

**Proceedings of the Ninth Session of the Assam Legislative
Assembly Assembled after the First General Election
under the Sovereign Democratic Republican
Constitution of India**

The Assembly met in the Assembly Chamber, Shillong,
at 10 A.M., on Tuesday, the 3rd April, 1956.

PRESENT

Shri Kuladhar Chaliha, B. L., Speaker in the Chair,
the nine Ministers, the two Deputy Ministers, the two Parlia-
mentary Secretaries and seventy Members.

**Resumption of debate on the Private Member's
Resolution *re*: Location of Oil Refinery in Assam**

Shri BIJOY CHANDRA BHAGAVATI: Mr. Speaker, Sir,
I was speaking yesterday about the construction of the Assam
Link in a record time. We in Assam remember that work with
a feeling of gratitude to all concerned. In the same way, the
difficulties which we face due to the transport bottleneck can
be removed within the shortest possible time.

To meet the demand of the Refinery some additional petrol
wagons will be necessary. We think this is not an insurmount-
able difficulty. The location of the Refinery may be in any
place in Assam from where the additional requirements in
locomotives and rolling stock will cost less.

Then again, Railway is not the only or the best method of
transport for oil. More than anything else, the pipeline is the
symbol of petroleum transport, because, petroleum begins and
ends its journey from the depths of the earth to its point of
ultimate consumption in pipe, Tankers, barges, tank trucks and
tank cars are used, as secondary methods of transportation.

In War time, refined oil was sent out of Digboi Refinery
by pipelines. It may be said that the route which was then
used cannot be taken up now, as that region falls in Pakistan.
That might have been an easier route. But there is no reason
why we should not be able to find out an alternative route,
suitable for our purpose under the present circumstances. It is
difficult to imagine that such a pipeline is impossible to be made

through Indian territory at present. It is true that a pipeline for refined oil will need constant repairing as the chances of leakage are greater in such a line. But these are minor problems.

As a matter of fact, it is reported that the Assam Oil Company has proposed to spend Rs 7 crores on a 900 mile pipeline from Naharkatiya to Calcutta. They want to take out the crude oil by this pipeline. We do not see why this pipeline cannot be so improved as to be used to take out the refined oil instead of crude oil, from the refinery installed somewhere in Assam.

If any additional amount is necessary for such improvement of the pipeline, the Government of India may be pleased to grant it.

I may quote from a book of authority on this subject that "while this system has not attained its full development, the gasoline pipeline is economically applicable to special situation where transportation by water is impracticable. The pipeline movement of gasoline is feasible where there is a supply in excess of nearby requirement and concentrated markets exist into which this supply can be moved."

We will have petrol excess of our requirements in Assam. We can move the surplus through pipeline to Calcutta where there is concentrated market. In this way we can also solve the basic economic problem of maintenance of equilibrium between supply and demand.

The argument that on the ground of proximity of market the Refinery is to be in Calcutta cannot convince anybody. Somebody may also say on that ground that as tea is mostly marketed outside the State of the country, so its manufacturing also should be outside the State. If this principle is accepted, manufacturing plants of many industries in India will have to change their present location. This is something absurd. We do not see why this point is so pressed in the case of the oil Refinery alone.

Sir, but it may be seen that at the end of the First Plan period, the level of *per capita* income in Assam is expected to be Rs. 250 against Rs. 282 for all-India. In the Second Plan, Assam's Draft Plan target shows an increase of 15·8 per cent in national income and 9·2 per cent in *per capita* income as against 25 per cent and 19 per cent respectively in the National

* Plan Frame target. This is an aspect which needs special attention. The Planning Commission has accepted the principle of removing regional and individual disparity in the country. Every thing is to be planned on the basis of this fundamental principle. If the disparity in income is to be removed, then Assam is to be given additional industrial facility which alone can augment the income. The new oil Refinery may give some impetus to the local people to take up some kind of ancillary development work for the benefit of the State.

It is estimated that there will be 277 thousand unemployed in Assam during the Second Plan period. The Revised Draft Second Five Year Plan for Assam does not create scope for so many jobs. It has been stated in the Report of the Draft Plan for Assam that "the additional employment likely to be created by 1960-61 falls short appreciably of the required number of job opportunities." Thus the problem of unemployment is looming large in Assam. Educationally Assam is one of the foremost States in India. So, the problem of educated youngmen is being keenly felt in Assam. An industry such as an oil Refinery is likely to give much scope for educated unemployed youths. We consider it to be unjust to take away this opportunity from them.

