

SHRI P. N. SAPRU: I want to say only one word. The Bill has *my* support and I need not say that, but I will invite your attention to clause 8(3) where it says that there shall be one or more Pro-Vice-Chancellors in the University. Mr. Chagla knows that the question whether there should be a Pro-Vice-Chancellor or not is a controversial one. In another Bill, we have suggested that for the word 'Pro-Vice-Chancellor', the word "Rector" should be substituted. Here it has been made mandatory that there shall be a Pro-Vice-Chancellor. I hope that the Select Committee will bear this in mind.

I would also like them to remember that in their final draft of the Bill the Court should be the supreme authority in the University and its powers should not be limited in any way at all.

SHRI M. C. CHAGLA: Mr. Chairman, Sir, I am very grateful to you and to the House for the great indulgence they have shown to me by trying to sit overtime to complete the debate. I do not want to take up the time of the House except to say that every suggestion made in the debate will be carefully considered and weighed in the Select Committee. I am sure that when the Bill comes back from the Select Committee, the House will have full opportunity to discuss the report of the Select Committee. I would therefore ask you to put the motion to vote.

MR. CHAIRMAN: The question is:

"That the Bill to establish and incorporate a university in Delhi be referred to a Joint Committee of the House consisting of 30 members: 10 members from this House, namely: —

1. Shri ML M. Dharia
2. Dr. Shrimati Phulrenu Guha. J.
- Shri P. K. Kumaran
4. Prof. M. B. Lal \*. Miss Mary Naidu

6. Shri G. S. Pathak
7. Shri Sadiq Ali
8. Shri M. Satyanarayana
9. Shri Sundar Mani Patel
10. Shri M. C. Chagla (mover);  
and

20 members from the Lok Sabha;

that in order to constitute a meeting of the Joint Committee the quorum shall be one-third of the total number of members of the Joint Committee;

that in other respects, the Rules of Procedure of this House relating to Select Committees shall apply with such variations and modifications as the Chairman may make;

that the Committee shall make a report to this House by the first day of the next session; and

that this House recommends to the Lok Sabha that the Lok Sabha do join in the said Joint Committee and communicate to this House the names of members to be appointed by the Lok Sabha to the Joint Committee."

*The motion was adopted.*

MR. CHAIRMAN: The House stands adjourned till three in the afternoon.

The House then adjourned for lunch at thirty-four minutes past one of the clock.

The House reassembled after lunch at three of the clock, the VICE-CHAIR-MAN (SHRI AKBAR ALI KHAN) in the Chair.

#### **MOTION RE. STATEMENT ON THE OIL POLICY**

SHRI MULKA GOVINDA REDDY (Mysore): Mr. Vice-Chairman, I beg to move:

"That the statement on the oil policy, laid on the Table of the

[Shri Mulka Govinda Reddy.] Rajya Sabha on the 16th August, 1965, be taken into consideration."

Mr. Vice-Chairman, we are living in an oil age . . .

SHRI DAHYABHAI V. PATEL: (Gujarat): In this oily country.

SHRI MULKA GOVINDA REDDY: . . . where oil plays a very important role in world politics. Defence and development are inconceivable without oil. There are three aspects of the problem—exploration, production and distribution of oil. In 1963, the total world production was ' 1,304- 55 million tonnes of crude oil out of which India produced 1.30 million tonnes.

SHRI DAHYABHAI V. PATEL: Mr. Vice-Chairman, may I point out that the Government Benches are totally empty? In the morning also . . .

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): Here is the Minister sitting.

SHRI DAHYABHAI V. PATEL: He is sitting on this side; so . . .

SHRI BHUPESH GUPTA (West Bengal): After giving concessions to the oil companies, he is moving in the direction of the Swatantra Party but then, while moving to the right he will have to go through me.

SHRI DAHYABHAI V. PATEL: And he will get stuck up with the Communists.

THE VICE-CHAIRMAN (SHRI AKBAR ALI KHAN): But I see the Minister is here.

SHRI MULKA GOVINDA REDDY: Again in 1963, while the total proved reserves of oil in the world were 44,965 million tonnes, India's reserves were 95.78 million tonnes. World refining capacity was 1,298.41 million tonnes in 1962, and India's refining

capacity was 7.76 million tonnes in the same year. In 1947, 2 million tonnes of petroleum products were consumed in India, and in 1963 the consumption of petroleum products in India was 9.7 million tonnes, and it is estimated that 15 million tonnes will be required in 1966. In 1971, it is estimated that only 24 million tonnes will be consumed though the estimated demand will be 28 million tonnes. Our capacity in 1971 will be only 11 to 12 million tonnes.

From these figures you will realise, Mr. Vice-Chairman, that we have 'to go a long way in making India self-sufficient in the matter of oil. I commend the oil policy of the Government of India that they have been following all these years but, unfortunately, the progress in this direction is not commensurate with the demand; they could have done much better than what they have done all these years. The Committee on Public Undertakings has rightly commented that there was much more scope for recording a greater rate of progress than what has been done up till now by the Oil and Natural Gas Commission in India.

Mr. Vice-Chairman, we have three public sector refineries in India—the Gauhati refinery, the Barauni refinery, and the one in Gujarat, the Koyali refinery. Two of them have already gone into production; the other one is expected to go into production by the end of this month. The Minister will be able to enlighten us at what stage this particular refinery is now. Then three more refineries have been sanctioned—it may take some time to set foot these three new refineries, for them to go into production—and they are the Cochin refinery, the Madras refinery and the Haldia refinery. As the Minister has rightly pointed out in the statement, some more refineries will have to be established in other parts of the country, and a demand has already been made for an oil refinery in Mangalore, which has got all facilities, and I have

no doubt that in the course of a year or two that refinery in Mangalore will be established.

. The demand of the private refineries for expansion should not be accepted in view of the fact that the oil industry is a basic industry, a key industry, and the Government of India should establish all refineries in the public sector.

Mr. Vice-Chairman, I am glad to find that we have entered into a long-term agreement with the U.S.S.R. for supply of crude oil, which will be utilised for our refineries, apart from the crude oil that we extract from our own oil-fields. Ankleshwar is doing very well and more and more drilling should be undertaken. Now, whenever the question of getting some equipment for this purpose arises, the Finance Ministry comes in the way by cutting the foreign exchange that is required for the necessary equipment. Oil is a very important agent and we have got plenty of oil reserves in India, and we should be prepared to spend more money in exploring the oil areas, in putting up wells and in putting up more refineries, and whatever foreign exchange is needed for that purpose, it should be ungrudgingly sanctioned by the Finance Ministry. Otherwise, importing petroleum products will be a costlier affair. So spending some foreign exchange now for the purpose of equipment, etc., will be more desirable and will work out cheaper in the long run. The assistance from Rupee countries should be abundantly utilised; U.S.S.R. and Rumania have very willingly helped our oil industry and we must be grateful to them. There are other countries also which have evinced some interest in helping our country in building up this vital oil industry. I am also glad to find from the statement that we have entered into an agreement with Iran in getting the right for exploring the oil areas in that particular

country and some steps have also

been taken in India to explore whether there is oil available in the offshore areas of our country. Mr. Vice-Chairman, in order to meet the demands for oil, both for defence purposes and for our development purposes, we should take adequate steps to increase the output of oil and to have more refineries in our country.

I will now come to the question of distribution. In 1962 the prices of kerosene and diesel oil, particularly Kerosene, went up. At that time the hon. Minister in charge of this Ministry said that he would take adequate steps to see that the price of kerosene oil did not go up, and that kerosene oil would be made available at the control prices and also in adequate quantities. Somehow or other, the difficulty was tided over. But again this year, in May, June, July and August, a crisis occurred. The price of kerosene rose abnormally. The price of diesel oil also rose up abnormally. One litre of diesel oil was not available even if you paid a rupee for a litre of it. This was not peculiar to any area where the Indian Oil Corporation had no distributing agency. This crisis was found in almost all parts of the country. Even in the Kashmir Valley, trucks which were utilising 25,000 tons per month were obliged to use only 5,000 tons because of this shortage. In Mysore State from which I come, it was very difficult to obtain either kerosene at controlled prices or diesel oil at controlled prices. Many of the bus services had to be suspended. Many of the trucks had to suspend operation. Even the diesel oil that was necessary for lift irrigation pumps was not available. There was faulty distribution system. It is no consolation to be told by the hon. Minister that in certain areas where this shortage was noticed, they took effective steps. I know that some of the foreign companies which had the sole distribution agencies all these years, did not co-operate with the Government and also with the Indian Oil

[Shri Mulka Govinda Reddy:] Corporation. But the Government failed to take adequate steps to organise—distribution. This Indian Oil Corporation was established in the year 1959 and it was established for a purpose, namely, of taking control of the entire distribution system. I would like to ask the hon. Minister why he was not taking adequate steps to organise distribution in a fairly good way and in a big way. Now to say that we had no proper distribution in certain areas and so there was shortage of diesel oil and kerosene and the crisis occurred, is no use. Permit me to say, Mr. Vice-Chairman, that in most parts of the country, one petrol pump dealer gets more than Rs. 10,000 per month as black money out of the sales that he made in diesel oil. A tin of kerosene oil was sold for not less than Rs. 20. Such was the acute shortage that the people had to pay through their nose for kerosene. And kerosene was also utilised because of the acute shortage of diesel oil which was also in short supply, for running trucks and buses.

The hon. Minister has stated in his statement here that the imports arranged by the Indian Oil Corporation from the Soviet Union were substantially larger than the previous imports by the private companies and the country had an adequate supply of kerosene and diesel oil in May-June, 1965. This, I submit, Sir, is a very incorrect statement and a misleading statement. The first part of it is correct, namely, that the imports of crude oil from the U.S.S.R. were much larger than the previous imports.

THE MINISTER OF PETROLEUM AND CHEMICALS (SHRI HUMAYUN KABIR) : There was no such import of crude at all.

SHRI MULKA GOVINDA REDDY: But this is what is stated in this statement.

SHRI A. D. MANI (Madhya Pradesh): Kerosene and diesel oil.

SHRI MULKA GOVINDA REDDY: It is stated here:

"Since the imports arranged by Indian Oil Corporation from the Soviet Union were substantially larger than the previous imports by the private companies, the country had an adequate supply of Kerosene and Diesel oil in May-June, 1965".

SHRI HUMAYUN KABIR: That is quite right. But it has nothing to do with crude.

SHRI MULKA GOVINDA REDDY: I am also referring to kerosene and I say that in spite of this large import, both kerosene and diesel were not available. Most of the leading newspapers in the country without exception, commented that this acute shortage could have been prevented if proper steps had been taken by the Government. It is true that a warning was issued that powers were being taken under the Defence of India Rules to implement the proposals of the Government. But at no time were the Defence of India Rules utilised to arrest this blackmarketing in kerosene and diesel oil, and to my knowledge nobody was arrested and detained under the Defence of India Rules for having violated the controls and for having indulged in black-marketing in these things. Even today the position has not eased in certain parts of the country. I would, therefore, request the hon. Minister to take adequate steps to see that there is a proper and well organised distribution system so that the Government's machinery or the distribution machinery of the Indian Oil Corporation, does not break down when a similar situation arises and they should be in position to cope with the situation.

I am glad to find from the statement that the production of diesel oil will be sufficient at the end of our Third Five Year Plan, to meet the demands of the country. But the demand for kerosene is going up day by day and the Minister, according

to this statement, says that even at the end of the Fourth Plan it may not be possible to meet the needs of the country. So something more radical must be done in order to see that we get the required petroleum products for our defence purposes and for the development of our country.

Thank you.

The question was proposed.

SHRI M. GOVINDA REDDY <Mysore>: I am glad, Sir, that the mover commends the policy of the Government with regard to oil exploration and development. As he has said, oil is vital to the needs of the country. In the past we know how oil had brought miraculous prosperity to several countries. It has changed the destinies of nations and no less has it been the cause of wars. Oil has also changed the fate of wars. It has not brought an unmixed blessing to the world, but we in this country hope that with the dawn of independence we have entered this new field and that this will give us an unmixed blessing. We are on the right path. The House knows, Sir, that this is an entirely new field for us. The know-how in matters of exploration, methods of production, operation of the drilling equipment and even storing and distribution, let alone refining, is a new thing to us so that when the hon. mover offered criticism supported by the remarks of the Public Undertakings j Committee we have to view it in its j realistic aspect. I am a Member of the Public Undertakings Committee and I am one who has gone into this question at great length along with the other Members. We have to consider one fact. It is true that the Oil and Natural Gas Commission did not fare as well as was expected. That was in the nature of things. The planning was not adequate because we did not have trained people and we did not have technical personnel and equipment. No doubt, as he has said, things could have been much

better. There is always scope for improvement. However perfect the machinery may be, however perfect our attempts may be, there will always be scope for improvement and much more so here, there was scope for improvement but considering the fact that the Commission was labouring under so many handicaps that was excusable and now I have no doubt that it is on the right path that it has turned the corner and that hereafter it is sure to make progress.

