

vernal equinoxes, the equinox itself being the "instant when the sun crosses the celestial equator, its declination then being zero."

"The length of the tropical year diminishes slowly by half a second per century. According to the American astronomer S. Newcomb, its duration in days..."—

I need not trouble the House with these details and technicalities—

"The length of the tropical year for t-0 has been adopted as the constant standard".

"t" is the time counted in centuries starting from 31st December 1899 (or better still 0 January 1900) at Greenwich mean noon.

**Shri Hari Vishnu Kamath:** One word more with your permission. I have got profound faith and complete confidence in your wisdom.

**Mr. Speaker:** I do not claim any such thing.

**Shri Hari Vishnu Kamath:** Your explanation which preceded the Minister's has helped us more than the Minister's explanation.

I would like to know why it was that this year 1900 was chosen, and whether before 1900 all the seconds that had been computed by humanity were all wrong.

**Mr. Speaker:** I hope ignorance would be bliss.

The question is:

"That clause 4 stand part of the Bill".

*The motion was adopted.*

*Clause 4 was added to the Bill.*

*Clauses 5, 1, the Enacting Formula and the Title were added to the Bill.*

**Shri S. V. Ramaswamy:** I move:

"That the Bill be passed".

**Mr. Speaker:** The question is:

"That the Bill be passed".

*The motion was adopted.*

16.43 hrs.

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

**The Minister of Planning (Shri B. R. Bhagat):** I beg to move:

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

**Shri Hari Vishnu Kamath (Hoshangabad):** Is the oil in litre or metre?

**Shri B. R. Bhagat:** It is excise—a very mundane affair.

I find it necessary to recapitulate briefly the circumstances under which the Additional Duties of Excise and Customs were originally levied in 1958. As the House will recollect, Government were, as a result of discussion with the oil distributing companies, able to secure a reduction of prices in respect of certain categories of mineral oils effective from 20 May, 1958. These reductions were different for different products, but individually being of small amounts, it was thought that the benefits if reflected in the ceiling prices of sale of the products by the oil distributing companies was not likely to reach the consumers.

16.45 hrs.

[MR. DEPUTY-SPEAKER in the Chair]

It was accordingly decided that the monies accruing from the negotiated price reductions should be appropriated to the Consolidated Fund of India. This decision was given effect to by a levy of additional duties of excise and customs by an ordinance issued on

[Shri B. R. Bhagat]

30 June, 1958, which was replaced by the Mineral Oils (Additional Duties of Excise and Customs) Act, 1958. Although these additional duties were imposed on various products as excise duties and recovered from the oil companies, it was ensured by an express provision in the Act, that the levies were not passed on to the consumers by increasing the prices of the products. The reductions effected then were provisional and further reductions were also expected in future; the Act therefore, provided for ceiling rates and authorised the Government to fix effective rates from time to time by notification.

Since then, as a result of further examination and negotiation with the oil companies; certain further price reduction has been achieved. But as the likely effect on the consumer prices of the individual products was only marginal, it was thought proper on every such occasion to mop up the price difference by increasing the effective rates of additional excise duties suitably and appropriate the amounts to the Consolidated Fund of India. The Act was also temporarily amended for the period 1st April, 1959 to 31st October, 1959 raising the ceiling rates to enable a quick appropriation of the amount standing in favour of Government.

As the House is aware, a committee was appointed in August 1960 with Shri K. R. Damle as chairman to examine the principles and elements according to which the selling prices of various petroleum products in India should be determined. The committee recommended certain reductions to be applied from 1st October, 1961. The effective rates of additional duties of excise and customs were accordingly readjusted taking into account the reduction proposed by the committee.

In terms of the pricing principles applicable under the refinery agreements and the recommendations of the Oil Price Inquiry Committee, some

further amounts aggregating nearly to Rs. 5 crores have accrued in favour of the Government since 1st October, 1961 and are further accruing at the rate of Rs. 60 lakhs.

**Shri Ranga (Chittoor):** All in the name of consumers!

**Shri B. R. Bhagat:** Not in the name of consumers.

**Shri Ranga:** You profit by it.

**Shri B. R. Bhagat:** There is an express agreement that it will not be passed on to the consumer. It has not been done.