Sir, I do not know how to give expression to that intense feeling which has arisen in the hearts of men and women of Assam at the reported move for location of the new Refinery outside the State. It is not only a feeling of resentment, it is much deeper. The people of Assam is feeling that a great wrong is going to be done upon them. They feel more sad than angry. Gradually a feeling of frustration and hopelessness is creeping in. This is, I consider, more dangerous or injurious than anything else. The atmosphere can be cleared with some gestures of goodwill and sympathetic treatment from the Centre to this State. I do not suggest that the Centre is not sympathetic to Assam. Our Leaders in the Centre are pre-occupied with very great national problems. It is for us to draw their attention to the problems of our State. We have to convince them. I have no doubt that we shall be able to do so. Because we know ours is the right stand and justice and equity support our case. I request the Government of Assam to move the Union Government in this regard and convince them that it is essential from the point of view of India and Assam that the new Refinery should be located somewhere in Assam.

With these words, Sir, I commend my Motion for the acceptance of the House.

Mr. SPEAKER : If the pipelines are constructed, they may be tampered with. Have you any suggestion how they can be protected? Can it be done by Village Defence Party?

Shri BIJOY CHANDRA BHAGAVATI : Sir, I did not rule out Railway Transport. I suggested that the additional railway wagons may be provided. We can depend on the pipelines. I am sure that they can be protected. Sir, Petroleum is a very essential commodity for India as a whole. Supposing another world war breaks out. India will have to depend for the supply of oil produced in India. This State is important from the strategic point of view and the Government of India will have to take special measures to protect it. So, I do not think that there is any special danger for the pipeline. Again if there is another war, most probably nuclear weapons may be resorted to, and a city like Calcutta will be more vulnerable than any other part in Assam in such a warfare. Although there will be danger for every part in an emergency, yet it will be much more in those great cities with concentration of industries than in this region.

Mr. SPEAKER : Resolution moved is :

“Whereas large resources of crude oil sufficient for annual production of one million tons of finished products have been estimated in Hoogrijan, Moran, Naharkatiya and other areas of the State of Assam ; and

Whereas crude oil is a natural wealth of the State and in all fairness the benefit of employment and industrial development arising out of this find should be available to the people of the State particularly in view of the comparatively less developed economy of the State and limited possibilities of its industrial development and in view of depletion of the mineral wealth of the State ; and

Whereas the reported move to set up the proposed refinery outside Assam for processing crude oil extracted in the State of Assam, if given effect to, will deprive the people of Assam of the full economic benefit of this industrial project and whereas the people of Assam feel much concerned and deeply aggrieved at the reported move for location of the refinery outside Assam ; and

Whereas export of crude oil extracted from these mines, if exported outside the State before processing will deprive the State of higher revenues and additional employment facilities ; and

Whereas Assam has long been claiming her rightful share of the Excise Revenue derived from petroleum produced at Digboi as the said tax is but a form of royalty which belong to the State suffering depletion of its natural capital wealth through the working of the mines and as such the location of the new refinery outside the State of Assam will add to this injustice ; and

Whereas up till now not a single Central sector large scale industrial project has been allotted to Assam to stop the growth of regional disparity in economy between Assam and the industrially advanced units of the Indian Union which will be further widened by the location of the new refinery outside the State.

This Assembly is of opinion that the Government of Assam do urge upon the Government of India to take necessary steps for location of the proposed oil refinery at a suitable place in Assam''.

Shri LILA KANTA BORA : Mr. Speaker, Sir, the resolution moved by my Friend, Shri Bijoy Chandra Bhagavati, is a very important resolution as it vitally concerns Assam. I want to speak a few words in support of the resolution.

Sir, the Indian Union produces very little of potroleum. Along with the separation of Burma and partition of the country, India was practically left without any important oil field. All important oil fields fell within Burma and Pakistan. The only oil field in the Indian Union is the Assam Oil Field at Digboi.

Mr. SPEAKER : Your time is only 15 minutes.

