wants money, and the Government wants to mop away the surplus money for oil exploration. The consumer will not get the profit and then the companies will be asked to pay from the companies' accounts.

**Mr. Speaker:** Does not the consumer get any benefit out of this?

**Dr. B. Gopala Reddi:** Not for the present.

**Mr. Speaker:** I am not talking of the amount of excess profit that they got already. That will go back because

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it cannot be found as to who purchased and who did not, as far as the consumers are concerned. The matter of distribution is rather difficult. Therefore, the Government will take it on behalf of the consumer. But, in future, when the price has been reduced will the consumer have the benefit of the reduction?

**Dr. B. Gopala Reddi:** Not for the present.

**Mr. Speaker:** How long?

**Dr. B. Gopala Reddi:** For another two or three years. Let us see.

**Mr. Speaker:** At any rate, the Government and the consumer might share it in some proportion.

**Shri Narayanankutty Menon:** Sir, your question was a pertinent one.

**Shri C. B. Pattabhi Raman (Kumbakonam):** At any rate, apart from kerosene oil and diesel oil, there may be some difference in respect of petrol which, I take it, is for the richer people, for motor-cars, etc.

**Mr. Speaker:** Yes. I think the Government might consider that the poor people should get at least a portion of this benefit.

**Dr. B. Gopala Reddi:** We can consider it at the time of the budget.

**Shri Narayanankutty Menon:** My submission is, whatever the Government gets by mopping off the excess profits of the company. The Government should invest it in our own oil exploration and build up our refineries, because by just handing over a little half naya paisa or one or two naya paise per gallon of kerosene oil, the consumer is not going to get a real benefit. At the same time, if these crores of rupees are invested in our own oil exploration, within three or four years we will be able to produce our own oil and kerosene, and that would be a better way of dealing with

it. We will then be producing our own oil at a cheaper rate. At the same time we could simultaneously develop our oil resources. Therefore, it is very good that the Government should earmark it for our oil exploration business.

**Mr. Speaker:** The hon. Member only says that Government should have taken, or, more money should have been obtained by Government, than this Rs. 13 crores.

**Shri Narayanankutty Menon:** Yes, Sir. Therefore, I shall now summarise. We should get this Rs. 50 crores every year. You are convinced about it. Now, you are getting for the past three years only Rs. 13 crores. You may be aware that this amount is taken away, even today, in spite of our wishes. So, the Finance Minister should immediately open up negotiations, because we have our own apprehension. We have got all the pamphlets published by the company and circulated internationally, saying that now there is a finality as far as the Government's negotiations with us are concerned, and the Government has agreed to be satisfied with Rs. 3.5 crores". I do not say that you have agreed for this, but the companies are giving an impression in the international market that the Government of India were compelled to accept Rs. 3.5 crores alone. So, to remove that apprehension also, to get money for us and also to arrive at a real pricing formula, the negotiations should be started. Today, you should tell this House what the Government are going to do to see that the real figure is arrived at.

**Mr. Speaker:** The hon. Member should address the Chair.

**Shri Narayanankutty Menon:** Yes, Sir. Another thing is not clear from this Bill. The hon. Minister just now interrupted me and said that only for the eight months. Rs. 3.5 crores were there. I do not find any relation either in the Bill or in the agreement to this



aspect. Because the agreement is to take effect from 1st April, 1960 and be in force till the 1st April, 1961. According to the companies' documents, they say that this is a block adjustment for the entire period. The Government should tell us whether this amount of Rs. 3.5 crores is for the entire three-year period. If it is so, then it is impossible to believe it, because, according to the companies' figures, normally, the money that we ought to get during these three years is Rs. 150 crores, but we are going to get only Rs. 13.5 crores.

While asking for a clarification on these points, I can press and also impress on this House that we should not continue to lose this money more and more, while even the smaller neighbouring countries like Ceylon, Burma and Australia are getting petrol at very cheaper rates. We should take immediate action, both in relation to our finances and also in relation to the international prestige of this country as a sovereign country, to see that we do not allow any more exorbitant profits to be taken away by these three oil companies here.