**Shri Ranga:** You could have lowered the prices.

**श्री श्रीकारलाल बेरवा (कोटा) :**  
उपभोक्ताओं से वसूल करते हैं तभी तो भाव चढ़ रहे हैं।

**श्री व० रा० भगत :** भाव नहीं चढ़े हैं, भाव तो घट रहे हैं।

They are further accruing at the rate of nearly Rs. 60 lakhs per month due to further fall in the f.o.b. cost at Abadan and in the marine freight applicable from time to time from Abadan to the Indian ports of discharge; these amounts have to be transferred to the revenue account. But after the adjustments of the effective rates in terms of the pricing formula effective from 1st October, 1961 very little margin is left between the ceiling and the effective rates, which is inadequate for a quick recovery of the amounts accruing to the Government from the oil companies and take care of these further reductions as also those which may accrue in the future. It is, therefore, necessary that the ceiling rates fixed in the Act should be raised sufficiently.

**Shri Ranga:** Why?

**Shri B. R. Bhagat:** Because further reduction of the margin between the effective rates and ceiling is now very narrow.

**Shri Ranga:** The effective rates will also rise?

**Shri B. R. Bhagat:** Actually, it is the reverse. The more is the reduction, the greater is the duty to be mopped up. I think the hon. Member will now understand it?

The Mineral Oils (Additional Duties of Excise and Customs) Act does not include at present a levy on asphalt and Bitumen. Accordingly, recoveries on account of price reduction on these products has had to be made through additional duties on other products covered by the Act. Since the consumption of this commodity has been increasing and there may be some further reduction in future, it is considered necessary to bring these commodities also within the scope of the Act.

Finally, I come to the products known as lubricant, greases and specialities. On account of a large variety of these products marketed by different companies, it has not been possible to lay down the ceiling selling prices for the individual produces. However, the Oil Price Inquiry Committee has recommended a block control in respect of marketing and distribution charges and profits on an average basis for the entire range of these products. While discussions with the oil companies are in progress, it is necessary to take legal powers to appropriate part or whole of the excess recoveries, if any, made by the oil distributing companies. Accordingly, it is proposed to extend the levy under the Mineral Oils (Additional Duties of Excise and Customs) Act 1958, also to the petroleum products falling under item 11A of the Central Excise Tariff.

In view of the considerations which I have just mentioned, the Bill seeks to raise the ceiling rates of duty in respect of the products which are already covered by it, and to bring Asphalt and Bitumen and the other petroleum products liable to excise duty under Item No. 11A of the Central Excise Tariff within the scope of the Act and fix ceiling rates of additional

duties. The effective rates on the existing products as well as those proposed to be included now will continue to be fixed by notification. The possibility of passing on the benefits arising from the price reductions to the consumers has been carefully considered, but the Government is satisfied that the present arrangement of crediting all such accruals to the Consolidated Fund of India through Excise and Customs levies may have to continue for some time. At any rate they are too small to reach the ultimate consumer. I may, however, point out that the Act is only an enabling measure and should it be decided at any time that the reductions should be reflected in the consumer price, the Act will not stand in the way.

I am sure that in consideration of the facts I have just now stated, the House will wholeheartedly support the Bill. I also take this opportunity of explaining that because of the urgency and the revenue consideration involved, it was thought expedient to insert in the Bill a declaration under the Provisional Collection of Taxes Act, 1931 and that under this authority, the effective rates of duty on the existing commodities have already been raised beyond the existing ceiling rates provided in the Act. No imposition has, however, been made so far on the commodities which are now proposed to be included in the list of products chargeable to additional duties under this Bill.

I move.

**Mr. Deputy-Speaker:** Motion moved:

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

**Shri Bade (Khargone):** Before you call upon any speaker, I want a clarification, so that there will be less discussion.

In the new Bill, at page 2, you had added item No. 7.

[Shri Bade]

"All products as described in item No. 11A of the First Schedule to the Central Excise and Salt Act, 1944."

That was not the provision in the old Act. So, what do you mean by "all products." The rate of additional duty is Rs. 300 per metric tonne. So, what are the other products that you are taxing under this new Bill?

**Shri B. R. Bhagat:** I explained that this item No. 11A includes lubricants, specialities and other products.

**Shri Bade:** Only lubricants or other items?

**Shri B. R. Bhagat:** Bitumen, asphalt, lubricants, specialities—that is a big generic term.

**Shri Narendra Singh Mahida (Anand):** I have heard with attention the Deputy Finance Minister's speech.

I welcome Clause 2 seeking to substitute "certain mineral products" for the words "certain mineral oils", and I welcome the inclusion of the word "products".

Our country is increasing in mineral wealth. We have yet to tap the mineral wealth of our country as a whole, and this word "products" will include many such minerals which we are getting in our land.