Shri LILA KANTA BORA : But the production of oil from the Assam Oil Field can satisfy only a fraction of our demand—*i.e.*, only 7 per cent of the needs. For satisfying the rest of her demand India is to import petroleum and crude oil to the extent of worth 32 crores a year. The actual requirement of our country of petroleum and petroleum products is about 3.75 million tons. This huge quantity of oil has to be imported from abroad every year. In order to meet the growing demands of our industries as well as home consumption, the Government of India decided to establish some refineries in India by bringing the entire crude oil from abroad. With that end in view the Government invited some foreign companies to establish their refineries in India and ultimately three companies have been established at Tronebay in Bombay for refining crude

oil. The most important of these companies is the Burmah Shell. It is expected that when these refineries will go into full swing by 1957 they will meet about 80 per cent of our requirement, but for the rest India will have to look to other sources. The Assam Oil Company as a result of surveys by geophysical methods decided to drill at Naharkatia and they have completed one well here in the year 1953 where it struck oil in considerable quantity below 10,000 feet depth. Since then two more wells at Moran and Hugrijan have been completed and the Company expects to complete 5 wells in all by 1956 in this area.

In the meanwhile an intensive programme of prospecting oil has been undertaken involving a heavy capital expenditure. The Standard Vacuum Oil Company and the American Overseas Petroleum Limited are engaged in prospecting oil. It is expected that the labour and capital so spent will be fully paid back.

According to late Santiswarup Bhatnagar, Secretary, Union Ministry of Natural Resources and Scientific Research, there might be other oil finds in Manipur and Tripura. Sir, as we have discovered in Assem additional oil fields in Naharkatia area, as there is the possibility of finding other oil fields in Manipur and Tripura and as the present Refinery at Digboi cannot cope with this additional crude oil, it is almost necessary to establish a new Refinery in Assam. But, Sir, we are sorry to learn that there is an attempt to establish this Refinery outside Assam. If this is really done, there will be no greater tragedy for Assam, there will be no greater injustice for Assam. Assam's demand is not based on sentiment, it is based on reason, it is based on justice. There are a number of grounds on which we can show the reasonableness or the justice of claiming the Refinery to be established in Assam. I would like to mention a few of them here:

Firstly, Assam is a very backward and underdeveloped State. She did not get a single major industrial project during the First Plan period. In the past she was neglected and deprived of any industrial development worth consideration, and if she is again neglected and deprived of her legitimate and rightful claim of establishing the refinery in Assam, the disparity in economic development from which Assam has been suffering will still be widened and the idea of balanced development or balanced economy of the country as a whole will remain unrealised and will remain as a dream to Assam for years to come.

Secondly, Sir, we have seen in the Budget speech of our Finance Minister that the employment are likely to be created in the Second Plan period. Opportunities that fall far short of our requirement so, additional avenues for employment must also be found out. Now, if this refinery is established in Assam then it will bring additional opportunities of employment for our youths. Sir, it will indeed be a great tragedy for Assam and most unfortunate for the youths of Assam if the economy of our State cannot find employment for our youths.

Thirdly, Sir, from the point of view of Assam's raw material also, she has a far better claim for installation of the refinery in Assam than anywhere else in the Indian Union, and the argument advanced against its installation in Assam on the ground that refined oil will have to be marketed outside this State does not hold good. For proximity to market is not the only consideration for location of an industry. There are other considerations such as the availability of raw materials, availability of capital, economy in the cost of production which go to determine the location of an industry. If we examine these factors, one by one, we find that save and except the question of proximity to market, all other considerations are in favour of establishing the refinery in Assam.

Fourthly, Sir, Assam has been deprived, rather long been deprived of her legitimate share of excise duty on petroleum even though she has suffered depletion of her natural resources by way of working in the mines. If now, Sir, Assam is again deprived of her rightful claim for installation of the refinery, it will be nothing but adding insult to injury from which she has already suffered.

Lastly, the condition in the mining lease itself to the effect that no licensee can export crude petroleum from India unless it is converted to refined oil, clearly embodies the basic principle that the economic benefits of the refining process must accrue to the State producing the raw materials. This clearly shows that Assam has also a rightful claim for establishing the refinery within her boundaries.

From all those considerations we find that Assam's claim is legitimate, natural, just and at the same time rightful. We therefore urge upon the Union Government and also appeal to our Prime Minister to consider all these things very carefully and see that Assam is not once again wronged, Assam is not deprived of her legitimate claim for establishing the refinery in Assam.