**Shri Achar (Mangalore):** Mr. Speaker, Sir, last time, when the Government had a profit of Rs. 10 crores by the reduction of price, I raised the question, which you were pleased to raise a little earlier today, as to whether some relief could not be given to the tax-payer. Whatever be the past, I submitted last time that, apart from the question of petrol, there must be some relief given to the people so far as kerosene oil is concerned. Kerosene oil is something like a necessity for the poor. It is not electricity or anything of that kind. In fact, in our country our people are extremely poor and they are not even able to purchase sufficient quantity of kerosene oil. In view of the fact that we got a reduction in price with regard to the petroleum products, whatever be the other items, I submitted that at least a reduction in the price of kerosene may be made for the benefit of the poor and that the

amount obtained through the reduction of price from the companies should not all be mopped away by the Government. The answer given by the Finance Minister last time, and the answer given by the Minister of State for Mines and Oil were practically contradictory. The Finance Minister then said—and today also, Dr. B. Gopala Reddi stated—that the reduction is so small that it would not reach the consumer. It is only the middlemen that will get the benefit of it. So, it is not worth-while to reduce the price for the consumer. That seemed to be the reasoning of the hon. Minister today. It was exactly the same thing that was said by the hon. Minister of Finance, Shri Morarji Desai, last time. If necessary, I could also quote from the debates as to what he said then.

So far as the Minister of Mines and Oil is concerned, he said that he wanted to see that less of kerosene oil was consumed and that the quantity might be reduced, and added that the Government were not going to reduce the price. What does it indicate? The clear inference from these statements is the consumption goes down because the price is high. So, consumption would increase if the price is reduced. Whatever be the price, a large quantity is purchased. That clearly indicates that a profit or a reduction certainly has an effect on the consumer's price.

**Shri Narayanaswamy Menon:** At the present reduction in price, the price difference per bottle of kerosene would come only to 0.01 nP, if the price is adjusted.

**Shri Achar:** It may be a very small amount. But so far as the poor people of our country are concerned, whether it is kerosene or salt....

**Mr. Speaker:** What Shri Narayanaswamy Menon says is that if the hon. Minister persists in getting some more from the foreign companies it would be good. So far as the other portion is concerned, the incidence is very small. After all, the Government may lose.

**Shri Achar:** I am trying to show that even if the quantity consumed is very small and the price reduction is very small, even then, the effect of it on the consumer will be appreciable. Of course, we have got a number of authorities on economics also. Even Mr. Marshall goes into the question of salt, and that is the reason why Gandhiji took up salt satyagraha. The point is, once the price is reduced, even if it is by half a naya paise or one naya paise or, say, two naye paise, so far as our people are concerned, they are so poor and that small decrease will have an effect on their economy.

**Mr. Speaker:** How many bottles does a poor man purchase?

**Shri Achar:** I can give an instance. Especially in the tribal area, people take their food in the night much earlier just for this reason. They take their food before sun-set, before the darkness comes in, because they are not able to purchase kerosene oil. I am not talking from the point of view of the townsman and the rich man who gets Rs. 2,000. We must think of the people in the villages, what a sacrifice even one naya paise means for them. As a matter of fact, we know it as an economic truth that the smallest reduction in price increases consumption. Shri K. D. Malaviya also had to concede that fact the other day. If it goes to the middleman, consumption would not be affected. It is actually the consumer who uses it and he uses it more if the price is less.

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I am not going into any other aspect of the question. I want to draw the attention of the House to this aspect only, because this is an item of necessity. Last time we got Rs. 10 crores; this time we are getting Rs. 3½ crores. Whatever Government may do with regard to the other items, so far as kerosene oil is concerned, let it not be mopped up. Let it go to the poor consumer, because especially in the

villages they are not using electricity and kerosene oil is such a great necessity. In the hilly parts, where they have no other advantages, they are not able to purchase kerosene oil even. So, I submit that Government should not mop up that portion of the profit and that should go to the poor taxpayer; the kerosene oil prices should be reduced.

**Shri Banga (Tenali):** Sir, regarding the main objectives in regard to this matter, the whole House is, I think, unanimous and there seems to be no fundamental difference between Government and the opposition parties. We are all interested in trying to see that these companies do not make such huge profits. Even if the prices of petroleum and other products cannot be reduced, as far as possible, these companies should not be allowed to continue to profiteer at the cost of the country and to the greatest possible extent, Government should be enabled to draw as much of the profits from these companies as possible and utilise those resources for the development of our economy, whether they are to be specially reserved for oil exploration or for increasing the distribution facilities available in our country.

It is true that their working expenses have gone up, as Shri Menon has stated, enormously. A portion of it is due to the fact that a number of distribution centres have come to be organised in different parts of the country, which certainly goes to the additional convenience of the consumers in our country. But apart from that, there is also the disability of our Government in having to deal with these companies. There must be alternative sources of supplies. If we can be sure of them, then Government would be in a stronger position to deal with the various companies. It is because of that that I welcome the recent decision made by Government, though very much belated, to form a company for the distribution of these products in

different parts of the country. I hope within the next three years, they would be able to devote the whole of this additional income they are going to get, and if need be something more also in order to develop this alternative distribution system.