Taking first the question of exploration, I am happy—this House is happy—to note that we have a very bright future. In fact, as the hon. mover said, our resources are good and our attempts at exploration and exploitation are also fairly successful and as he has very rightly commented, Ankleshwar is our crown in our production. It has done tremendously well; the other fields are also doing tremendously well and- we are very happy to note that this work is in the hands of a Minister who has got devotion and who has drive in him. That is what is needed most in our country. With drive and devotion, one can do wonders when there are resources to be developed or exploited. I have, therefore, no doubt that the oil policy adumbrated in the statement laid by the Minister on the Table of the House on the 16th August needs the support of this House and needs all encouragement. I wish the Ministry—his Ministry and the Commission—good luck in this new and vast experiment.

I will now take up, Sir, the ques\*-tion of distribution on which the hon. mover has offered some criticism. It is true that there were some hardships caused by shortages that had occurred in the country for a relatively very short period but the Min-is'ry had very wisely anticipated these shortages and had, therefore, forestalled these shortages so that tie supplies should not fall far short if the demand. They were handicapped because of the shortage of free

[Shri M. Govinda Reddy.] exchange allocations. In October, 1964, for the first time, the free allocation of exchange was restricted for importing petroleum products and again in March, 1965, this allocation was very severely reduced. Expecting that there would be a shortage both of kerosene and diesel, the Ministry entered into an agreement, as the hon. mover himself has said, with the U.S.S.R. and arranged for the imports of these commodities to cover more than the anticipated needs of the country. In fact, the import was for a quantity twenty-five per cent, more than the requirement. In fact, we had adequate supplies of both diesel and kerosene. What was responsible for the shortages was not lack of supplies but only faulty distribution for one thing, as the hon. mover has said, and for the other, in some places, due to circumstances beyond their control, beyond the control of the distributing authorities. The Minister's statement says that, for instances, in Kerala shortage was experienced due to the tanks of the Indian Oil Corporation being under repair for some time. Hence, they could not store oil products there and this resulted in a shortage there. Similarly, in regard to diesel, in Saurashtra, the Gujarat Refinery was in the offing and there was, therefore, no provision for tanks there. They had not been completed and therefore a shortage was felt there. This was the thing but wherever the Indian Oil Corporation had made arrangements, there was no shortage experienced at all.

The nature of the Indian mercantile community is such that whoever has an opportunity of selling goods, he would have the profit motive first and whenever there is an opportunity, he would create an artificial shortage and then sell the goods in the black-market. Government seems to have realised this because wherever they did not have pumping arrangements which automatically marks the rates they made efforts to instal them so

that whether it was petroleum or motor spirit or diesel oil, it could be sold through these pumps thus avoiding any chance for charging black-market rates. The only thing they could do was to say that they had no stocks. The greed of our business community is such—pardon me for saying so—that at times like this it makes profits, whenever there is shortage felt. It is true that in some areas there was shortage but the Government was fully aware of these shortages. Wherever complaints came, it tried to remedy the situation by taking action. Government tried to see that these international oil companies got their quota increased by taking the rupee exchange product but when they did not agree to take Soviet Oil, Government tried to regulate movement. It directed the international oil companies to move their products to a given area. I think they also imposed some restrictions on these oil companies and asked them to submit monthly and perhaps weekly reports also to the Ministry as to their movements, the quantities supplied and the area to which they are supplied. Copies of these statements were not only sent to the States' Ministries but also to several other authorities so that one would know exactly how much oil was moved, where it was moved and wherever there was shortage they could pinpoint and find out who was responsible, to which company that particular area was allocated. The Government, when these shortages were experienced, also assumed powers under the Defence of India Rules. But a question was asked as to how many people were prosecuted for violating these Rules, It is in the hands of the State Governments; I do not think the Centre can prosecute people for violating orders in places where the State Government have powers.

SHRI P. K. KUMARAN (Andhra Pradesh): That is not an excuse.

SHRI M- GVINDA REDDY: What can the Centre do? The Centre can

only direct the States to be vigilant about the observance of these Rules and I believe that the Centre has taken every care to see that wherever shortages occur, either they are remedied soon or action is taken wherever complaints of blackmarketing have come in. That is of course the only thing that one could do from the Centre. Now, we have got this experience in the matter of food that is going under the nose of the Central Ministers, rice is being sold in black-market. After all, how far can one go? Of course, the police can pick them out and prosecute them if they come to know but the police is not supposed to raid every shop, every godown and every lane and find out who is selling at blackmarket rates. It is impossible in the nature of things. So I do not think that this blame can be laid at the door of the Central Ministry. Therefore actually there was no shortage of supplies; there was only some hitch in distribution for which there were some causes, for which the international companies were also responsible to some extent, but it was corrected later on and any disobedience or violation of these Rules was counteracted by arming themselves with powers.

Now with regard to the broad outlines of the policy I would like to know from the hon. Minister something. I do not know if our policy is very clear-cut as to how far we are going in the matter of production of petroleum products. Then there is the production of middle distillates; whether we are surplus now or we will soon be in the production of middle distillates I do not know. I think now we are surplus in the matter of petrol or motor spirit and perhaps we are likely to be surplus in naphtha also. I do not know if it is not possible for the Ministry to co-ordinate with the Finance Ministry to see that when there is excess production of gasoline the consumption of petrol is encouraged within the country. Now there is the tax disincentive on the

consumption of petrol I do not know if this could be remedied that way. If there is no tax disincentive, more petrol could be consumed. I think there is the possibility of increasing the scope of consumption of diesel but then we are in short supply of diesel.

SHRI N. SRI RAMA REDDY: (Mysore) : Only the other day an enhancement of taxes took place.

SHRI M. GOVINDA REDDY: That is true. That is why I am urging the hon. Minister to give thought to this—he may have given thought to it—to see if it is possible to co-ordinate with the Finance Ministry. Either we must put an end to the production of more motor spirit and divert to production of other petroleum products restricting the quantity of motor spirit production or we must see that the motor spirit that is produced in the country is consumed.

With regard to naphtha, I do not know the future of naphtha. My information is that we are going to be surplus very soon. What is going to be its future? So far as kerosene is concerned, of course, we are not producing enough kerosene and more and more efforts will be made to produce kerosene. Our attempts ought to be in that direction to increase the production of kerosene. With regard to the end products, fertiliser production is of course now receiving a great deal of attention at the hands of the Ministry and I think the Government is paying adequate attention to that side. As far as fuel oil is concerned, we are now importing fuel. There is abundance of coal with us and whether coal could replace fuel oil is one of the questions to be considered.

I must congratulate the Ministry for the saving in foreign exchange to the extent of Rs. 9½ crores by several means by increasing the crude supply of Ankleshwar to the refineries by getting the international companies to reduce the price of

[Shri M. Govinda Reddy.] crude oil. By 1975, the import of commercial energy is estimated by One agency to be of the value of Rs. 200 crores and if we can develop our own commercial energy we can save a huge amount of foreign ex-Change. In the end, I congratulate the Ministry for doing very well in this field and I wish them well in their efforts.

SHRI A. D. MANI: Mr. Vice-Chairman, Sir, may I, while taking part in this debate, congratulate the hon. Minister on taking energetic steps to secure middle distillates like kerosene and diesel oil during the recent fuel shortage in the country. The hon. mover of the motion, Mr. Govinda Reddy, spoke in terms of our exploiting our own crude resources and his line of thinking was that we should as far as possible be independent in this matter and not be heavily dependent on foreign imports. Sir, recently a remarkable document was published, namely, the Report of the Energy Survey Committee which went into the forecast of all types of energy including petrol and kerosene. It has been stated as a result of the findings of this Committee that if the index number in 1960-61 for petroleum products was 100, taken as the base figure, in 1970-71 it will be 303, in 1975-76 it will be 504 and in 1980-81 it will be 844. In 1960-61, 94.5 per cent of our oil consumption was derived from imports and only 5.5 per cent was indigenous production. As the years go on and as motor traffic develops in this country there will be very heavy demand for diesel oil. I am surprised that the Minister of Petroleum has not advised the Railway Ministry to go slow with the dieselisation of locomotives because we will be heavily depending on imported products. If we are not in a position to discourage the use of diesel oil for purposes for which other forms of energy are available, we may run into serious shortage of middle distillates in 1970-71. A question was asked by my friend as to why we should dis-

courage the use of diesel oil. According to estimates, India will require 24 million tons of crude oil in 1970-71 and some 30 to 40 million tons in 1975-76. The Indian production of crude oil is 16 million tons and it is expected to be 10 million tons in the course of the next ten years. We will have to import as much as 70 million tons of crude oil in the future. It is not possible to think in terms of complete self-sufficiency because our crude oil resources are not as plentiful as those of the Middle East.

Now, the question that I would like to place before the Ministry is while we have done very well in getting kerosene and middle distillates from the Soviet Union for which I should like to express the thanks of the country to the Soviet Union for helping us out of this difficulty, there should be a clear and firm policy in regard to the supply of crude oil in the future. Sir, the Damle Committee went into the question of crude oil prices and there is also another working group headed by Mr. Talukdar whose Report has been submitted. Parts of this Report have appeared in the Press but I do not think that this Report has been placed on the Table. While it is quite clear that the oil companies operating in India have been deriving substantial benefits in the past in respect of profits on posted crude oil prices, there are certain developments which have recently taken place in the Middle-East to which I would like to draw the attention of the hon. Minister. In Geneva on August 23, the Organisation of Petroleum Exporting Countries called OPEC met to consider the question of the decline of oil prices by giving producing countries for the first time a say in how much oil is to be taken from individual countries. This is not an organisation of oil companies. This is an organisation of the representatives of oil-producing Governments. Recently Egypt has joined the oil club and efforts are now going on in Cairo, on which I should like the

Minister to throw some light, to have a Pan-Arab petroleum organisation, which will be more or less guided by our good friend in Egypt. The idea is that these petroleum exporting countries must derive the largest royalty from oil. We need not, therefore, expect a spectacular fall in the price of crude oil in the near future. The OPEC, which met in Geneva, said:—

"Although posted crude oil prices have been steady since they were 'unilaterally' reduced by major oil companies in 1960, actual sales prices have continued their downward spiral."

The OPEC says further:—

"This competition is one of the principal causes for the deterioration of prices and the measures called for by the resolution were designed to put a break on such competition."

The point that I am trying to make is that while the oil companies are not prepared to disclose their cost structure, a new complication has come in regard to crude oil prices, namely, the anxiety of the exporting countries themselves, represented by their Governments, to arrest the fall in prices. I would respectfully suggest to the Minister, in view of the fact that the OPEC has come into existence and is gathering strength and the people themselves are asking not on a 50:50 basis division of royalty but on a 75:25 basis, the Government should have a representative of the Oil Ministry in the Middle-East to have contact with the oil-producing countries and the Governments of oil-producing countries.

The second point I would like to make is that the statement refers to a basic assumption that the refineries should always use crude oil produced by Government. Since there is going to be an actual shortage of middle distillates and we may have to import as much as 17 million tonnes, I would suggest to the Government an examination of the subject whether we

should not invite some of the Middle-East Governments to take part in the equity participation of our oil ventures. For example, if the Government of Iran through the National Iranian Oil Company is to hold a 25 per cent or 30 per cent share in our refineries, that is not going to detract from our national sovereignty. We will be at least assured of supplies of crude from this source in view of the fact that there is going to be an acute shortage of fuel in the near future. Now, this would be a basic departure from the policies we have so far followed, namely, of treating the public sector as belonging only to the Government. Since oil is an international affair, there is no harm whatever in our entering into honourable agreements with the representatives of the Middle-East countries who are, after all, our political friends, so that their interest in these refineries may be maintained.