With these few words I support the resolution moved by my Friend, Shri Bijoy Chandra Bhagavati, and I do sincerely hope that the House will accord full support to this very important resolution.

Thank you, Sir.

Shri HARESWAR GOSWAMI: Mr. Speaker, Sir, I.....

Mr. SPEAKER: Mr. Mookerjee will speak now.

Shri HARESWAR GOSWAMI: Mr. Mookerjee will give his reply to the Resolution.

Shri DALBIR SINGH LOHAR: এই আলোচনাত অংশ গ্রহণ কৰিবলৈ মোকো অলপ সময় দিব লাগে, চাব ।

Mr. SPEAKER: Are you giving your reply to the Resolution, Mr. Mookerjee?

Shri BAIDYANATH MOOKERJEE (Minister): Yes, Sir.

Mr. SPEAKER: All right, Mr. Goswami will speak then.

***Shri HARESWAR GOSWAMI:** Mr. Speaker, Sir, I sincerely and whole-heartedly support the resolution moved by my Friend, Shri Bijoy Chandra Bhagavati, regarding establishment of the oil refinery in Assam. Sir, this resolution is very momentous one and it does not come a day earlier, and I believe if we can put sufficient pressure, then the oil refinery will have to be ultimately established in India for the reasons in favour of establishing this refinery in Assam are much stronger than those against it.

Sir, India had, before starting the foreign refinery in the country an annual production of 17 million gallons refined petrol as against her requirements of 7 hundred million gallons. This means that we have only 1/10th of our requirements produced here. Of this again the Assam Oil Company refine 5 thousand barrels a day. It is also known to the House that India imports petrol to the tune of 65 crores of rupees a year. This huge shortage is drainage of financial resources.

When we have to finance our big plans for the development of our country, it is known that if a proper survey is made, then petrol belt may be found in various other places. Till

recently it was thought that Digboi was the only place where petrol was available. But now it has been found out that this petrol belt extends beyond Naharkatia and even up to Jorhat as some people say. If again a proper survey is made, it may be found that petrol resources existing in India may not only be sufficient to meet her internal consumption alone, but in all probability she may be in a position to export to other countries as has been very rightly said by the Russian Deputy Minister, Mr. Mikoyan the other day that within a few years India will play a very important role in the matter of petrol production. Therefore, Sir, it may be safely stated that we have immense potentialities for the development of this industry. This industry is not a nominal industry, because petrol is something like the life-blood to the industrial system as a whole, and to-day we find the country which are rich in petrol or the country which has the command over petrol has also the command over the world strategy. Therefore, Sir, it is all the more essential to find out the available resources of petrol and make our country self-sufficient.

We have through an agreement with America and England started three refineries, namely the Standard Vacuum of America, Caltex of America and Burmashell of England. Of these the Standard Vacuum of America and Burmashell of England have been located in Bombay and the Caltex has been located at Vijagapatam in Andhra State. The only reason for locating those refineries in those places is that the crude oil that is being imported from the Middle East can be conveniently brought in to those places. But so far as Assam is concerned, we have heard that the Naharkatia oil field offers us immense potentiality for its development and within these 2 years not less than 12 oil wells have been drilled and of these 9 wells have proved very successful. So, Sir, there is a possibility of getting more crude oil in Assam. Having crude oil in our midst and having our experience of refining it in our State if we now allow this crude oil to be taken away from Assam to another State for getting it refined, then it will be a wrong proposition. The ideas about location of industries at any places have changed in the meantime and today the proximity to the areas of the natural resources, proximity to the source of power and the proximity to a market are the only factors which decide the location of a particular industry. In locating an industry the defence factor also comes into consideration and as a matter of fact in the new economic planning report of England it is said that the maximum importance has to be given to on the natural factor and also on the strategic factor. But,