The other question is, from where can they be expected to get the supplies? Till recently, 10 or 15 years ago, these Anglo-American supply companies were the only sources of supply for us. But now, fortunately, the Soviet countries have also come into the international market and I am told some of the representatives are already here in our country to negotiate with our Government. It came in touch with a number of Indian friends who are already in touch with the sources of supply and who are really anxious to co-operate with the Government of India in organising the alternative supply as well as distribution in our country. But unfortunately, they were not in possession of adequate funds and they were not in a position also to take the necessary risks, very big risks at that. Therefore, I sincerely hope that Government will take the fullest possible advantage of this existing and also potential ability of the Soviet countries to compete with the Anglo-American supply companies, help our own entrepreneurs also to supplement their own efforts, help their own company to come to suitable business relations with Indian entrepreneurs and in that way develop the supply as well as the distribution aspect of these alternative supplies of petrol and other products.

It is most essential that we should make haste in regard to this particular matter and take energetic steps to see that within these three years, the country would be afforded the necessary facilities, with the aid of which it may be possible for the Government to reach a much more favourable agreement with these Anglo-American oil supply companies. It is a well-known fact that the prices ruling in America for

petrol and other products are much lower than what they are in our country. For a very long time, we have been held to ransom, as it were, by the suppliers. It stands to the credit of our free India's Government that they did not lose much time in trying to negotiate with these companies and make them yield to some extent to persuasion. It was not entirely left to persuasion. There was also the indirect persuasion that was there as a contingent risk of the alternative supplies and the ability of our Government to take one or two leaves from that very rich book of experience of Mossadeq and such other people in different countries. Therefore, long last, the Anglo-American supply companies have become reasonable and begun to yield to our pressure to some extent.

I am not quite satisfied that our Government, which is so very keen on developing political friendship with these Soviet countries has not been equally keen on developing or what you may call taking advantage of the competition that has come to prevail on a world-scale between the Soviet countries and the other countries. Both of them are competing with each other in trying to help the under-developed or developing countries, as they say. There need not be any air at all of any kind of unholy or unscrupulous attempt to take advantage of such competition. They are themselves saying that they are competing with one another in helping these developing countries. The Government has to support of the whole of this House to go ahead with their constructive efforts in affording our country not necessarily cheaper supplies of these products, but certainly adequate supplies of these products from all over the world in such a manner that the revenues of the country could be augmented. With a suitable imposition of excise duties, not over and above the price that the companies are charging but excise duties which would operate in such a way as to come from out of

[Shri Ranga]

the price that is being paid by the consumers to these companies, so that the country would be benefited and the Government's revenues will be augmented to that extent, the country as a whole would be benefited.

Shri L. Achaw Singh (Inner Manipur): The original Bill was passed in the year 1958 as a result of an agreement between the Government and the oil companies. The object of the original Act was, firstly, to levy and collect excise duty and custom duty on certain mineral oils. Secondly, it was for the re-adjustment of the excise and custom duties in the light of the reduction in price agreed to by those companies. As a result of the agreement arrived at between the companies and the Government in May 1958 the original Bill was passed. The terms of that agreement include an *ad hoc* reduction in oil prices amounting to Rs. 10 crores. Secondly, it was agreed between the Government and the companies that a continuous examination of the cost and price structure of the companies would be continued and a further revision of the price may take place.

Now a new agreement has been arrived at between the Government and the companies, and the companies have agreed that they would forego an amount of Rs. 3 crores for the past seven months between April last and October. The understanding in the public mind is that the benefit of the reduction will not go to the consumer but will accrue to the Government. This Bill seeks to re-adjust the excise and customs duties during this period with retrospective effect. The rates of excise have been mentioned in the Bill and the rate of customs duties will be notified. I am sure those duties will be enhanced.

Here I want to point out one thing. The reduction in price will not benefit the consumers. Of course, it was stated by many previous speakers

that there should be some reduction in the price of oil and oil products. It has been presumed that the reduction will be to the extent of Rs. 15 crores a year from the 1st of November 1959. Another Rs. 4 crores is to be expected due to the tax in the landed cost of petroleum products. So, the total would be Rs. 19 crores a year. This is a very good amount and I am sure that the benefits that accrue to the exchequer to the extent of Rs. 19 crores will cover at least half of the proposed budget for oil programme in the Third Plan.