The other point that I would like to mention is that in regard to the prices themselves an allegation has been made and I say it is an allegation. These allegations have to be taken serious note of because they get very wide international currency, it is that the oil companies in India operate on a margin of one per cent. According to ESSO, which has put out a pamphlet on the subject, 47 per cent of its proceeds is on the cost of goods, 10 per cent for operating expenses, 41 per cent on taxes, 0.8 per cent on depreciation and only one per cent is profit. I may mention that the statement that India is the heaviest and highest taxed nation in the world probably by Mr. Palkiwala has had the most damaging effect on international opinion. When these figures are put out in official documents provided by the oil companies, it is necessary that Government should examine this question whether these figures are correct. I am not sure that they are correct, but if they are correct any question of oil pricing should take into consideration the fact that in the so-called capitalist countries like the United States where the return expected by industries is as much as

loan n, u. mani.j 17 per cent and they expect 13 per cent from oil, it is not possible for us with the declared policy of socialism; as the goal of our policy to agree to L. 13 per cent return. The Bonus Commission has fixed an eight per cent return as a proper return on the capital invested. This was done at the instance of the Government. The Bonus Commission's original recommendation was, if my friend Mr. Govinda Reddy, would correct me, would bear me out, about 6 per cent on equity capital and 4 per cent on working capital. If it is true that they are getting only one per cent and, therefore, they will be edged out of the market, this is a matter which should be taken into consideration.

The third point that I would like to make in this debate is while we are interested in reducing crude oil prices and making fuel available to all Indian customers, we are also interested in the sale price pattern. What has happened to the price of kerosene? In spite of the efforts of the Damle Committee, which worked on a 'cost plus' formula in getting a discount on crude oil prices; it has not been passed on to the consumer. According to one calculation the rate of taxation on kerosene has increased by about 347 per cent. There is a non-recoverable duty which is imposed on petrol and on middle distillates. That should be made available to the Indian consumer, because it will be obviously a futile policy for Government to follow—to get on the one hand a reduction in crude oil prices and on the other not giving the benefit to the consumer.

There is only one final point that I would like to make and that is my hon. friend, Mr. Mulka Govinda Reddy, spoke about our oil reserves and my hon. friend, Mr. M. Govinda Reddy, also spoke about Ankleshwar being our crown. I need not speak much on this because I have taken a very critical line about him in the past, but the country will be under a debt of gratitude to Mr. K. D. Malaviya for the vision with which he pursued the production and taking of oil from Ank-

leshwar. But even the most optimistic estimates place the Assam oil reserves at fifty million tonnes and the Gujarat oil at fifty million tonnes. So, it is not likely that we can raise the indigenous production, unless we are going to have fresh strikes of oil in other regions of the country.

There is another point that I would like to make and that is regarding petrol pumps. Members must have read in the papers that on account of discount secured on crude oil prices by some petrol stations in England, girls clad in 'bikini' are selling it at a discount. I am not suggesting that this should be followed here. But there is certainly a case for having an ancillary industry for manufacturing meters for these petrol stations. I am afraid we are woefully short of these petrol pumps and these have to be imported from abroad. It is possible for the Ministry of Petroleum to regard it as a part of their work and try to assemble the machinery first to make petrol pumps. The statement speaks about refinery machinery being made in India. While I approve of this, the first priority should be for the manufacture of petrol pumps in India.

Finally I would request the Minister to advise all departments concerned to save kerosene and heavy diesel oil. It is possible for all the trucks to go back to petrol spirit so that the drain on foreign exchange may be reduced.

SHRI ARJUN ARORA (Uttar Pradesh): Mr. Vice-Chairman, I thank my friend, Mr. Reddy, for raising this discussion. Oil was once upon a time a much discussed subject in this House. Our present Minister is fortunate, and the result is that ever since he took charge of the subject, oil is not frequently discussed in this House or in the country. Even my friend, Mr. Mani, who has today seen the wisdom and vision of Mr. K. D. Malaviya, is more friendly to the present Minister and more sympathetically disposed towards the present Minister than he was towards Mr.

K. D. Malaviya when Mr. Malaviya was in office. I am however glad that wisdom has dawned *on my friend*— better late than never. The herculean and pioneer work done by Mr. Malaviya is recognised by all concerned including my friend opposite who till 1963 left no opportunity of attacking him in season and out of season.

SHRI A. D. MANI: Not on oil policy. I always paid tributes to him on that.

SHRI ARJUN ARORA: My friend is alarmed at what the Arab countries are doing or are likely to do. I am not at all alarmed at that. It is good that oil-producing Arab countries have become conscious of their wealth. So far the black gold found in Arab countries has been utilised to enrich the oil interests in America, Britain and other countries. It is only proper that the Arab countries should demand more royalties and be prepared to end the concessions of the Western oil interests if they are not prepared to pay proper royalties.

My friend, Mr. Mani, reminded us of the Bonus Commission. May I remind him of something pertaining to bonus in the oil industry? Bonus is always given on the basis of profits made by any company or any industry. The oil industry in the country is the only industry which has times without number gone before industrial tribunals and labour courts in the matter of bonus and refused to show their account books not only to the unions but also to the tribunals. They have, on their own showing, confessed that they have unlimited capacity to pay and have always pleaded for a smaller quantum of bonus merely because of the effect that a high rate of bonus in the industry may have on other industries. Even before the high-powered Bonus Commission, the oil interests did not come with their balance sheets, did not show a paper pertaining to their accounts and confessed their capacity to pay. That is where they stand. So my friend, Mr. Mani, need not be

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afraid of any curtailment in the rate of bonus in the oil distribution industry merely because the Bonus Commission has recommended something or the Bonus Ordinance says something. The oil interests in India, the Western oil companies working in India have confessed that they have an unlimited capacity to pay.

Mr. Vice-Chairman, at the moment let us try to consider the situation that the country was faced with from May to July. In the present acute foreign exchange shortage every effort should be made to conserve our foreign exchange, and I am glad that the Finance Minister held the view that this country would spare no foreign exchange during April-September period for importing oil, and the crisis through which the country passed was not because there was world shortage of oil or even because there was shortage in this country of diesel, fuel oil and kerosene. The crisis was man-made. It was company-made, and the crisis occurred because of the Government's refusal to permit the Western oil interests to continue their imports. I think it was a correct step that they took, and if some people in the country or many people in the country suffered during the last summer, the policy remains correct; only those guilty people, guilty companies who created the artificial crisis should have been dealt with a little more strictly than they have been. The question arises that the Government should have known earlier than May that it will not import oil at the cost of scarce foreign exchange. The Government should have also foreseen the reaction of the Western oil companies, the foreign oil companies, who have been looting this country since times unknown.

SHRI A. D. MANI: Other countries also.

SHRI ARJUN ARORA: And many other countries also. We should have foreseen it, and the Government should have built its own machinery of distribution a little better. There

[Shri Arjun Arora] is no doubt that the performance of the Indian Oil Corporation during this summer was commendable. It is also well known and it is a significant fact that the shortages occurred only in those pockets of the country where the Indian Oil Corporation did not have its distribution arrangements. I feel that the Government should have foreseen this artificial crisis and the Indian Oil Corporation should have been given more facilities. It is a very unfortunate thing that the Indian Oil Corporation finds it difficult to get sites for its petrol pumps, for its diesel pumps. Times without number the Government of India had issued directives to the State Governments and local authorities to help the Indian Oil Corporation to get sites, but during this summer also when this country was facing acute scarcity created by maldistribution, which was a result of the deliberate sabotage of the Western oil companies, the Indian Oil Corporation found it difficult to get proper sites. That is something over which the Government should think more energetically and bring about greater co-ordination between its activities and those of the State Governments.

4 P.M.

Sir, the artificial crisis which this country faced in the matter of diesel oil and kerosene last summer was very significant and the most remarkable fact is that the area of Saurashtra where our troops were meeting the Pak invasion in the Rann of Kutch was also a victim of the machinations of the foreign oil companies. It is the same oil companies which operate in this country; the same foreign oil companies operate in Pakistan. In Pakistan they were supplying oil to the troops which were fighting this country, and in this country they chose Saurashtra as one of the areas where to create an artificial crisis. This is something which is not merely a part of our oil policy, but also a part of our defence policy. Some-

thing which may affect the survival of our independence—that we should not rely on these foreign oil companies for any supplies to our defence forces and the sooner we get rid of our dependence on them on any aspect of our supplies for our defence forces, the better. The crisis was created by them by refusing to handle the petroleum products obtained from Socialist countries. Now, it is well known that these companies do handle the petroleum products imported from Yugoslavia. Yugoslavia is also a communist country; Yugoslavia is also one of the friendly countries which have their trade in terms of rupee with us. But while they willingly handle Yugoslav imports, they refuse to handle the Soviet imports, only to create a crisis in this country and force the hands of the Government. I congratulate the Government, and particularly the Minister, for not yielding to the conspiratorial methods of the foreign oil companies and for holding his ground firmly. He took certain powers under the Defence of India Rules; it is unfortunate that he did not use them. But the mere fact that he took those powers had a lesson for the very powerful oil companies which were indulging in sabotage and were deliberately creating pockets of scarcity in the country.

As far as the oil wealth of the country is concerned, my friend, Mr. Mani, should have no doubts about it. There is no risk of acute scarcity in 1971 if we properly develop our resources right from now. Of course, if we neglect our resources, there will be scarcity tomorrow. Sir, in this connection, it is worth while recalling that on the 13th January, 1961, our late leader, the then Prime Minister, Shri Jawaharlal Nehru, said in his opening speech at the National Development Council—

"This country will have near self-sufficiency in oil by 1963."

Of course, he emphasised the need for properly organising production.

The year 1966 is not very far off, hardly six months hence. But we are nowhere near self-sufficiency. That is because we have failed to develop our resources, and that is something to which I take this opportunity to draw the attention not only of the Government but of the country. As far as our resources are concerned, early this year, in January, the Soviet Minister for Geology and Mineral Resources, Mr. Sidorenko, was on a visit to this country and he said that India had over six billion tonnes of oil and gas reserves yet to be exploited. Of course, even while mentioning these vast oil and gas reserves which this country has, he was cautious, and he said that it was a far cry from geological discovery to commercial exploitation. Once geological discovery has been made, we are sure of the existence of the black gold and reaching the stage of full commercial exploitation of our oil reserves is only a matter of effort which should be properly organised.

It is a matter of gratification that the Indian Oil Corporation is making good progress. For certain periods in 1955 its sales were double those of the corresponding periods in 1964. And the very fact that during the crisis this summer the Indian Oil Corporation was able to open make-shift filling stations in almost all the parts of the country, indicates that the Indian Oil Corporation has the ability and the resources to establish a countrywide network. Only, these resources have to be properly harnessed and energised.

Sir, I will not take much of the time of the House, but I want to ask the Minister a few pertinent questions. This crisis was created by the foreign oil companies because we adopted certain policies regarding imports during the > April-September period. Now, the April-September period will come to an end after 29 days. What is going to be the policy for the October-March period? That should be announced. I am sure that the correct policy will be to continue

this policy of not wasting valuable foreign exchange for importing certain things which we can get on a rupee payment basis. So, the Minister should take this opportunity, the opportunity of this discussion today, and declare that during the October-March period the same policy about imports will continue, and he should right from today take steps to ensure that the sabotage indulged in by the foreign oil companies in May and June this year is not repeated in the coming period. We should also be told when the Indian Oil Corporation will have a countrywide network of distribution. I take this opportunity to warn the Minister that the oil companies may appear co-operative today, but there is no guarantee that they will behave always. The fact that the Minister has gone out of the way to declare that there is no intention to nationalise the foreign-owned refineries and companies is a dangerous thing. The method of appeasement never pays. It did not pay Chamberlain and it will not pay Mr. Humayun Kabir.

Sir, if the Government and those responsible for our oil policy are unable to lead us to self-sufficiency in 1966, we should like to know whether they are in a position to give us an assurance that by the end of the Fourth Plan this country will be self-sufficient in the matter of petroleum products. They should be able to give that assurance because, as I pointed out, the resources are there. The Gangetic Valley, the Fort Canning area, the Cauvery Basin have oil. That oil must be exploited along with the oil in Assam and Gujarat that is being exploited. Thank you.

SHRI P. K. KUMARAN: Mr. Vice-Chairman, this statement is a very formal statement, I should say, even a mildly-worded statement, but it reveals, rather conceals—I am not sure which word is more apt—the struggle that was going on between our Government and the foreign oil companies in India. Mr. M. Govinda

[Shri P. K. Kumaran.] Reddy has said that the shortage, in the Cochin area was caused because the Indian Oil installation tank there was under repairs. This repair of the I. O. C. installation in Cochin was not the cause for shortage; that was only the occasion. That time I was specially selected by the oil companies to control the supplies. The Minister has himself stated in the statement that the areas where the I. O. C. is not having its distributing system, were selected to bring about shortage. I have also read in the papers that while there was shortage of petroleum in Bhopal, just 200 miles away in Satna there were stocks to last a month. So this shortage was artificially created. Shri Arjun Arora has already gone over all this ground and I do not want to repeat it. But this was the latest phase of struggle where the oil companies operating in India were trying by force to reverse the policy which the Government of India had laid down.