Sir, this idea has been changed due to the invention of fast flying planes, and the discovery of atom and hydrogen bombs leads us to believe that no place in the earth can be said to be safe within the orbit of such a bomb. Therefore, it will be wrong if we say that the location of the refinery if located in Assam, the security position may be jeopardised. Assam holds an important position from the point of strategy and Assam being the sentinal of India, we must make it self-sufficient in every matter, if possible, by finding all the requirements of defence even. Oil being an important element, it is necessary that we develop the oil industry to the fullest extent to enable the State to prosper thereby. Sir, the Companies I have referred to invested about 50 crores of rupees in India and today if we can find another refinery here then they will invest about another 10 or 15 crores of rupees to multiply oil. The Standard Vacuum Oil Company of Bombay employ 704 people in all and out of them 640 are Indians. Therefore, the possibility of finding employment through a refinery is also there. I do not say that by employment alone our desire for having the refinery here in Assam will be fulfilled. But there is no doubt that if the refinery is started here, it will not only give employment to many of our people, but it will bring into existence a subsidiary industry which will play an important role in the economic factor. One very important point is that all those Companies I referred to already are not only producing petrol but are producing gasolin, kerosene, diesel oil, industrial fuel, etc. And thus if we can also produce all these bye-products of petrol, then they will fulfil much of our requirements. Sir, when the location of the petrol field is here, it is necessary that the proposed refinery should also be started here and if crude oil can be brought here to India through pipes, it is also possible as my Friend, Shri Bhagavati, has suggested to get the refined oil from our State to other places where it is mostly required. What is really amazing is that the Assam Oil Company which has been getting so much concession from the Government of Assam and which has earned a huge profit by exploiting the resources of our State, itself is thinking of having the refinery in Calcutta. It was expected of the Company to make Assam as the place of refinery. Sir, we have also seen that even in our Second Five Year Plan our expectations have not been respected. We have not got a big industry worth the name. We have not got any project of which we can boast. Therefore, it is all the more necessary that such a refinery should be started in Assam and the people of Assam may be given this hope that their case is not neglected. Sir, yesterday Shri Bhagavati, while speaking on this Resolution, said that

the Prime Minister some time ago was thinking about the technical obstacle that might stand on the way of starting this refinery in Assam. Sir, this technical obstacle will always be there, and we have to overcome that technical obstacle. No obstacle is so great today as to hamper the development of anything. I am sure that, when so many factors are in our favour, when the oil field itself is here, when we have got also the experience in the matter, and when the strategic conditions also demand that this refinery should be started in Assam, the technical obstacle will not stand on the way and we will be able to find ways and means to overcome this technical obstacle.

With these words, Sir, I support the Resolution and hope that this Resolution will not be considered as a resolution alone but as the concentrated aspiration of the people of Assam, as the will of the people of Assam and we believe that even though this Resolution is passed, the Government should also move in the matter and thereby strengthen the matter and thus make known the Central Government that it is not only the desire of the Government alone but the people of Assam also stand behind the Government in the matter and I am sure the Government of India will not disrespect the will of the people of Assam.

Shri BAIDYANATH MOOKERJEE (Minister): Mr. Speaker, Sir, I am grateful to the hon. Member who has moved this resolution and also to those who have taken part in the discussion. Sir, there is no denying the fact as has been stated by all the hon. Members who spoke on this resolution—that it is the desire of the people of Assam that the second refinery should be established within our State. Sir, I shall confine myself only to the main aspects of the resolution, that (1) up till now not a single central sector large scale industrial project has been allotted to Assam to stop the growth of regional disparity and (2) the second refinery should be established at a convenient place within the State. Regarding import of petroleum from outside I do not like to say anything because that does not concern us at present.

Mr. SPEAKER: What is your production ?

Shri BAIDYANATH MOOKERJEE (Minister): About 12.5 million gallons.

Mr. SPEAKER: What is the percentage of your production to the total requirements of India ?

Shri BAIDYANATH MOOKERJEE (Minister): So far as my information goes, it is about 8 per cent.

Shri BISHNURAM MEDHI (Chief Minister): In the current year they want to produce about three lakh tons.

Mr. SPEAKER: Then it comes to about 10 per cent.

Shri BAIDYANATH MOOKERJEE (Minister): Every one desires that the production of petroleum should be increased. It is the desire of the Central Government as well as of the State Government. The issue is in regard to the location of the refinery which will process the crude oil of the Naharkatia oil fields and the resolution is mainly centred the point that the second refinery should be established inside this State. I shall confine myself to that particular point.

Mr. SPEAKER: Mr. Bhagavati's main point was to give us more employment. He also said that the oil could be carried through pipes.