This is a welcome measure. But, then, I am in favour of further reduction in the prices. Here I would like to submit how the oil companies have been operating and the situation which prevails in the international market. None can deny that an international oil cartel is going on. The oil industry has been controlled by 10 or 12 companies, due to the interlocking of the resources and no Government can check it. The accounts of the oil companies are notoriously flexible, and this flexibility extends not only to the level of the particular company but to national and international levels. They also control the freighters carrying crude oil. Here we must remember that we are importing crude oil from the Persian Gulf countries. Most of the cost of the exploration comes from the concealed profits of the distributing companies. They reap huge amounts of profits from this country also. The exploring companies also inflate the cost of their operations by two or three times. For their drilling work they charge 25 per cent as depreciation for their equipments. It should be noted that a drill would be sufficient not only for one well but for several wells; sometimes 12 wells even. Then, they charge a high rate for depreciation. Inflated cost will also be found in the salaries of the personnel, in the terms of contract between the employees and the companies. Then,

the exaggerated estimates for exploration cost will naturally invite a rebate in income-tax. I submit that the scrutiny into the accounts of the oil companies and their cost and price structures has been of very limited success. The hon. Minister for Steel, Mines and Fuel has agreed that the present agreement will open the way for further examination, further talks and further understanding between the companies and the Government.

It should be admitted that there is a disparity between the contemplated and actual reduction in the oil prices. There is much scope for reduction in the prices, and further concessions should be aimed at.

12.16 hrs.

[MR. DEPUTY-SPEAKER in the Chair].

We have not got sufficient oil and so we are glad that the Government is giving top priority to exploration work for oil. I submit that additional expenditure has to be met from the returns from excise and customs duties, and the consumer should not be over-burdened. Of course, the consumer has to pay the additional duties of excise and customs, but then they should not be asked to bear the burden for exploration work also.

The demand for kerosene, high speed diesel oil, mineral turpentine, solvent oil, bitumen, all these things has been increasing substantially, and the rate of consumption of oil in the current year is six million tons. It is estimated that by 1967 we will need 12 million tons of oil products. We are already short of foreign exchange and, therefore, in order to avoid further drain on our foreign exchange we should aim at self-sufficiency in oil production. At present, to the extent of three million tons, oil is being imported. We should aim at self-sufficiency and the exploration work should go ahead.

I feel that there is still scope for the exploitation of this source by a reduction in the price of oil. We know that India is the largest country in the world which consume kerosene and it represents also 30 per cent of the total consumption of this country. It has been said in this House that even the reduction of one naya Paisa in the price of a bottle of kerosene would mean a reduction of Rs. 3 crores annually. This demand is going to increase because the standard of living is also rising. Rise in the standards would mean rise in demands of kerosene and other products and by-products of petroleum. We should have aimed at further reduction of prices. It is still necessary.

The only satisfaction we have is that we are not asked to pay higher prices for petroleum and petroleum products to foot the bill of exploration costs. Exploration work is a very costly affair and it requires crores and crores of rupees. We also require technical personnel and equipment. If we have to bear the whole burden, the consumers will have to pay a very high rate of duty and customs. That can only be avoided by a reduction in prices. Government should still try to persuade the companies for a further reduction in oil prices so that profits would accrue to the Government and we may not have to bear the increasing burden.

Shri Narayanaiah: Sir, before the hon. Minister starts, may I say a word regarding the retrospective operation? Burmah-Shell's own pamphlet for 1958 survey of activities has mentioned that any possible agreement with the Government of India would take effect retrospectively. It says:

"...subsequent negotiations, retrospective adjustments would then be made with effect from 1st April 1958."

The Company used to publish accounts every year. In 1958 they

[Shri Narayanankutty Menon]

discontinued their usual method of publishing their accounts. It is very curious. Under the heading "Finance" the pamphlet says,—

"Negotiations are in progress and in the circumstances, it would be unrealistic and incorrect to attempt to produce the usual financial figures."

which they used to publish in these columns. They themselves agreed that the whole thing will take retrospective effect, that is, from the 1st April, 1958. Why then did you agree to 1st April, 1959? That is the question.

Dr. B. Gopala Reddi: Sir, I heard, the various speeches made with great attention indeed. While I compliment Shri Menon for the very able way in which he advocates the cause of the Government *vis-a-vis* the companies, this time I think he has not fully visualised the entire picture. While he complimented the accounts officer, he failed to compliment all those of the Ministry and also of the Finance Ministry who conducted the delicate negotiations facing sometimes a possible deadlock also. Anyway, to some extent I was keeping in touch with the delicate negotiations that were going on from time to time and I could say with confidence and I want to place on record my own appreciation of the way in which these negotiations were carried on. Ultimately, we had to agree to certain conclusions which will be in force for say the first three years. In the meanwhile we will also gain experience. We are also having some oil companies in the public sector and we will also be able to appreciate our difficulties in the matter. Therefore we will be on a better bargaining counter when we go to them next for negotiations. So, this sort of oil truce will be there only for three years. We can certainly re-open negotiations after gaining a little experience with the oil companies.