Sir, this is not the first time they have done so. First time they refused to refine the crude oil which we imported from the Soviet Union. Now they want to know the source of the latest agreement for supply of aviation spirit. He said that we have come to agreement with a Western country where they have agreed to supply aviation spirit at 24 per cent, less. I have seen reports to the effect, that we will be getting aviation spirit at Rs. 30 less per ton than what we are getting now. The companies necessarily want to know the source so as to influence or persuade them not to supply at this rate. Sir, this struggle between the foreign oil companies and ourselves is bound to go on until we create ample capacity in our country not only to produce oil but also to refine and distribute it.

After our experience over the last two years, ever since we started producing our own oil, what is the conclusion that the Ministry and the Minister have come to? They say,

"the Indian Oil Corporation has done exceedingly well" and he congratulated them. I agree. "But it must consistently concentrate on judicious investment of our scarce resources and should extend their marketing operations so as to control a major part of the business as soon as possible. Once this happens, the I. O. C. relations with other companies will be placed on sound basis". The idea is that the I. O. C. should create more capacity to distribute the oil products in India.

Now, what about the facilities? Last year our consumption of oil products was 8 million tonnes. The total consumption in India was 12 million tonnes according to the figures available with me. We have already got the target of refining 115 million tonnes. So the question of expanding the capacity for refining oil has to be decided after utilising the full capacity that is already available. They have devised a method by which the new refining capacity should be installed in particular areas. Only after that the question of private capacity should come in.

As far as the distribution system is concerned, out of the 9,000 odd distributing centres in India the Indian Oil Company has got only about 1,000. Expanding the distributing capacity means a lot of investment. Underground tanks will have to be installed. Pipelines have got to be laid which means a heavy investment. The question is whether we should go in for increasing the distributing capacity of the Indian Oil Co. or we should take over the existing capacity. There is enough capacity which has not been utilised properly: it was mis-utilised. The foreign oil companies, whenever they got the opportunity, misutilised it. My proposal is that immediately, without any delay, the distributing capacity of the oil depots in India should be taken over by the Indian Oil Co. I am not asking them to directly nationalise it. You can take it over on a nominal rent or whatever it is. I would personally

prefer nationalising it, there is no doubt about it. So instead of creating surplus capacity for oil distribution, wasting money, energy and foreign exchange, I would like the Government to take over the existing distribution system.

Sir, as far as the other things are concerned, Mr. Arjun Arora has covered a number of points. I do not want to repeat them here. But one thing has got to be studied. Ever since we started producing oil, our oil industry has been coming across these things. In order to sustain our economy, the only remedy is to nationalise it. In order to *Keep* it in good shape the entire oil industry has got to be nationalised although immediately I would advise the Minister to take over the distributing system.

Sir, Mr. Mani advised the Railways to go slow in the process of utilising diesel oil. Mr. Mani does not perhaps know that after the introduction of this electro diesel engines on the railways they are now running block trains right from Dhanbad to Ahmedabad at one stretch carrying 80 to 120 vehicles which hitherto used to take about 3 to 4 trains.

SHRI A. D. MANI: What is going to happen to our coal?

SHRI P. K. KUMARAN: Coal has got to be converted into other forms of energy. I know of a system. From GCOitakal to Madras, a section which passes over several hills, a goods train hitherto used to carry only 40 vehicles with 500 or 700 tonnes of goods. Now with diesel engine it is carrying 80 vehicles with 1,200 to 1,500 tonnes of goods. So the question of slowing down the diesel on railways does not arise. We must find out source? for manufacturing more diesel oil in India and put it to better use so that our economy improves. If in the meantime we can depend upon friendly countries, who have come to our rescue in the past, it should be welcome. Mr. Mani expressed some

anxiety on the part of Middle-Eastern or Western countries . . .

SHRI A. D. MANI: Middle-East is different from West Asian.

SHRI P. K. KUMARAN: All right, West Asian countries.

Here their problem is different. These Mid-east or West Asian countries who produce oil are also being exploited. Their royalty is being taken away. Here also, as Mr. Arora mentioned, they do not show accounts. They are also suffering. So with the co-operation of the Mid-east countries if we can come to an understanding with them, we will be able to place our oil industry on a better footing until our own industry develops. So this anxiety of the Mid-east countries to improve and get more return out of their own production need not icontra-dict, in the present context of our oil industry, our oil interests. So it is better for our Government to come to an understanding and fight the Western oil monopolies in India. Finally, I would stress again that the final solution is nationalisation of the entire oil industry in India.

[THE VICE-CHAIRMAN (SHRI M. BHARGAVA) in the Chair]

SHRI I. K. GUJRAL (Delhi): It does not happen very often that we get in this House an opportunity to discuss the oil policy in all its implications. Therefore I am glad that an opportunity has been afforded by the Minister to day to let us talk something about the policy of the Government. It is not very fortunate that this discussion has emanated as a result of the mighty challenge that was posed by the foreign oil companies early this summer. Ever since India started on its own oil policy, ever since we have started exploring, refining and distributing, we have always been apprehensive of the attitude of the foreign oil companies and we should have known it very much earlier that this was bound to come. The struggle was very much intense-

Hi! Pn7i>,,

[Shri I. K. Gujral.] fled as a result of the 1961 Oil Prices Committee report and I would only like to quote to you a couple of quotations from a pamphlet distributed by the ESSO called 'Oil Profits and Prices'. If it had only tried to put across its line of argument that the profit being afforded to them, that is 12 per cent, on the capital invested, was less than what they desired, perhaps it would have been understandable, if not appreciated, but they have gone very much further. They have said and permit me to quote:

"It should not be assumed that an oil company or any other commercial enterprise would be willing to go on indefinitely with unreasonable returns when the 'unreasonableness' is the result of overt control action rather than deficiencies on its part, and without the prospect of earning a reasonable return."

I think if the cat was to be let out, it did. The main purpose of the oil companies is that they are not satisfied with the amount of profit which the Government was offering them and the amount of profit offered was 12 per cent, on the capital invested. It goes further—I quote again:

"It would indeed be a great loss to humanity if a great country like India having so much need for investment of vast amount, of capital and managerial and technical resources (some of which must come from abroad, and much of which must be provided in foreign exchange), were to follow a course of action which could reasonably be predicted to constrict investment in a major industry and as a national consequence . . . ."

Please mark the words:

"as a natural consequence thereof discourage new investors in other industries."

Never, I think, had a threat been posed to Indian economy in so clear a

language. We have been clearly told that if we do not fall in line, if we do not permit them to make profit and to exploit this country as much as they would wish to, then not only would the oil countries try to strangle our entire economy but they will try to see that the foreign investment in this country does not come, that the foreign aid does not come. From another page of the same pamphlet, I quote again:

"Price control is thus adversely-affecting the incentives for future investment, not only in the petroleum business but in other business who see what is happening to petroleum."

What is happening to petroleum? That is a question which I pose to you for consideration. What is happening to petroleum is that India is, in its own independence, refusing to be exploited. What is happening to petroleum to-day is that we want to decide from where we shall import ourselves. What is happening to petroleum is that we would like to tell all those companies which function in this country what oil they shall process. Once we've told them early this summer, then the struggle started and this warning by ESSO—I think it represents almost all the oil interests in its tone and in its contention—"Should make us get up and decide what shall be our policy. I am thankful to Mr. Man! that he has told us that for quite some time India will have to import. Yes, I agree with him—that India will have to import, although I do not wish we should have to import for a long time. But if we are to import, we must decide what our import policy shall be and starting with the next period, I would request the Minister that not only must he announce that he shall choose his own source of supply—he must make it very clear that every time and in every period—but it shall be the Government's last word as to from which country the crude shall be imported. Once he has decided whether it be the Soviet Union,

Mid-east or any other country, having decided that, let us put a clause in all the Refineries' Agreements and let us make it a law for all the oil distributing companies, that they shall have to fall in line and what happened early this summer shall not be repeated again. I hope not only will the Minister revise the agreement that is existing now but also all the future agreements that we may have to make with other oil companies or with other parties in the sphere of refineries.

I have gone through the statement of the Minister with very great care. He has enumerated the steps that he took to meet the challenge and I think he met it fairly effectively. Although there was hardship—there were cries of shortages from all parts of the country and buses had to stop functioning because of shortage of diesel, and kerosene also did cause hardship in many houses—but I think that should make all of us get up and realise how our economy and how our daily life can be strangled by the conspiracy of a few companies. How did it happen, after all, that overnight there was a shortage after the Ministry announced that they shall now require the refineries to refine the oil imported from the Soviet Union? It was obviously an attitude to teach us a lesson and if we have refused to learn the lesson which they wanted to teach us, let us now take at least an attitude that no one in the future shall dare to tell us what shall be our oil policy and what shall be our import policy in this context.

I would also like to request the Minister that at this stage we might sit up and revise our slight drift in the policy towards the refineries and the collaborations that we are trying to make. The Minister said that now the policy is that in the sphere of refineries we are trying to collaborate with the private parties and in this collaboration we are trying to set up new refineries. In the first instance, I am not sure if in the next two or three years we need the setting up of

new refineries because I think the installed capacity of our present refineries can meet the need for some time but even if we have to set up new refineries, I think collaboration is one such thing which we should not encourage and all the refineries that he proposes to set up should be purely in the public sector because ultimately it is realised—it is not a call because somebody else has said in this House whose views may be dissimilar with ours—but it is because a stage has to come when we will have to nationalise the industry and since we will have to nationalise the industry sooner or later, let us not create more difficulties for ourselves by creating new collaborations particularly in the sphere of refineries. Why should we collaborate? I think know-how is not the problem now. The problem may be the capital and for capital we should rather take to aid or even loan rather than collaboration because in collaboration the difficulty will always be there. Whether the refinery is solely owned by the private enterprise of the Western type or in collaboration with some of the Western firms, I think the difficulties will always be there. Therefore we should not encourage this and we might revise and decide once for all that no new refineries shall be set up in this country in collaboration with anybody. If collaboration has to be made, then the collaboration should not be with the private parties. It can be with a Government. I do appreciate it, if, for instance, we can set up a refinery here in collaboration with the Government of Iran, or in collaboration with any other friendly Government, but not in collaboration with any private party.

I would also like that we should learn a lesson in this context from the challenge that was posed to us. Friends may suggest that in France and in Italy, where the Government is only controlling 30 per cent of the oil interests there, they are able to dictate policies. But I think that is not an example for us to follow. France and Italy have an economic strength

[Shri I. K. Gujral.] which can withstand pressures from outside and the Western powers do not and dare not particularly today, tell France what policy they shall follow, because not only their economic strength but also their political structure and approach is such that the Western powers, be it through oil or through direct diplomacy, dare not tell them what they shall do. Therefore, to be told that France and Italy, by only controlling 30 to 40 per cent of the oil interests, are able to decide for themselves what policy the private enterprise shall also follow, will not be able to show us the way. If historically we have to learn a lesson let us learn the lesson of Mexico. Mexico's independence started when they got themselves freed from the clutches of the Western oil interests, particularly American oil interests, and I think we need not repeat the history; we need not go through the same process to learn our lesson.

Having said that, Sir, and having said that the consumer did face considerable hardship early this year, I would also like to repeat one of the suggestions which one hon. Member made here, namely, that the price policy should also be revised so that the consumer gets some benefit, and even in the sphere of kerosene oil alone, for instance, I had an occasion to go to Kashmir last week into the deep jungles of Kashmir, and particularly in the far remote corners of Kashmir, at a place like Kishtwar for instance, kerosene oil has become very expensive; it is being sold—you will be surprised to hear—from Rs. 16 to Rs. 18 per tin.

SHRI A. D. MANI: It is because of the 300 per cent tax they levy.

SHRI I. K. GUJRAL: I agree with that, and therefore the common man in the street has not yet felt the benefit of India having undertaken its own oil exploration, its own refining and its own distribution. Let him realise that, when India comes into its own, that when India starts such initiative, the benefit will be passed on

to the consumer. Therefore I hope the hon. Minister will take up this point with the Finance Ministry also and revise the entire oil pricing policy.

I want to mention another point and that is about the organisation of the Oil and Natural Gas Commission. When the set-up of the Oil and Natural Gas Commission was conceived, we had thought that it would be something on the pattern of the Railway Board, where the members would be chosen on the basis of their particular speciality, that is, that the Chairman may be an administrator but others would be experts in their own spheres of exploration, refining or distribution. But, unfortunately, as happens generally in this country—with the passage of time, we have seen that the Oil and Natural Gas Commission has become the monopoly of the administrators, and today almost all the members are either I.C.S. or I.A.S., and the expert has become a lackey, as if they possessed the know-how on oil. Therefore I think this is one point which needs definite looking into.