Shri BAIDYANATH MOOKERJEE (Minister): I shall deal with those points. We all want more and more employment for our people. So far as the technical side is concerned, I shall simply give a few suggestions for overcoming the difficulties.

Mr. SPEAKER: Will the technical side over-ride the human side?

Shri BAIDYANATH MOOKERJEE (Minister): No, Sir, as I have said, we are directly interested in the employment potential of the refinery, which would process the crude petroleum of the Naharkatia Oil Fields.

Sir, this matter was discussed in a meeting of the Assam Pradesh Congress Committee and a resolution was adopted to this effect. The resolution was duly forwarded to the State Government for necessary action. As it was rightly pointed out by Mr. Goswami, that even if this matter was not raised on the floor of the Assembly the Government would have taken necessary steps and as a matter of fact, Sir, Government have taken necessary steps even before the A. P. C. C. passed that resolution. A resolution to this effect was also passed in the Assam Political Conference at Barpeta a few weeks back. Now, it was mentioned by Mr. Bhagavati that there is a clause in the licence that no oil should go outside

India without being refined. Most probably his intention was that similarly it might be interpreted that no crude oil should be exported outside the State without being refined.

Mr. SPEAKER: If the argument applies to India, it applies to Assam also. If it is good for India, it is good for Assam also.

Shri BAIDYANATH MOOKERJEE (Minister): Yes, Sir, that is my contention also. The refinery at Digboi employs a labour force of over 2,000 workers. Now, we require personnel, both technical and non-technical, for the new refinery. For the increase of technical personnel we have increased seats in the science classes of our Colleges. We have also taken other measures by opening technical institutions to have our own technical personnel. Now, if these employment potentialities go outside the State it will no longer be wise on our part to give such training to a considerable number of our students only to see them unemployed. When we are trying to increase the number of technical personnel we must keep in view that when they finish their training they get proper employment. We have also taken up this matter with the Assam Oil Company and certain information has been called for from them. When we receive the information we shall be, I am sure in a stronger footing to take up this matter with the Government of India. Now, Sir, apart from the employment potentialities the balanced development of the Union is an ideal worthy of consideration. Very often we hear and speak about this. When we have decided to have a socialistic pattern of society in our country we must see that just like a human body the different parts of the country are uniformly developed. It has already been mentioned by hon. Members that in the past we were not treated well and at present also we are not very happy. In spite of our difficulties—the main difficulty being the transport bottleneck—we are struggling hard to develop our State, and we reasonably expect to get adequate assistance from the Centre to have the aspirations of the people of our State fulfilled.

Now, Sir, the balanced development of all the regions to give equal opportunity to the constituent units and to share the wealth equitably is a logical conclusion of a socialistic pattern of society.

Sir, I have already stated that it is the desire of the people of Assam that the new refinery should be located within the State and if this is not done, a great injustice will be done, the economic development of the State will be retarded and the regional economic balance which is the

goal of our industrial policy will be upset. A major industrial oil refinery should in all fairness be located in Assam. The Government of India's industrial policy since independence has been shaped broadly in the terms of the comprehensive Industrial Policy Resolution of 1948. The ownership and the right to exploit and develop mineral resources vest in the State. In this particular case we have allowed a private party to exploit our mineral resources and we should see that the exercise of this right does not conflict with the broad outlines of the National Industrial Policy. Now, the accepted policy of the national Government which has been supported by the Planning Commission, and can be seen from the reports already published is the balanced development of the Union, our stand in regard to the second refinery is strictly in line with the policy. If the proposed refinery is located outside Assam as is talked in certain quarters there will be the potential danger of the Assam Oil Company proposing in the near future to close the present refinery at Digboi on alleged economic reasons.

Mr. SPEAKER: What is the number of total people employed in the Refinery?

Shri BAIDYANATH MOOKERJEE (Minister): 2,040.

Mr. SPEAKER: What is the number of total people living in the town of Digboi who are dependent on it?