The question of retrospective effect.....

Shri D. C. Sharma (Gurdaspur): What is the experience that you are talking of? Do we not have facts and figures?

Dr. B. Gopala Reddi: No. Actually running the oil companies is a different matter from merely gaining experience from facts and figures.

While, of course, it is true that we have to get something substantial from the oil companies, there are some hard facts also which have to be considered. The Cost Accounts Officer was also associated with the negotiations. Shri Menon said that the Cost Accounts Officer was not on the scene. I want to assure him that the Cost Accounts Officer was continuously on the scene and the entire negotiations were based on his report. He was also present when the negotiations were carried on. Therefore there is no question of anybody being hoodwinked or bypassed.

After the report was received the landing costs have increased. After all, the Cost Accounts Officer could not deny that. The freight charges also increased which also he could not deny. There were certain other factors which had to be taken into consideration. About the establishment charges also, we could not ask the companies to reduce their establishment charges with retrospective effect. After the report came negotiations were being carried on. Finally conclusions have been reached only in October. We could not, with any moral justification, ask them to cut down their establishment charges retrospectively from, say, 20th May, 1958 and things like that. There are certain factors

Shri Narayanankutty Menon: The hon. Minister is right that without any notice to the companies it is impossible to ask them to cut down

with retrospective effect. But when you signed the agreement in 1958 and placed it on the Table of the House, you (the hon. Finance Minister) gave an assurance to this House, namely, "You need not worry. Whatever negotiations take place they will have retrospective effect to the entire profit structure." Why did you go back on the promise given to this House and the agreement entered into with the companies?

**Dr. B. Gopala Reddi:** It is a technical matter. Whatever all items could be taken retrospectively or not is a technical matter.

What we have gained as a result of all these conclusions; I will give in a short time. I think Shri Menon has not visualised the benefits which have come to the Government. It is much more than what he has been mentioning in his speech. Anyhow, that is a different matter. Whether certain items have been taken with retrospective effect or not is a small matter. What we have gained ultimately during the last three years is a substance with which we have to look at these things.

As Prof. Ranga has said, suppose the negotiations broke down then what was the alternative? Nationalisation?

**Shri Narayanankutty Menon:** Besides this amount that you have got of Rs. 3.5 crores we are interested to hear whatever information.....

**Mr. Deputy-Speaker:** The hon. Minister is trying to tell him that.

**Dr. B. Gopala Reddi:** At one stage we thought that negotiations were going to be closed. There was a deadlock and we thought that no advantage will be gained by furthering the negotiations. At one stage we thought that we should report the matter to the Cabinet and the Cabinet should take a decision. Then again we had to call the companies and explore other avenues of negotiations because we were always afraid

that once negotiations are declared as a failure what is the alternative. We do not have the alternative sources of supply. They have to get crude oil from the foreign companies, refine it and distribute it in our country. Therefore the machinery has to be installed. If the entire negotiations became a failure, we are not prepared to take the enormous responsibility of distribution of oil. Therefore we had to conduct the negotiations in a particular context. I want Shri Menon to appreciate the way and the context of the negotiations as also the result of the negotiations. It is not as though we had surrendered entirely to the dictates of the oil companies. We have not gained merely Rs. 30 crores or Rs. 35 crores but as a matter of fact Rs. 44.66 crores in these years as additional excise and customs duties. It is more than what we are usually getting under the ordinary excise duties, that is, about Rs. 40 crores a year. We are getting Rs. 44.66 crores during the period of three years. I do not know whether Shri Menon has got all the figures.

In 1958-59 we got Rs. 8.4 crores as additional excise duty on these oils. In 1959-60 we are getting Rs. 10.73 crores in the normal course because of last year's agreement. Again, from 1st April 1959 to 31st October 1959 we are getting Rs. 3 crores under this Bill and from 1st November, 1959 to 31st March, 1960, we are getting another Rs. 3.53 crores. All told, in the current year we are getting Rs. 17.26 crores. In the course of the next year, that is, 1960-61, we are getting about Rs. 19 crores as additional excise and customs duties. I do not know whether Shri Narayanankutty Menon has taken pains to collect all the figures. Therefore, for the three years, it is Rs. 44.66 crores. It is not a negligible figure considering the circumstances under which the negotiations had to be carried on. Ultimately, we were satisfied that we got the best

[Dr. B. Gopala Reddi]

out of the negotiations. Otherwise, the responsibility for running these oil companies and distribution.....