And now, Sir, I also wish to draw the attention of the hon. Minister to a very sensational rumour, which I heard two days ago and I would like the Minister either to deny it from the floor of this House, or let us know what the position is. I am told that the Kutch trouble was not only because the Pakistan Government suspected that the marsh of Kutch had some oil possibilities but also because—this is being rumoured increasingly—some geological survey maps of the Oil and Natural Gas Commission slipped into the hands of Pakistan. I am told that an inquiry has been ordered. I would like to know more details on this point, whether it is a fact or it is not and, if it is a fact, then what steps have been taken.

Sir, oil policy and its execution always decides the fate of a country, and be it in the sphere of foreign policy, or be it in the sphere of home policy, it has been seen that in the

twentieth century particularly—and even in the last century—vital control and distribution of this source of energy has decided the policy, I am for friendly collaboration with oil producing countries and Governments, because that way we build friendships and understanding with them for our mutual benefit, by our foreign policy, and I would like that the content of independence should be felt particularly in the oil policy, and the content of independence can be felt only after we are absolutely independent in all stages of oil—production, refining and distribution—and also on the benefit to the consumer.

Thank you.

श्री विमलकुमार मन्नालालजी चौराङ्गिया : (मध्य प्रदेश) : उपसभाध्यक्ष महोदय, जो वक्तव्य विचारार्थ लाया गया, वह वास्तव में बहुत महत्व का है और इस तेल के युग में किसी भी राष्ट्र की औद्योगिक एवं तांत्रिक प्रगति की इससे अनुभूति की जा सकती है कि जो राष्ट्र जितना तेल खपत करता है उतना ही उस राष्ट्र के औद्योगिक एवं तांत्रिक विकास का अनुमान लगाया जा सकता है।

हमने करोड़ों रुपया तेल के बारे में आत्म निर्भर बनने पर खर्च किया है, किन्तु अब भी हम आत्म निर्भर नहीं हो पाये हैं और मुझे इसमें सन्देह है कि चौथी पंचवर्षीय योजना में भी हम इस बारे में आत्म निर्भर बन सकेंगे या नहीं ? हमारा लक्ष्य इस बारे में स्पष्ट होना चाहिये क्योंकि इसका मुख्य कारण यह है कि रक्षा की दृष्टि से, विदेशी मुद्रा की दृष्टि से, हमको इस बारे में आत्म निर्भर बन जाना चाहिये नहीं तो हम बड़ी कठिनाइयों में पड़ जायेंगे। इस दृष्टि से यह अत्यन्त आवश्यक है कि जहाँ तक हमारे देश में तेल का सवाल है, उसके बारे में हम जितनी जल्दी आत्म निर्भर हो जायें उतना हमारे देश के हित में है।

लेकिन मैं यह निवेदन करना चाहता हूँ। कि अभी पिछले मई, जून में हमारे सारे देश में तेल की कमी पड़ गई। सारे राष्ट्र में उत्तर से लेकर दक्षिण तक तेल के बारे में हाहाकार

मच गया। श्रीनगर में तेल की कमी थी, कोचीन में तेल की कमी थी, गुजरात में तेल की कमी थी, दिल्ली में तेल की कमी थी और इस तरह से सारे देश में हर प्रान्त में इसकी कमी हो गई। हमारे मन्त्री जी अपने वक्तव्य में कहते हैं कि :

"There should have been no shortage even afterwards, as adequate supplies of Kerosene and Diesel Oil from the USSR had already been assured."

खाली एश्योरेंस पर विचारण करके सप्लाई हो गया होता तो सारे राष्ट्र में तेल फ़ैल गया होता और पेट्रोल तथा डीजल पम्पों में पहुँच गया होता। लेकिन इस तरह की कल्पना से तेल नहीं पहुँचता है और न ऐसी बात ही हुई क्योंकि ये सारे अखबार बतलाते हैं कि सारे राष्ट्र में पिछले मई, जून में तेल की कितनी कमी हो गई थी। मैं आपके सामने उनके कुछ उदाहरण रखने जा रहा हूँ :

"Die. el Oil Shortage Hits UP. Transport Services" This is from Mussoorie under date June 14.

"Shortage of Diesel Oil Hits Road Transport" This is from New Delhi under date June 14.

"Goods Stocks Piling Up at Transport Company Office.." This is from Meerut under date June 15.

"Hundreds of More Vehicles Off Road" This is from New Delhi under date June 15.

इस तरह की बातें सारे हिन्दुस्तान के अखबारों ने लिखीं और सब स्थानों पर ट्रक्स ब मोटरें बन्द थीं। इसका मूल कारण यह था कि हमारे जो तेल मिनिस्टर हैं उन्होंने अपनी अव्यवस्था के कारण, इनके मन्त्रालय ने अपनी अव्यवस्था के कारण, इस तरह की स्थिति पैदा कर दी कि लोगों को पम्प पर डीजल और पेट्रोल नहीं मिल सका। इस सारी गड़बड़ी का मुख्य कारण हमारे मन्त्री जी यह बतलाते हैं और स्टेटमेंट में यह कहते हैं :

[श्री विमलकुमार मन्नालालजी चौरडिया]

since the imports arranged by Indian Oil Corporation from the Soviet Union were substantially larger than the previous imports by the private companies, the country had an adequate supply of Kerosene

and Diesel oil in May-June, 1965."

लेकिन दूसरी ओर जब हम देखते हैं तो वह कहते हैं कि :

"Any shortage in any part of the country could therefore be ascribed only to faulty distribution."

इस तरह से हमारे मन्त्री जी तथा उनका मन्त्रालय अपनी गलती को छिपाने के लिए वितरण पर दोष लगाते हैं। गड़बड़ी तो उनके मन्त्रालय ने की और उसकी सजा वे वितरण करने वालों को दे रहे हैं। लेकिन मैं यह निवेदन करना चाहता हूँ कि अगर तेल की कमी थी और उन्हें मालूम हो गया था, तो इस तरह की व्यवस्था क्यों नहीं पहले से कर ली गई और कल्पना के साम्राज्य में हमारी सरकार क्यों घूमती रही? अगर आप उनके स्टेटमेंट के मूल में जाइये तो आपको पेज 1 में मिलेगा जिसमें उन्होंने मूल कारण बतलाया है कि :

"Since October 1964, allocations of free resources for import of deficit petroleum products have been severely reduced because of shortage of foreign exchange."

इस तरह से यह मालूम होता है कि तेल की मात्रा कम मंगाने की जो कार्यवाही की गई है वह जानबूझ कर की गई है और उसके लिए भी सरकार ने कोई उचित व्यवस्था नहीं की, यह उचित मालूम नहीं देता है। एक तरफ तो सरकार कहती है कि तेल की सप्लाई में कोई कमी नहीं आयेगी और दूसरी तरफ अपना कर्तव्य पूरी तरह से नहीं निभाती है, यह उचित प्रतीत नहीं होता है।

सरकार कहती है कि हमारी पालिसी अच्छी है इस तरह के कहने से काम चलने वाला नहीं है। आप फारेन एक्सचेंज में बचत की बात करते हैं लेकिन इस तरह की गड़बड़ियाँ करके आप अपने लक्ष्य को प्राप्त नहीं कर सकेंगे। मैं आपसे निवेदन करना चाहता हूँ

कि पिछले मई-जून के महीने में तेल के बारे में सारे देश में जो कमी हो गई थी उसकी वजह से ट्रक तथा मोटर मालिकों के अपनी गाड़ियों में डीजल तथा पेट्रोल के बजाय मिट्टी के तेल का इस्तेमाल किया और इस तरह से गाड़ियाँ चलाई। इसका परिणाम यह हुआ कि गाड़ियों के नोजल पम्पस खराब हो गये और उनको ठीक करने में 700 या 800 रु० खर्च करना पड़ा। अब आप कल्पना कीजिये कि कितने लोगों ने नोजल पम्पस खरीदे होंगे और कितना रुपया फारेन एक्सचेंज के रूप में गया होगा क्या आपने इस बात की कभी कल्पना की? आपकी बुद्धिमानी की वजह से और थोड़ी सी भूल की वजह से लोगों का तथा राष्ट्र का इतना नुकसान हुआ तथा फारेन एक्सचेंज गया जिसकी कि हमें सक्त जरूरत है। आपकी अव्यवस्था के कारण एक स्थान से दूसरे स्थान तक अनाज नहीं जा सका, यात्री एक स्थान से दूसरे स्थान तक नहीं जा सके और कई किस्म का सामान नहीं जा सका। आप लोगों की जरा सी गड़बड़ी की वजह से जनता का इतना नुकसान हो गया और इस तरह की बातें सहनीय नहीं हैं। इस तरह से मैं यह चाहूँगा कि हमारा शासन सब से पहले यह लक्ष्य लेकर के चले और अपना यह ठीक एस्टीमेट बना ले कि हमारे राष्ट्र को कितने तेल की आवश्यकता है और यह आवश्यकता तय करने के बाद यह नहीं देखे कि चूंकि अरोड़ा साहब इस कम्पनी की मदद कर रहे हैं, इस लिये इस से मदद नहीं लें, और चूंकि मणि साहब इस कम्पनी की मदद कर रहे हैं, इस लिये इससे जरूर मदद लेंगे। यह देखने की कोई आवश्यकता नहीं है। हमारे राष्ट्र के लिये क्या हित में है, इस दृष्टिकोण को सामने रख कर के हमारे देश की आवश्यकताएँ पूरी होनी चाहियें। हम जो चाहें शर्तें लगा दें कि हमारा पेमेंट रुपी में होगा या हमारा पेमेंट इस तरह से होगा, ऐसी शर्तों के साथ जो भी हमारे राष्ट्र की आवश्यकताओं को पूरा करने वाला हो, उसके साथ हमें कोलैबोरेट करना

चाहिये, उसके यहां से हमें तेल इम्पोर्ट करना चाहिये और अपनी आवश्यकताएं पूरी करनी चाहियें।

जहां तक कोलंबोरेशन का सवाल है, हमारे कुछ मित्र इस पक्ष के हैं कि हमें चाहे भूखे रहना पड़े, हमारे यहां पर चाहे तेल न हो, हमारे यहां के कारखाने चाहे बन्द हो जायें, तो भी चिंता नहीं है, तो भी कोलंबोरेशन नहीं करेंगे, नई कम्पनी का एक्सपैशन नहीं करेंगे। मेरी समझ में नहीं आता है कि अगर आज हमारे पेट में भूख लगी है और अगर हम राष्ट्रीयकरण की इतनी दुहाई देते हैं, तो क्या कारण है कि हम अमेरिका का गेहूं अपने पेट में डाले जाते हैं कारण यह है कि हम भूखे रह नहीं सकते। तो अपनी आवश्यकताओं को करने के लिये जब तक हम अपने आप में मैल्फ-मफिशियन्ट नहीं होते, आत्मनिर्भर नहीं होते, जिस से भी हम को सहयोग मिले, हमें बराबर लेना चाहिये और उसके लेने में हमें कोई आपत्ति नहीं होनी चाहिये।

सुरक्षा की दलील दी गई कि यदि हमारे यहां पर प्राइवेट कम्पनियां बड़ीं तो सुरक्षा में गड़बड़ हो जायगी। हमारी सरकार को अगर आप इतना कमजोर मानते हैं, तो इस दृष्टि से मैं कुछ नहीं कह सकता, मगर मैं यह जानता हूं कि अगर कोई राष्ट्र की सुरक्षा में गड़बड़ करेगा, तो वह हटा दिया जा सकता है और उससे सब कुछ छीन लिया जा सकता है। किसी तरह की उसके लिये राह नहीं देखी जा सकती है कि तुम्हारी यह कम्पनी है, तुमने इतना इनवेस्ट किया है, तुमने ऐसा किया है, इसलिये तुम्हारे साथ कुछ नहीं किया जायगा। तो इस तरह का भय खाने से, 'डाय इन दी मेन्जर' वाली पालिसी रखने से कि हम खायें भी नहीं और खाने भी न दें और हमारे देश के बेचारे गरीब लोगों के घरों में दिये भी न जलें तो कोई चिन्ता नहीं, इस तरह की नीति अपनाने से काम नहीं चलेगा।

**श्री अर्जुन अरोड़ा :** कच्छ की लड़ाई के समय तेल की कमी सौराष्ट्र में थी। तो उनकी चीजें ले ली जानी चाहियें या नहीं ?

**श्री विमलकुमार मन्नालालजी चौरड़िया :** मेरा यह निवेदन है कि पहले तो उनके खिलाफ ऐसी कार्यवाही करनी चाहिये कि वे याद करें, छठी का दूध याद आ जाय। फिर अगर वे काम करने का तैयार हैं, तो हमने कसम नहीं खा रखी है कि अगर कोई काम करने को तैयार हो...