Shri BAIDYANATH MOOKERJEE (Minister): I think, three fourth of it. Not only in Digboi but in other areas also where the Company is trying to explore oil, sufficient number of people of this State is employed. If the tapping is done at the right place there will be no dearth of oil in this State. Mineral resources are not inexhaustible capital. So it is the most legitimate claim of the people of this State to see that they derive adequate benefit out of it. If the entire crude oil is taken away out of our State our capital will be taken away. As a matter of fact, this is a type of capital which once you use it you cannot replace it, it is exhaustible. So, the main point is that we must have the full benefit out of our natural resources. We want therefore that the proposed refinery

should be located inside our State, if it cannot be located by the side of the existing one, it can be located at Naharkatia, or at Jorhat or at Gauhati or even at Dhubri, or it may be any other suitable place, but it should be within the State. If the crude oil can be taken outside the State, why not the refined oil? If pipe lines help in carrying the crude oil, the refined oil may also be moved through the same channel. There is river navigation route besides the railways through which the refined oil can be taken out of the State. In case there are some difficulties which may create problems for the movement of the refined oil then those difficulties can be solved by the technicians and engineers of the Company. If there are difficulties, let us solve them; so that the people of the State from where the raw material will be supplied do not reasonably feel that their legitimate share has been denied to them. Where there is will there is a way. This is not such a problematic issue which cannot be solved. If some one wants to cut a Gordian knot instead of trying to unite it, he does not help in solving the problem; we want that if there is any difficulty that should be removed by determined efforts and the aspiration of the people of this State which is really just and genuine should be fulfilled. What is that aspiration of the people? It is this that the new oil refinery should be established in our State. This Government has already taken steps and have moved the Central Government in this direction and the Central Government have sent us a tentative reply that the matter is being examined. This Government will try its level best to stick to their views. It must be admitted that the principal responsibility for mineral development must lie with the State. Sir, I am confident that our beloved Prime Minister will do justice to us. I am grateful to the hon. Members who have given their considered views and expressed the views of the people of the State in this connection. This will strengthen our hands. Today it has been exhibited very clearly that one and all in this House is in favour of this Resolution, and it has been said that each and every inhabitant of the State desires that this Second Refinery should be established within the State. So, Sir, on behalf of the Government I can say this much that, we are one with the mover of the resolution and are pleased to give our consent and support to.....

Mr. SPEAKER : Your consent is not necessary.

Shri BAIDYANATH MOOKERJEE (Minister): What I mean to say, Sir, is this that we are accepting this Resolution because it will strengthen our hands to tackle the matter with the proper authorities.

Mr. SPEAKER: The question is:

“Whereas large resources of crude oil sufficient for annual production of one million tons of finished products have been estimated in Hooghrija, Moran, Naharkatiya and other areas of the State of Assam; and

Whereas crude oil is a natural wealth of the State and in all fairness the benefit of employment and industrial development arising out of this find should be available to the people of the State particularly in view of the comparatively less developed economy of the State and limited possibilities of its industrial development and in view of depletion of the mineral wealth of the State; and

Whereas the reported move to set up the proposed refinery outside Assam for processing crude oil extracted in the State of Assam, if given effect to, will deprive the people of Assam of the full economic benefit of this industrial project and whereas the people of Assam feel much concerned and deeply aggrieved at the reported move for location of the refinery outside Assam; and

Whereas export of crude oil extracted from these mines, if exported outside the State before processing will deprive the State of higher revenues and additional employment facilities; and

Whereas Assam has long been claiming her rightful share of the Excise Revenue derived from petroleum produced at Digboi as the said tax is but a form of royalty which belong to the State suffering depletion of its natural capital wealth through the working of the mines and as such the location of the new refinery outside the State of Assam will add to this injustice; and

Whereas up till now not a single Central sector large-scale industrial project has been allotted to Assam to stop the growth of regional disparity in economy between Assam and the industrially advanced units of the Indian Union which will be further widened by the location of the new refinery outside the State;

This Assembly is of opinion that the Government of Assam do urge upon the Government of India to take necessary steps for location of the proposed oil refinery at a suitable place in Assam".

(The Resolution was adopted.)

Private Members' Resolution regarding establishment of freight and price pool in respect of iron, steel and salt.

***Sriman PRAFULLA GOSWAMI:** Mr. Speaker, Sir, I beg to move that—

“Whereas due to partition of the country, the economy of the entire State has been seriously disturbed; and

Whereas the Railway link line besides remaining breached during monsoon every year involves longer haulage and therefore higher freights; and

Whereas the abolition of all the special rates had led to a disproportionately larger increase in freight rates for Assam, thereby causing high commodity prices and hardship specially to the consumers in the State of Assam;

This Assembly is of opinion that the Government of Assam do move the Government of India to establish freight and price pool in respect of the following essential items of imports, viz.—

- (1) Iron and Steel, and
- (2) Salt”.