Shri Narayanankutty Menon: I am sorry to interrupt. Here is the statement which was placed on the Table of the House on 9th of December in answer to a question which says that the companies agreed to make further ad hoc reductions amounting to Rs. 5 crores approximately per annum with effect from 1st April, 1959 to 31st March, 1961. These are the only figures which I could have. Now, he said it is Rs. 3.5 crores.

Dr. B. Gopala Reddi: He may take these figures as up-to-date.

Shri Narayanankutty Menon: Which is the correct figure? This figure or your figure?

Dr. B. Gopala Reddi: What I am saying now is correct.

Shri Narayanankutty Menon: This statement goes; this 5 crores goes.

Mr. Deputy-Speaker: There ought to be no dispute. He has given the latest figure.

Dr. B. Gopala Reddi: We have got additional information. He can take it. It is not that that is superseded or that goes or that is a lie and all that.

Shri Narayanankutty Menon: I do not say that is a lie.

Mr. Deputy-Speaker: Order, Order. He says that the latest figure that he has given is correct. There ought to be no dispute.

Shri Narayanankutty Menon: With your permission, Sir, the entire supplementaries on that date were based on the assumption that we get Rs. 5 crores.

Mr. Deputy-Speaker: That is a different thing that the whole information was not given there. He may

take it separately. Now this must be accepted for the purposes of this Bill at least.

Shri Narayanankutty Menon: What is the truth?

Mr. Deputy-Speaker: He is giving the truth.

Dr. B. Gopala Reddi: I am again repeating for the current year we get from 1-4-1959 to 31-3-1960, at the May 1958 agreement rates, Rs. 10.73 crores. If there were no negotiations in October, if only the last year's agreement was in force, we would have got Rs. 10.73 crores.

Mr. Deputy-Speaker: Something happened after that date.

Dr. B. Gopala Reddi: That is right. From 1-4-1959 to 31-10-1959, for seven months, the Bill also covers that period, it is Rs. 3 crores. From 1-11-1959 to 31-3-1960 we are likely to get Rs. 3.53 crores. So, the total for 1959 is Rs. 17.2 crores, additional duty apart from Rs. 40 crores which we are usually getting.

Shri Narayanankutty Menon: This figure is not here.

Dr. B. Gopala Reddi: That is what I said: Shri Narayanankutty Menon was not in possession of all the facts: that is why I am giving this information.

Mr. Deputy-Speaker: That should satisfy.

Shri Narayanankutty Menon: Not for argument, but for verifying the figures. The figures given in this statement are superseded by the figures given now.

Mr. Deputy-Speaker: The Minister said that he was not in possession of all the figures and now this is the latest figure.

Shri Narayanankutty Menon: On 9th December.....



**Dr. B. Gopala Reddi:** Shri Narayanankutty Menon is an expert on oil matters. He is not in possession of all the facts, that is what I wanted to say.

**Shri Narayanankutty Menon:** I protest. This is the document placed on the Table of the House. This is the figure given by you.

**Dr. B. Gopala Reddi:** There is some subsequent information also. We have agencies and we collect up-to-date figures.

**Mr. Deputy-Speaker:** Again he has said that the Minister was not in possession of all the information. He is now giving that. There ought to be no dispute.

**Shri Narayanankutty Menon:** He signed the agreement with the Oil company in 1958. Nothing happened after that.

**Mr. Deputy-Speaker:** He says something happened. How is this to be resolved.

**Shri Punnoose:** I am surprised the Minister was not in full possession of facts. How can it be? He is placing it just now.

**Mr. Deputy-Speaker:** Yes. He has got the latest information now and he is giving it to the House. Where is the surprise, I do not follow.

**Shri Punnoose:** He gave the impression that.....

**Mr. Deputy-Speaker:** That might be settled separately, how was it that the information was given on that date. That might be a distinct matter for discussion. Now, we ought to accept the figures he has now given.

**Dr. B. Gopala Reddi:** Therefore, as I said, considering the context and the very delicate nature of the negotiations, we did not do badly. We got Rs. 44-55 crores.