**श्री आई० के० गुजराल :** तेल दूसरी जगह से आये और छठी का दूध हमें याद आ गया।

**श्री विमलकुमार मन्नालालजी चौरड़िया :** आप तो डबल टॉन्ड मिल्क पीकर के बड़े मस्त हो रहे हैं। आप को छठी का दूध क्या याद आयेगा।

हमारे शासन को कीमतों की ओर ध्यान देना अत्यन्त आवश्यक है क्योंकि कीमतें बढ़ती जा रही हैं। कीमतें ऐसी न हो जायें कि उससे आदमियों पर भार बढ़ता जाय और फिर हमारे किसान जो डीजल आयल से पानी का पम्प चलाते हैं, उनका पम्प चलना भी बंद हो जाय और चाहे किसी की मॉबिलिटी बन्द हो, यह राष्ट्र के लिये ठीक निशान नहीं है, राष्ट्र की तरक्की में बाधक है। इस दृष्टि से कीमतों पर भी नियंत्रण होना चाहिये और ठीक कीमतें रहें, इस ओर ध्यान देना अत्यन्त आवश्यक है। गरीब के किरासीन आयल का भाव भी बढ़ता जा रहा है और अब मार्केट में उसके मिलने में भी जरा कठिनाई पड़ती है। वैसे आपका भाव होगा सात-आठ रुपया प्रति टिन, मगर बाजार में वह करीब ग्यारह रुपया चल रहा है। यह सारी कमी और यह सारी गलती जो हुई है, यह आपके स्वप्न लोक में विचरण करने से हुई है। आपने इसकी कल्पना नहीं की थी। जहां आपका ऐग्रीमेंट हो गया, आप यह समझ गये कि यू० एस० एस० आर० से हमारा सारा माल आ जायगा। मगर वह माल जब तक आता नहीं तब तक काम चलता नहीं। इसी कमी की वजह से सारी गड़बड़ी हुई है। इस लिये इस चीज को ध्यान में रखना चाहिये कि राष्ट्र का हित किस में है। यह मणि साहब हैं, यह अरोड़ा साहब हैं, इसको ध्यान में रखने की आवश्यकता

[श्री विमलकुमार मन्ना लालजी चौरड़िया]  
नहीं है। राष्ट्र की आवश्यकताएं पूरी हों  
और हमारी शक्तें पूरी हों, इन बातों को ध्यान  
में रख कर आशा है आप काम करेंगे और  
अपनी नीति अपनायेंगे, यही मेरा निवे-  
दन है।

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : I have got two more speakers in the list with me. If the House is prepared to sit for an hour more I will call them. Otherwise I will call the hon. Minister.

SHRI SANTOKH SINGH (Delhi) : I will be very brief.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : Yes.

SHRI SANTOKH SINGH : I must thank you very much, Sir, for giving me this chance.

AN HON. MEMBER : You offered.

SHRI SANTOKH SINGH : Still it is good to thank the Chair. Sir, earlier Mr. Kumaran said that all his points had already been robbed. As a matter of fact, all the points, have been exhausted. I have been robbed of. So there is nothing much to be said. Therefore, I have offered myself to take only five minutes and if the hon. Minister will give me the right to act as Minister for a little time, I will try to reply to some of the points raised by hon. Members on my right and left.

AN HON. MEMBER : You want it?

SHRI SANTOKH SINGH : For five minutes only.

श्री विमलकुमार मन्ना लालजी चौरड़िया :  
कब मिनिस्टर बन रहे हैं ?

SHRI SANTOKH SINGH : I am not actually becoming.

Sir, the mover of the motion sought a clarification about the expansion of the private sector. Certainly we are

not going to allow them to expand any further. They are all situated in Bombay, these private refineries and we have our policy of setting up refineries in such a way that we locate them at places where crude oil is to be found. Therefore, the question of expanding them further does not arise.

The hon. Member Mr. M. Govinda Reddy said that he did not know what was going to be the future of naphtha. Sir, as a scientist, I would say . . .

SHRI ARJUN ARORA : A scientist of repute.

SHRI SANTOKH SINGH : Not of repute in this line but certainly I do poke my nose in other lines apart from dyestuffs. I may point out that naphtha has very great potentialities in our country and also in countries abroad. For example, it is used for making polythylene for which our capacity is going to be not less than one lakh tons by about 1970-71. Similarly for polyvinyl chloride the capacity is going to be one lakh tons. And for polystyrene the capacity will be 35,000 tons. Now in Kolach they are making acetylene from calcium carbide and then making polyvinyl chloride and the capacity is 20,000 tons. Naphtha can be used for this in future. So naphtha has great potentialities in the future and that is the answer to the question asked by Mr. M. Govinda Reddy as to what will be its future. One more use of naphtha is in the making of fertilizers. Fertilizers are of the greatest need in our country and naphtha is one of the sources for making fertilizers. Out of Rs. 80 worth of naphtha we are going to make fertilizer worth Rs. 4003. So these are some of the uses of naphtha.

Mr. Arjun Arora discussed the foreign exchange position and said that from April to September import licences were not made available to importers. I may point out that this is the position not only for these companies but it is the position for all the industries and all the actual user\*.

Up to this day, the 1st day of September, nobody has got any import licence whatsoever to run any industry. And it has been said by Mr. Arora that in future also import licences should not be given.

SHRI ARJUN ARORA: Only in the case of oil. I confined my remarks only to oil.

SHRI SANTOKH SINGH: Sir the foreign exchange position of our country has reached such a stage that our reserves have fallen below Rs. 70 crores and it is much below the danger mark. I doubt if free foreign exchange is going to be made available to any industry not only now but for some time to come also.

SHRI A. D. MANI: But foreign tours are available.

SHRI SANTOKH SINGH: Mr. Arjun Arora mentioned the Pak. invasion also. But I would like to correct him and say that it was not "Pak" invasion but "*napak*" invasion.

Mr. Arora mentioned also that the Yugoslavia stuff was being handled by these companies but not the U.S.S.R. stuff which was being imported. Sir, the U.S.S.R. prices are always political and so these companies in the private sector are always afraid of what might happen in the future, if they handled this stuff. That is the reason for their not handling this U.S.S.R. stuff.

SHRI I. K. GUJRAL: That is a justification.

SHRI SANTOKH SINGH: It was certainly not a justification from the point of view of the country but it was a suggestion by those companies. Mr. Gujral wanted a holiday in respect of the setting up of refineries. I am inclined to agree with him although as a scientist I should not, because setting up of refineries or any industries is good and asking for a holiday in respect of those matters is

a dangerous thing. Our country is too big with a population of four hundred million people and our target is for six hundred million to be realised in the not distant future and so asking for any such holiday in respect of such industries is not desirable.

I now come to my subjects.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : You wanted only five minutes and you have already taken six minutes.

SHRI SANTOKH SINGH: That was only to prompt you to give me a chance.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA): You cannot do that. The House will not be prepared to sit very long.

SHRI SANTOKH SINGH: Two minutes more, Sir.

Sir, it has been said that because of the non-availability of import licences these companies refused to handle the stuff from the U.S.S.R. which resulted in an artificial shortage especially in Kerala and Saurashtra.

SHRI MULKA GOVINDA REDDY: In Uttar Pradesh, Mysore . . .

SHRI SANTOKH SINGH: I belong to the private sector but I am dead against the private sector creating these artificial shortages; but at the same time, I would like to ask the Minister as to what happened in Punjab. I had a chance to visit Punjab and I found buses and trucks parked on the wayside because there was no diesel oil to run them. What was the reason for this failure? Was it due to lack of tank capacity or what I would like to know this.

Coming to the question of production, I would like to say that our consumption by 1970-71 is expected to reach the figure of twenty-seven million tons and you know the enormous sum that would be required to under-

[Shri Santokh Singh] take this job of prospecting for oil and for refining it. I am against foreign collaboration and for the last three and a half years that I have been here, I have been speaking against it, but setting up refineries and prospecting for and exploration of oil etc., are all jobs that require a huge amount of money apart from the technical know-how and efficiency. At this stage of our need and looking to the future of the oil industry and the vitality of this product, I am not against foreign collaboration in this respect but, with the know-how that we have gained, we should go on fabricating our own machinery for refining purposes, I would not venture on prospecting or exploration because they are difficult jobs—but not for refining. Distribution is an ordinary thing. We must pay greater attention to the refining side and fabricate the machinery required for it ourselves.

These are the few points that I wanted to make. There are other problems . . .

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA): You can deal with them at some other time.

SHRI SANTOKH SINGH: . . . but I will take some other opportunity; but I hope at that time too I will not be the last, the eighth speaker.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA): That always happens with fixed-time Resolutions. Yes, Kumari Shanta Vashist. Would you like to take five or six minutes?

KUMARI SHANTA VASISHT (Delhi): Five minutes would do for me. Sir.

Mr. Vice-Chairman, I wish to congratulate the Ministry for the way in which this situation has been handled, particularly during the crisis which was experienced recently. I think they have gone a very good job of it and after the initial discomfort and panick confidence was restored

by the manner of handling of the job by Government. That has been an encouraging feature of the situation and I congratulate them for that.

I am sorry that the private oil companies did create an artificial shortage, which hit the people hard and I would like to point out briefly that there is necessity for the Indian Oil Company to get a greater amount of co-operation and support from the Government offices, State Government offices and the various public sector projects. They have been in the habit of buying from other companies. I am sure that Government has again and again, the Oil Ministry in particular has, sent circulars asking all the Government offices and departments to patronise the Indian Oil Company and its products and I think greater efforts should be made to see that they do so. There are so many offices which still do not buy from the Indian Oil Company. It is necessary that at this stage of its development, the Indian Oil Company should be extended all help and patronage that it richly deserves.

One of the Members from the Opposition said that one particular oil company has been making only one per cent, profit. If we go into the cost structure, we would find a large amount of wastage of money by way of flying advertisement material from abroad which could very easily have been printed and distributed here. There are also other types of payments which they make to various people here to see that the private oil companies are allowed to compete against the Indian Oil Company. They make huge payments to various parties and people to see that the Indian Oil Company does not come up. The oil companies issued a booklet for which the Ministry had to issue contradiction. If they go on spending money like this, paying people and sections and organisations to promote their business interests, rightly or wrongly, naturally they would have to show only one per cent, as profit. As a matter of fact, if they want

they can go further and show a loss percentage. That, however, is not the way to run a business though it certainly is the way to manipulate the cost structure. So, I do not have much sympathy for that sort of people in that they are able to make only one per cent, profit. If they want to waste their money, it is entirely their lookout. I wish the Indian Oil Company would put up more pumps as soon as possible because I find people are always going to the Indian Oil Company installations and are using them. It is a good thing that they are getting very good service too.

Prices have been reduced twice. I do not know whether my information is correct or not but I am told that in certain cases the importers, the wholesalers and the retailers in the private oil field are all one and the same persons or one person in three different concerns. They perhaps have three different concerns but it is the same person or organisation who is connected with the import, the wholesale trade and the retail trade so that there is "much scope for speculation and manipulation in respect of prices. They can cut down this much or that much and so much more because the import, the wholesale and the retail trader—the three are all in the same hands or in three different names but controlled by one. I am glad that the Ministry has been able to get two concessions within the last few months which is to the credit of the Ministry in handling this matter in a very proper and useful manner and I want to extend my congratulations to them. Oil has really made history in our country, the oil exploration work and the work relating to the exploration and distribution of gas as well as the refining and distribution part of it. There has been shown remarkable progress which some decades ago would not have been expected. Nobody could have expected that there would be oil in our country. I am glad that India has been put on the international oil map and is showing very great progress.

5 P.M.

SHRI HUMAYUN KABIR: Mr. Vice-Chairman, I am grateful to all Members who have taken part in the discussion. It has been on the whole a very friendly discussion and even my hon. friend, Mr. Chordia, was friendly excepting for a very brief period when he got a little excited about distribution and price of kerosene and diesel oil. One friend seemed to regret that there is nowadays no such controversy as there used to be about oil. Well, I am grateful to the Members of this House and also of the other place that generally they have always been friendly; not only in this particular charge which I am now handling but in the other charges also they have always been considerate and even if they have made any criticisms, they have been generally constructive and friendly and that has been my experience today as well.