The Minister has also explained about the ceilings in the Table. I am not agreeable to this because this will result in further taxation by way of excise and customs. He has, however, assured us that there will not be any increase in taxes, but I am sure that the Government will come up with an increase later on. Up to 30th September, 1964, the Government has earned about Rs. 5 crores. So, this tendency of earning more money is there with the Government. I have no objection to this tendency of earning more money, but my objection is that the

Government does not spend properly the sum that they earn by way of excise and customs from petrol, kerosene or diesel oil.

The part of the country which I represent is yielding more oil, more petrol. At least to that part benefit should accrue from this money. The roads in the State of Gujarat are very backward. The State may be thought by many persons to be rich, but probably that is so in business ideas, but not in other respects, and Government which earns this money there on oil and petrol is not spending enough on the roads of my State. So, I earnestly request him to see that the development of roads in Gujarat is undertaken with this money that they earn, and which they are going to earn from the oil and petrol being produced in Gujarat.

There is possibility of tapping oil in the Gulf of Cambay. I hope natural gas is also included in mineral products because natural gas comes from the under ground. I hope the Minister will include that also. The trouble we are now having in Gujarat is that they have yet to fix the price of gas. The price in other parts of India is much lesser than that offered in Gujarat. It is about three times perhaps then in the Assam Area. So, I request the Minister to think of this, and include natural gas also in mineral products.

Government proposes to increase the ceiling rate on kerosene. Let me have an assurance from Government that the intention is to levy more tax and give the benefits to the consumer, but so far that benefit has not accrued to our farmers and labourers. Government say that they intend to reduce the rates on diesel oil, but diesel oil rates, on the contrary, have gone up, and our farmers who are using diesel oil in engines and on tractors have not been benefited. Anyway, I am quite sure Government will come forward with a Bill afterward, for in-

creasing the ceilings, and say that they want money for this thing or that, and they would further increase the taxation.

Furnace oil is also included, but I may say that it has also been made costlier and the industries in the various States are not having the benefit of this oil.

All these questions require the attention of the Government, especially about asphalt. This is coming at very cheap rates from South America. Our roads are not still tarred in many parts of the country, when asphalt is so cheap. All that they have to do is to fill the barrels with asphalt from the South American Pitch lake and send it here. So, I do not know why our roads are not tarred to the extent we want them. I would advise the Government to have more tarred roads than cement roads because cement is costlier and becoming rare in our country. So, the use of tar should be increased.

**Shri Narendra Singh Mahida:** "All products" have been included in item 11A.

**Shri Bade:** That is for increasing their income.

**Shri Narendra Singh Mahida:** Probably Government has no knowledge of the products they are going to have or make. There are many products which will grow from our mineral wealth. The Minister may have displayed proper vision by putting in all the products available in this country. The benefit out of this ceiling table though professed is not coming to the consumer in satisfying way though the Minister says they will subsequently decrease the prices prevalent in the country. Let him give that assurance. That assurance has been given in the House for the last so many years, but nothing concrete has come out for reducing the prices of petrol diesel oil or kerosene. About motor spirit . . .

**Mr. Deputy-Speaker:** Is he likely to take some more time?

**Shri Narendra Singh Mahida:** Yes, Sir.

**Mr. Deputy-Speaker:** He can continue tomorrow.

17 hrs.

CLARIFICATION OF STATEMENT  
 RE: SITUATION IN BHUTAN

**The Minister of State in the Ministry of External Affairs (Shrimati Lakshmi Menon):** Sir, I seek you permission to clarify my answer in reply to Shri Nath Pai's question following my statement this morning on the situation in Bhutan. When I said that the latter part of the question is the truth, I agreed with him that the present development is only a storm in a tea cup, but not, I repeat not, to the second part "being the result of the adventures of a cine star".

**Shri Nath Pai (Rajapur):** I do not follow the clarification of the Minister. My question was framed in two parts. One was whether the present developments in Bhutan are the result of the efforts of certain individuals who did not like the kind of relationship that exists between Bhutan and India and therefore wanted to change it or whether it was a kind of a storm in a tea cup, being the result of the adventures of a cine actress. What is the clarification?

**Shrimati Lakshmi Menon:** I said, I agreed with the latter parts of the question, without the "cine star".

**Shri Nath Pai:** You are dropping the cine star? It looks too glamorous?

**Mr. Deputy-Speaker:** The House stands adjourned till 11 A.M. tomorrow.

17.02 hrs.

*The Lok Sabha then adjourned till Eleven of the Clock on Thursday, December 3, 1964 (Agrahayana 12, 1886 (Saka).*