This Bill only relates to the 7 months period. The other notification we can issue under the other law empowering the Government to issue a notification. With regard to these seven months, we did not want to do it retrospectively. We wanted the sanction of Parliament. This Bill covers only Rs. 3 crores covering 1-4-1959 to the end of October. From 1-11-1959 to 31-3-1960 and for 1960-61 also, notifications have already been issued on 1st of November, and they are already in force today.

Therefore, I want to compliment all those who conducted the negotiations, not merely the Cost Accounts officer who was associated with these negotiations, but other people who conducted these negotiations. For 1960-61 also, this will remain in force. We will gain experience. Then, we can also see the landed cost and other things which have a bearing. We can benefit by the negotiations later on.

With regard to kerosene, Shri Acha pleaded last year also and this year also he raised his voice of protest or whatever it is, pleading for a little reduction in the kerosene duty and said that some relief must be passed on to the consumer. As a matter of fact, apart from the increase in production in our own country, imports of kerosene also are increasing. I have got the figures of imports during 1954 to 1959. They show a steady increase. In 1956, we imported 813,000 tons; in 1957, we imported 10,50,657 tons. In the next year, we imported, 10,55,000 tons. This year, we expect to import 12,71,000 tons of kerosene. Internal production of kerosene also has increased. In our own country, the production in 1956-57 was 158 million gallons; during 1957-58, it was 160 million gallons; in 1958-59, it was 173 million gallons; there is a slight fall. In 1959-60, it is going to be 212 million gallons. Internal production has increased; imports have increased.

**Shri Narayanankutty Menon:** May I ask, Sir, in 1958-59, according to the company, they have increased pro-

[Shri Narayanankutty Menon]

duction of kerosene. Burma Oil Co., and Standard Vacuum have increased production by 34 per cent. They have remodelled the distilling plant and by middle distilling, they are producing more. You say the production has gone down, comparatively in 1958-59.

**Dr. B. Gopala Reddi:** In 1957-58, it was 180 million gallons. In 1958-59, it was 173 million gallons.

**Shri Narayanankutty Menon:** The company says it has gone up.

**Dr. B. Gopala Reddi:** For all the companies put together. In one or two companies it may have gone up. For all the companies put together, as against 180 million gallons, it is 173 million gallons in 1958-59.

Increase of imports, as Shri Narayanankutty Menon said, is a drain on foreign exchange. We have to incur an expenditure of foreign exchange on the import of so much of kerosene. There is no prospect of anything being passed on to the consumer. As Shri K. D. Malaviya said, we do not want to encourage the consumption of kerosene. Of course, there are vegetable oils which are available. Some time ago, when there was no kerosene in our own country, and even today in the rural areas, vegetable oils are used for lamps. More and more vegetable oils should be used in lieu of kerosene. We do not want to import more kerosene in our country.

As far as this Bill is concerned, there is unanimous support. Only Shri Narayanankutty Menon wanted that we should have got something more from the companies. As I said, after all, we must be content with what we have got so far and try to press on the companies next time when we open up negotiations. It is not as though the Government is not alive to the situation. We are anxious that we must get a larger sum from the companies.

As far as exploration of oil is concerned, Government is not stinting any money. Whatever is needed by the corporations that are now set up is being spent. I was in Dehra Dun day before yesterday.....

**Shri Narayanankutty Menon:** We are having a discussion on Tuesday.

**Dr. B. Gopala Reddi:**...and spent two or three hours in going round all those things. A lot of energy and money is being spent on oil exploration. The oil exploration matter may be discussed separately.

**Shri Narayanankutty Menon:** That is coming up on Tuesday.

**Dr. B. Gopala Reddi:** We are spending large sums on that.

I am very happy that the House has given unanimous support to this Bill.

**Shri Punnoose (Ambalapuzha):** If I heard correctly, the Minister seems to have said that we should encourage the use of vegetable oils and discourage the use of kerosene. As far as I understand, kerosene is used for lamps and stove. Is it his view that vegetable edible oils should be used for this?

**Dr. B. Gopala Reddi:** There is margosa oil which we used in our villages.

**Mr. Deputy-Speaker:** These oils were used in our villages for lighting purposes. There ought not to be any surprise. The question is:

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

*The motion was adopted.*

**Mr. Deputy-Speaker:** There are no amendments.

The question is:

"That Clauses 1 to 4, the Enacting Formula and the Title stand part of the Bill."

The motion was adopted.

Clauses 1 to 4, the Enacting Formula and the Long Title were added to the Bill.

Dr. B. Gopala Reddi: I beg to move:

"That the Bill be passed".

Mr. Deputy-Speaker: Motion moved:

"That the Bill be passed".