Now, a very large number of points have been raised and if I wanted to deal with each of them separately, it would take longer than would be advisable at this late hour of the day. I would therefore take these criticisms in groups and if I do not refer to individual Members by name, it is only in order to save time.

I will start with the Oil and Natural Gas Commission because all oil policy starts with crude. Unless there is crude to refine, there cannot be any oil industry at all. So far as the Oil and Natural Gas Commission is concerned, I do not deny that in the past there have been reasons for criticism of its working and the references made in the Report of the Public Undertakings Committee also relate mostly to past activities. I think since the time we have had a whole-time Chairman for the Oil and Natural Gas Commission, there has been a great improvement in its functioning. Both in exploration and in production there has been a substantial increase. There was also a reference to the composition of the Commission. I was surprised by the remark because it is now only for the last year and half and specially since we have had

[Shri Humayun Kabir] a full time chairman that we have for the first time many technical experts who have been put on the Commission as Members in virtue of their special knowledge. I think after the death of the late Dr. Ghosh, who was a very valued Member of the Commission, for a long time we did not have enough technical representation on the Commission and that is now being rectified.

The Oil and Natural Gas Commission has set up a fairly ambitious target but it is a target which is also realistic. One hon. friend referred to the supposed 6,000 million tons of oil which is available in India. Nobody would be happier than I if that oil were found but it is one thing to hope that the oil is there and it is another thing to actually get that oil and produce it. It will perhaps surprise my hon. friend who made that remark to learn that the Soviet experts have advised us, when actual programmes of work were being drawn up, to be more cautious in assessments of production. It is no use just giving figures. When one is responsible, one should make statements which one is in a position to carry out and I think my hon. friends here know me sufficiently well to realise that I have not made any statement on the floor of the House which I have not tried to carry out or which I do not think can be carried out. All the same, there will be a rapid increase in the production of crude oil in the country. Our reserves are also larger than some hon. Members seem to fear. It is not only fifty plus fifty million tons but I think it will be more. We have found in Assam itself some additional reserves and we are hoping to find additional reserves in the Gujarat area. In the new areas which we are exploring, there are hopes of having fairly large supplies. We have also gone out of India—it is a recent development—and we are drilling in the off-shore areas of Iran where I believe the drilling has gone to about 3,500 metres already. Since at one stage it was proposed to abandon drilling at

3,000 metres, the very fact that drilling is still continuing and has gone beyond 3,500 metres and may go to 4,000 metres suggests that they may have found something. I cannot say anything definitely yet because hon. Members who have any knowledge of oil know that oil is a very tricky business and you cannot be sure of oil till you have actually found it. Without drilling, no amount of scientific data by themselves can give any guarantee of the existence of oil. I would therefore say that the Oil and Natural Gas Commission has done exceedingly well in recent months. It deserves our thanks and if there have been a few mistakes in the past, those mistakes are being increasingly rectified. Especially I think, over the last one year I have no reason to make any complaints about the functioning of the Oil and Natural Gas Commission and I hope the next year's Report of the Oil and Natural Gas Commission will be far more satisfactory, I will give only two examples of the improvements made.

When the Public Undertakings Committee looked into the working of the Oil and Natural Gas Commission there was a discrepancy of about Rs. 10 crores in respect of stores accounts. This was towards the end of 1963, and by the middle of 1965, this discrepancy had already been reduced to Rs. 3½ crores. Since then, I think about another crore has been accounted for and we hope to have these accounts straightened out before the end of the current financial year. The House will also be glad to hear that whereas in the past the annual accounts of the Oil and Natural Gas Commission were almost never ready in time, this year's account for 1964-65 has already been completed and has either been submitted to the Comptroller and Auditor-General or is in the process of submission within a few days. These indicate that the Oil and Natural Gas Commission has made considerable improvement and will continue to make still greater improvements in the coming years.

Then I come to the question of refineries. So far as refineries are concerned, here again I think India can be proud of what has been achieved in the last six or seven years. We are going ahead fast. One hon. friend—I think it was Mr. Mani—said that we should enter into partnership with friendly countries of Asia. We have already done so in one case. I am surprised that a person so well informed as Mr. Mani did not remember that the refinery that we are proposing to set up in Madras is in collaboration with the National Iranian Oil Company which is a hundred per cent Iranian Government concern. There is, of course another partner also. Similarly, when we are exploring for oil in the off-shore areas of Iran, there also the National Iranian Oil Company has substantial interest. We hope to enter into similar relationships with other friendly countries in the Middle East and the sooner we can get arrangements of this type, the happier we shall be. Hon. Members will however appreciate that in these matters a great deal of very delicate negotiations has to be undertaken and each country tries to look to its own interests as it ought to. Therefore, while we shall pursue this idea of friendly collaboration with countries in our neighbourhood, we shall also endeavour to see that the terms are as beneficial as possible to our national interests.

I would like to go back to the Oil and Natural Gas Commission just for one minute. I was surprised that so responsible and well-informed Member as Shri Gujral should refer to bazar rumours about geological maps of the Oil and Natural Gas Commission falling into the hands of Pakistan. I am astonished that a rumour like that should be mentioned on the floor of the House. After all, undivided India was one country till 1947.

THE VICE-CHAIRMAN (SHRI M. P. BHARGAVA) : Mr. Kabir, he has gone further and said that an enquiry has been ordered. You can deny that no enquiry has been ordered and that is an end of the matter.

SHRI HUMAYUN KABIR: No reports of any geological maps of Kutch having fallen into their hands have ever been received by us. Actually the Oil and Natural Gas Commission has not yet undertaken any detailed survey of that area. Only a surface geological study has been made and some gravity magnetic studies were being undertaken when this incident happened. As I said, undivided India was one country till 1947 and, therefore, it would be in the nature of things that some geological maps would be available to Pakistan. A thing like this, I submit, should not be given currency.

Coming back to refineries, we are trying to develop refineries as fast as possible but two hon. Members suggested that we should not build refineries. On the one hand, there is a demand for self-sufficiency and on the other, we are asked not to build refineries. These two demands contradict one another. Our consumption of petroleum products is going up fairly fast and by 1971 the crude oil which we shall need may be of the order of about 27 to 28 million tonnes and that will give us finished products of about 24 to 25 million tonnes. Our present capacity in the country is about 8 million tonnes in the private sector and at the moment we have about 7 to 7½ million tonnes in the public sector. Also, it is the policy of the Government to see that the public sector becomes the dominant partner and if the public sector is to become that dominant partner, obviously we must build more refineries in the public sector. Otherwise, this position cannot be achieved. I expect that by 1971 almost two-thirds of the total refining capacity in the country will be in the public sector.

SHRI A. D. MANI: What about the crude supply?

SHRI HUMAYUN KABIR: About the crude supply, as I said, our expectation is that probably about 8 to 10 million tonnes will be produced

[Shri Humayun Kabir.] within the country by 1971 and we hope to get something from the areas which we are exploring outside and we shall make arrangements.

Here I would like to clarify one point before the House. There is nothing wrong in importing crude as such, provided it is an economic advantage to the country. Almost all the European countries and even the United States, to a certain extent, import crude and they find that it is profitable. If this country is going to be an industrially developed country, if it is going to be a prosperous country, then we must import crude if we do not produce it within the country. It would be a very shortsighted policy and, in fact, it would be cutting our own nose to spit somebody else's face if we refuse to import crude and in this way retard not only the development of the petroleum industry in the country but also retard the development of an entire complex of new industries which are opening out in the world today. As my hon. friend, Mr. Santokh Singh, pointed out, the whole fertiliser complex depends on the development of the petrochemical industry. Without naphtha, we cannot develop the fertiliser industry on a large scale in this country. That is not all. The new petrochemical industries have opened out a vista which is almost unlimited, and through the petrochemical industry we can bring a new dynamism into the somewhat stagnant economy of our country. Petrochemicals can give us almost everything that we require, starting from substitutes for non-ferrous metals to the finest type of clothing apparel and even foodstuffs.

SHRI C. D. PANDE (Uttar Pradesh):  
Perfumes also.

SHRI HUMAYUN KABIR: Almost everything that man can think of. So, we propose to go ahead with refineries and the new refineries shall be, as I said, in the public sector. I find some hon. Members to be reluctant on collaboration. I do not know

what exactly they mean by it. Where we have minority partners and where the control is in the hands of the Government, there is no reason to be afraid of minority partnership with foreign parties. For some time to come, such collaboration will be necessary for two reasons. One is for technical reasons, because while there is no doubt that we have acquired a certain amount of information and technical know-how, the refinery industry is such a vast and complicated subject and the developments in other countries are so fast that we must keep in touch with them. The other and the more determining point is the question of foreign exchange. We cannot build these refineries without a certain amount of foreign exchange and for that foreign exchange a certain amount of collaboration may be required. So far as the refineries are concerned, the policy we have stated and to which many hon. Members have referred stands, namely, all new refineries shall be in the public sector, with collaboration wherever the terms are advantageous to India, and without collaboration wherever we can manage it. If the terms are not advantageous, then we may have, at some stage, to slow down the progress of construction, but at that stage the emphasis will be on the national interests of India and with that condition we shall go ahead with the construction of refineries.

Then, the last question is the question of distribution. It is the only point on which there was some heat generated. Here I would like, first of all, to state before the House what are the responsibilities of the Government of India and this Ministry. Our responsibility is to ensure that indigenous production from the refineries and the imports together are adequate for the requirements of the country. That is our primary responsibility and if we have failed in that responsibility, certainly this House has the right to take us to task. As I have pointed out, we have not failed in that task. At every stage we have

seen to it that indigenous production plus import; generally offered by the Soviet Union have been more than adequate for the requirements of the country.

I accept that we have a second responsibility also and that is to ensure that each supply area receives its share in an equitable manner. I would submit to the House that the second responsibility also we have carried out. There was difficulty for two weeks, as I said, and I myself admit it, but we should remember the order of the cut *on* foreign exchange. The order of cut in the first six months; of October 1964 to March, 1965 was between Rs. 5 and Rs. 10 crores of foreign exchange. The order of cut, again, between April, 1965 to September, 1965 is almost an equal amount. When the total allocation for any half-year is only roughly about Rs. 50 crores and if the net reduction is by about Rs. 5 to Rs. 10 crores, you can easily understand the impact. It was asked: Why did you not anticipate it? One reason for that is that these cuts are not generally indicated very much in advance and for obvious reasons, because it may lead to a certain amount of uncertainty and panic. Therefore, it is done only when it becomes inescapable. Also, till the last moment the Government goes on trying to get additional foreign exchange in order to ensure that essential supplies are maintained. It is only when it is finally proved that the foreign exchange is not there that the cuts are imposed. I would submit to the House that even with these cuts we were able to tackle the situation in about two weeks' time. I think some hon. friends were generous to appreciate that fact. I am sure that all hon. Members, when they consider it calmly, will feel that a very difficult situation was tackled fairly successfully.

Now comes the question of actual use by the consumer. This was a

point on which Mr. Chordia felt strongly and several other Members also raised it. I fully share their regret and disappointment that there should have been a shortage in any part of the country. It is certainly most unfortunate, but they must realise that retail trade is something which cannot be controlled by the Government of India and kerosene particularly is sold through retail trade. There are probably hundreds of thousands of dealers scattered all over the country. In any event, there is a Kerosene Price Control Order which is operated by the State Governments. They have to enforce it. Police is not with the Central Government. The distribution in the retail market is not with the Central Government. We have notified every State Government that supplies are being made available to the State and from June onwards this information was made available even to every District Collector in respect of the supplies and availability in his district. We had informed every State Government that if there was still any shortage or any difficulty, let us know. We shall try to overcome it. This House will probably be surprised to hear that very few complaints were received. So far as diesel oil is concerned, after the 15th of July, as far as I recollect, I do not think we have received any complaint. About kerosene only a few sporadic complaints were received, but the State Governments had the information. Every Monday a report is sent to the State Governments and to the District Collectors and, therefore, if any shortages were there and if they had informed us that the shortages were due to any failure on our part to see that the supplies were moved, we would have taken necessary action. Therefore, I would say that part of the anger of my hon. friend, Mr. Chordia, was misdirected. The anger was perhaps justified and I do not deny that, but it was directed towards the wrong end, not at those who are responsible but at those who are performing something else.

[Shri Humayun Kabir.]

In this connection, I will give you one or two figures. In terms of sale in July, 1964 the sale of kerosene was 251,972 kilo-litres; in July 1965 it was 264,660 kilo-litres. In other words, there was 5 per cent more actually sold in July 1965. There was therefore, I would again submit, no overall shortage in the country, but there were pockets of shortage due to maldistribution which was more a law/ and order problem, which was a problem to be dealt with by the State Governments, where we do not come into the picture. We are however keeping a watch and I think we shall be able to see with the co-operation of the State Governments that such shortages do not recur.

One very interesting suggestion was made by one hon. friend, and that is, instead of increasing our distribution centres of I.O.C. by setting up new installations, why not take over some of the existing installations either on lease or on rent or in some other way?

SHRI A. D. MANI: He said nationalise.

SHRI HUMAYUN KABIR: I will come to that in a minute. His suggestion is already under discussion. I may tell hon. friends that for some time now I have been thinking of some kind of national policy about retail distribution. At present, there are too many pumps and sometimes you will find pumps of the same company within a few yards of one another and certainly within a mile of one another. Also you will find a cluster of three pumps of three companies within a very short distance. I am thinking of rationalising this thing. I have given a hint to all the private companies that this kind of indiscriminate multiplication of pumps will not be allowed in future. We are working out a policy so that there can be some kind of rationale in distribution and the pumps which belong to different companies have

some ratio to the amount of petroleum products which they actually handle. That will also go a long way in meeting difficulties.

It was asked, why do we not nationalise immediately. Why do we not arrest people? I do not know if my hon. friend, Sir. Arora, has any experience of trade union activities. Perhaps he has, perhaps he has not. I have had fairly long experience of trade unions, and one of the things I learned during my trade union days was not to use an instrument or a weapon when you can get the result without using it. Strike is a most powerful weapon, so long as it is not actually used. The threat of strike is the most potent weapon the trade union has. But the moment that weapon is used, it loses in force. There is a rather interesting reference in the Mahabharata on this Ghatotkacha lost his life and Karna ultimately lost his life because he used *Ekaghni* ban at the wrong time on the wrong person. Karna had kept the *Ekaghni* ban only for Arjuna and if he had not been forced to use it against Ghatotkacha at the inappropriate time, perhaps the whole course of the battle of Kurukshetra would have been different.

My view about these matters is that Government took massive powers, such powers that the assumption of power in itself was enough to make the private oil companies feel that Government meant business. Hon. Members know that since that time there has not been any deviation. I do not share the fear of some hon. Members who think that the oil companies are more powerful than Government. Those days are gone. There was a time when certain oil companies felt that they could even dictate the foreign policy and the other policies of the most powerful Governments of the world. Today the smallest of Governments is more powerful than the most powerful oil company, and certainly India is nei-

ther a small country nor a weak country, and I do not share the fear of those who are today trembling before them. We will give them every facility to work so long as they work according to our rules. They know that if at any time they violate those rules, they will be pulled up in a constitutional and proper way.

India has the reputation Throughout the world of dealing fairly with all those who have come to this country, and that reputation of fair dealing shall always be there. But at the same time, I would also like to tell the oil companies that they should not give information which is incorrect. I was - astonished when the reference to 1 per cent profit was made here. I have the actual figures before me. On the refining side, Burmah-Shell made a profit of over 36 per cent in 1963; ESSO 17-41 per cent; Caltex 7 per cent. On the marketing side, Burmah-Shell made a profit of 14-72 per cent; ESSO 4-66 per cent; Caltex 4 per cent in 1963: On joint operations, Burmah-Shell made a profit of 19-93 per cent; ESSO 9:61 per cent; Cultex 4:9 per cent. Out of these three companies, if Burmah-Shell can make a profit of 20 per cent and the others, do not, it does not reflect any credit on their own efficiency. They should go about setting their own house in order. As 'my hon. friend, Kumari Shanta Vasishth, pointed out, if you are extravagant, if you waste money, then certainly you cannot expect to make large profits after wasting money in that way. The oil companies also know that so long as they play according to the rules, they will have nothing but fair treatment and generous treatment from this Government. But if they should ever violate any rule or do anything which is against the national interest, tft? will be taught a proper lesson.

There was some reference to the question of the fighting in Kutch and these oil companies. I think this was rather farfetched and imaginative. There was no shortage so far as the

Defence forces were concerned, and we shall see to it that shortages do not occur. It was an accident that it happened just at that time, but the temporary shortage has nothing to do with the Defence forces. Hon. Members should be absolutely certain in their mind that defence requirements will have priority over all other requirements. Defence requirements will be met to the fullest extent and they are being met. If there is any reason to feel that defence activity would in any way be hindered by the activity of or any lack of co-operation on the part of anyone, "If there was a risk of that—Government will not allow any risk to develop, but if there was any risk—Government will not hesitate to take any action that would be necessary to avert any such possibility.

I think I have covered most of the points. There was one point, a sideline; I think it was Mr. Arora who raised it—He said why do these companies handle Yugoslav product but not Soviet product. The reason I think is very simple, because the Yugoslav products are not in very large bulk. Imports from Yugoslavia are in bulk products but mainly lubricants so that the impact on the total trade is not very large. Whatever the oil companies may say, their real opposition to Soviet products is due to economic and profit motive. They are afraid that if the Soviet oil comes in on a very large scale, to that extent their own profit; will be cut, but we have not allowed that to stand in our way.

In any case, the question of such imports will not be a very valid question for long. If hon. Member had read my statement carefully, they would have seen in it that I have said that so far as diesel is concerned, we shall be almost self-sufficient very soon. I think within about a year, we will be almost self-sufficient in diesel. In kerosene also our deficit

[Shri Humayun Kabir.] will be substantially reduced by 1971. But about petroleum products the major thing is that the demand has gone up at a rate which is almost geometric. Till 1961, the major source of energy in the industrial West was coal. In 1961, it became Petroleum for the first time, and now petroleum is fast leaving coal behind. This is the logic of the day. Technological developments have invaded this almost inevitable. If we want to keep up with the technological developments, if India does not want to fall behind, we will have to use petroleum products. That is why I said that this means increasing indigenous production as rapidly as possible, finding our own sources of supply either by drilling ourselves or by entering into agreements or contracts which are advantageous to us and in this way securing our own crude, and secondly developing refinery capacity within the country as fast as possible.

Some one had asked me: What about the other products, why only motor spirit? We are surplus in motor spirit today. As I said a moment ago, we shall soon be self-sufficient in high speed diesel oil. We shall increase considerably our production of kerosene. We are now thinking of setting up new lubricating plants. In fact, it is my hope that within perhaps the next ten years, in almost every type of petroleum product, this country, even if it is not entirely self-sufficient, will meet the major part of its requirements from its own production and that I think should be the target. No country in the world is perhaps—with one or two exceptions—completely self-sufficient. Even a country like the Soviet Union imports certain types of transformer oil and I think, even axle oil from Rumania, a certain part of it. Even a country like the United States imports certain very specialised products, certain types of catalysts and additives because in the economics in international trade, there are certain advantages of production in certain

developed areas. Therefore, this idea of complete self-sufficiency, that every country will produce everything, is wrong. If that happened, then international trade will come to a stop. That is certainly, I am sure, not.

SHRI ARJUN ARORA: What will the shipping companies do?

SHRI HUMAYUN KABIR: What will the shipping companies do? What will my hon. friend do? My hon. friend will also like to go round the world and if international communication, international trade, stops, there may be many dire consequences. So, as I said earlier, in refining also, we hope to be largely self-sufficient. So far as the major products are concerned—like motor spirit, High Speed Diesel Oil, and kerosene—by the end of the Fourth Plan, we will be largely self-sufficient. In furnace oil, we shall have to import for some time to come and there again we shall try to get it from the most profitable sources, wherever we find it, looking to the interests of the country at all times.

In distribution, the House will be glad to hear that Indian Oil has made really remarkable progress. The total sale of the IOC in 1962-63 was less than 65 lakh kilo-litres, in 1963-64 about 11-70 lakh kilo-litres, and in 1964-65 it was 17-20 lakh kilo-litres. In other words, the sales increased substantially every year and our target is 34-52 lakh kilo-litres for the year 1965-66, i.e. an increase of almost hundred per cent. Hon. Members will be glad to hear that IOC is already the second largest distributor in this country. We have surpassed Caltex some time ago. We have now surpassed Esso. And Burmah Shell is the only company which has a larger distribution than IOC, and it is my expectation that perhaps within the next three years or so, IOC will be the single largest distributor in this country and in that way, all the private oil companies will be minor partners.

I think, Sir, that I have covered almost all the points which have been raised. The question of nationalisation is a very difficult question. I do not want to go into that at this stage. Our approach will be pragmatic. We have got the substance of nationalisation and we shall always strive after the substance of nationalisation. Personally I think that a small private sector is useful as a kind of check and control on the public sector. If 80 per cent of the refining is in the public sector, if 75 per cent or 80 per cent of the distribution is in the public sector, then the 20 or 25 per cent in the private sector has to behave in any case, and because the private sector claims—I do not say that that claim is always justified—that it has a certain economy, a certain efficiency, let us see whether that claim is justified or not. In any case, I believe in a certain amount of competition—and, therefore, we are thinking of introducing competition among the different public sector refineries themselves, among the different segments of the public sector, because without competition there is a tendency for complacency to develop. I am sure what this House wants in all things is a policy which will see to it that the consumer is benefited, that the standard of living of the people goes up, that more and more goods are available to more and more people at prices which are within their reach.

One last word and I will have done, and that is about the question of prices. Sir, actually during the last few years—and especially I would say in the last two years—we have made a substantial reduction in prices. This is probably not always realised because they are being mopped up by taxes, additional taxes. But hon. Members will remember that if the petroleum trade had not given this money, then perhaps that money would have been raised in any case and perhaps we would have had additional direct and indirect taxes. I have made a rough calculation. The

rough calculation is that the actual savings in terms of price—as a result of the savings which we have made—is of the order of about Rs. 40 crores per year. (*Interruptions*) we have not enjoyed the reduction directly, but we have benefited in this way; otherwise, we would have paid another Rs. 40 crores in taxes, either by way of increase in income-tax or other type of direct taxes or increase in sales-tax or some of the other indirect taxes. Therefore, in this way, the petroleum industry has served the country well. We have saved foreign exchange during the last year itself of something like—I should say—Rs. 15 crores. In addition, we are giving a little over Rs. 40 crores every year through these mopping up operations by which the public is benefited in an indirect way.

And finally, Sir, we have held the prices constant; the petroleum prices have not changed very much over the last six or seven years, when all the other prices have gone up sometimes as much as by one hundred percent. The fact that prices have on the whole been held, that also, I would submit, is an indirect contribution to maintaining the health of the economy.

Sir, I am very thankful to the hon. Members of the House who have taken part in this discussion and I hope that I have been able to clear most of the points which have been raised.

SHRI I. K. GUJRAL: Sir, if I may be permitted to say, when I referred to the rumour, I did not imply that I put any credence on it, and I am glad that the Minister denied it. May I also ask him, with your permission, Sir, whether he is in a position to deny this also that no enquiry by the CBI was ordered to look into this matter, if anything pertaining to the oil resources of Kutch had leaked into the hands of Pakistan.

SHRI HUMAYUN KABIR: The first time I hear about it is from my hon. friend today. So, I cannot say anything about it.

SHRI MULKA GOVINDA REDDY. I thank all the Members who have participated in this debate. I thank the Minister particularly for having answered all the points raised by Members. I am happy to note that he is thinking of nationalisation of the retail distribution of diesel oil and kerosene. Whatever he may have felt, whether he received any complaint or not, most of the newspapers in India complained that there was a shortage of kerosene and diesel oil and that the people had to pay very high prices. I hope that such a thing will not occur again and that he will take proper steps to see that these commodities are distributed to the people in a fair way and at a cheaper price and that the benefit of the price reduction goes to the consumer and not to the Government.

Thank you.

## MESSAGE FROM THE LOK SABHA

### THE FINANCE (NO. 2) BILL, 1965

SECRETARY: Sir, I have to report to the House the following message received from the Lok Sabha, signed by the Secretary of the Lok Sabha:—

"In accordance with the provision of Rule 96 of the Rules of Procedure and Conduct of Business in Lok Sabha, I am directed to enclose herewith a copy of the Finance (No. 2) Bill, 1965, as passed by Lok Sabha at its sitting held on the 1st September, 1965.

2. The Speaker has certified that this Bill is a Money Bill within the meaning of article 110 of the Constitution of India."

Sir, I lay the Bill on the Table.

THE VICE-CHAIRMAN (SHRI M. P.) : The House stands adjourned till 11.00 A.M. tomorrow.

The House then adjourned at thirty-eight minutes past five of the clock till eleven of the clock on Thursday, the 2nd September, 1965.