Shri Narayanankutty Menon: I want to make one point regarding the future.

In regard to the agreement which has been already entered into, there is no other go till 1961, and it is good the hon. Finance Minister said that they will gain a little more experience. But the Ministry of Steel, Mines and Fuel itself knows that unless we take concrete steps to see that the companies keep their accounts in India properly from this year onwards, there will be no possibility of finding out the correct figure of this petrol and also oil in 1961.

We also understand from the Government that the real reason why they do not want to get more money from these companies is that they do not want to reach a stalemate. It is very difficult to proceed further, and that we do realise. So, in order to be able to compete with these companies, we should put into gear our distribution machinery. The difficulty was that we had no machinery for distribution if the negotiations were to break off. If we had the machinery, we could have stood up to the companies, imported oil and kerosene from other countries and distributed it.

So, the Government should realise the difficulties they have in negotiat-

ing with these companies and standing up to them, and they should take proper steps in these two directions. Firstly, they should make the companies keep their accounts properly so that they can have an analysis of the C.I.P. prices, and secondly they should have their own distribution machinery so that in case the companies do not agree in 1961, we can import oil from other countries and distribute it.

That is the only suggestion that I have to make to the hon. Minister in the third reading.

Shri Achar: On this question of relief for kerosene consumers....

Dr. B. Gopala Reddi: In the third reading, Sir?

Shri Achar:....the hon. Finance Minister was pleased to say that he would be glad to give some relief to these people if the advantage would actually go to them. He added that the advantage would not reach them, but would go to the middleman.

But facts clearly show that if prices go down consumption grows. Just like salt, kerosene has become an absolute necessity of life especially in the village parts. We are getting this money from these companies; it is not a question of reducing the tax or any such thing, and Government is not losing anything. Therefore, I submit that relief may be given to these consumers to the extent that Government is gaining from the companies.

Dr. B. Gopala Reddi: Even without any relief, the consumption of kerosene is on the increase, and we are spending a lot of money and foreign exchange in importing kerosene. If you by any chance reduce this kerosene duty, then the consumption will go up, and we will have to spend much more money on import of kerosene which will disturb the foreign-exchange position. Therefore, for the time being the question of giving any relief on kerosene is out of the question.

[Dr. B. Gopala Reddi]

As far as Shri Menon's point is concerned, of course it is always before the Government, and we will certainly see what can be done with regard to the maintenance of accounts and things like that.

**Mr. Deputy-Speaker:** Shri Menon believes in negotiating from a position of strength!

The question is:

"That the Bill be passed."

*The motion was adopted.*

13.45 hrs.

#### CORRECTION OF RESULT OF A DIVISION

**Mr. Deputy-Speaker:** I have to inform the House that in the division held on the substitute motion moved by Shri Atal Bihari Vajpayee to the original motion regarding price of sugar-cane and sugar moved by Shri Khushwaqt Rai on the \*17th December, 1959, there were errors in the announcement of figures of the division. The House has already taken a decision and these errors have absolutely no effect on it. However, I consider that the correct position should be on record. The facts are as follows:—

The House will recollect that the result of the division as shown in the Result Indicator Board was 'Ayes' 44 and 'Noes' 120. After hearing the representations of some Members that they had not recorded or incorrectly recorded their votes I announced the result as 'Ayes' 43 and 'Noes' 123. On a check up of the photograph copy showing the division result and the proceedings, it transpires that the correct result should be:

Ayes: 45 comprising—

44 as shown in the Result Indicator Board;

plus 1 vote of Shri Goray who had wrongly voted for 'Noes' but wanted to vote for 'Ayes';

plus 1 vote of Shri P. T. Punnoose whose vote was not recorded by the Machine;

minus 1 vote of Shri Sadath Ali Khan who had wrongly voted for 'Ayes' and wanted to vote for 'Noes';

AND Noes: 121 comprising—

120 as shown in the Result Indicator Board;

plus 1 vote of Shri N. R. Ghosh whose vote was not recorded by the Machine;

plus 1 vote of Shri Sadath Ali Khan;

minus 1 vote of Shri N. G. Goray.

13.47 hrs.

#### MARRIED WOMEN'S PROPERTY (EXTENSION) BILL

**The Deputy Minister of Law (Shri Hajarnavis):** I beg to move:

"That the Bill to provide for the extension of the Married Women's Property Act, 1874, to parts of India in which it is not now in force be taken into consideration."

This Bill is another attempt to unify the law in the whole of the country.

This particular enactment, the Married Women's Property Act, 1874, applied to the whole of India except

\*See Debates dated 17-12-1959.