Sir, on account of the peculiar geographical position of Assam and the transport difficulties, the prices of essential commodities which are imported into Assam are the highest in India. The following comparative figures explain the position. C. I. Sheets—the price of C. I. sheets in Calcutta is Rs.79-8-0 per bundle and the price of the same material at Gauhati comes to Rs.85 per bundle. Then, salt, is sold at Rs.2-12-0 to Rs.3-4-0 per maund at Calcutta, but at Gauhati its price comes to Rs.5-8-0 to Rs.6-8-0 per maund. From this it is evident that there is a big disparity in the prices of these commodities in Assam as compared with outside Assam.

Sir, Assam is still an undeveloped State depending on other States for essential commodities. There is no like-

likelihood of production of salt and steel in Assam in any foreseeable future. Even the poorest man requires salt for his daily consumption and he is required to pay a high price for it.

The rainfall in Assam is the highest in India. The types of houses which are most suitable for Assam require iron materials such as C. I. sheets, etc. There is now scarcity of thatch in Assam in consequence of floods and erosion. During the last war also, thatch areas were considerably damaged as thatch had to be cut down and taken away recklessly for war purposes. Whatever thatch is now available is very costly. Thatched houses also do not last long. Government is now thinking seriously for improvement of housing condition throughout India, but if the building materials which are required for improved types of houses, are not available to the common people at reasonable prices, housing problem cannot be solved.

All the categories of steel are now controlled commodities and the uniform *ex-factory* prices and retail prices have been fixed by the Government of India but because of Assam's long distance from the production centres and the chronic transport difficulties, freight charges are very high, resulting in increase of retail prices.

In order that such essential commodities could be made available at reasonable prices, the Government of India may be requested to introduce a freight pool on an All-India basis. This will remove the disparity in prices of essential commodities in different parts of India.

With these words Sir, I move this Resolution.

Mr. SPEAKER: The Motion moved is that:—

“Whereas due to partition of the country, the economy of the entire State has been seriously disturbed; and

Whereas the Railway link line besides remaining breached during monsoon every year involves longer haulage and therefore higher freight; and

Whereas the abolition of all the special rates has led to a disproportionately larger increase in freight rates for Assam, thereby causing high commodity prices and hardship specially to the consumers in the State of Assam;

This Assembly is of opinion that the Government of Assam do move the Government of India to establish freight and price pool in respect of the following essential items of imports, viz.—

1. Iron and Steel, and
2. Salt."

Shri BAIDYANATH MOOKERJEE (Minister):

Mr. Speaker Sir, I am thankful to the hon. Member for bringing in this Resolution because Government also has felt that the disparity in prices of different essential commodities existing between this State and other parts of the country is really very big. Now, Sir, I shall take up the question of iron and steel first and then I shall take up the question of salt. As it has been pointed out by the hon. Mover that iron and steel materials being controlled commodities, the base prices are fixed by the Government of India. Sir, there are different base prices under different columns which are uniform in all the States.

The Column III price is charged for these commodities to be sold by registered stock-holders to ordinary consumers. Now for the commodities to be sold in Assam, transport cost is added to the Column III price which is the base price for retail sale. Up to the middle of 1952 there was a system by which certain concessions used to be given in respect of transport cost by fixing place extras for different stations in lieu of actual freight. But since August 1952 that system had been discontinued in Assam. This matter was taken up with the Central Government, and recently Iron and Steel Controller has again fixed place extras for different important stations in Assam. But still there are differences in two or three places.

Mr. SPEAKER: What is Column III price ?

Shri BAIDYANATH MOOKERJEE (Minister): The Column III price is the retail price realised by the registered stock-holders from ordinary consumers. There is producer's price (Column I price). There is also controlled Stockist price (Column II price). There is a profit margin allowed at each stage. If the price of the commodity is Rs.50 at the producer's factory, another Rs.50 will have to be added for fixation of the retail prices. But when we bring the commodity to our State, the difference in price, as has been mentioned by my hon. Friend Mr. Goswami, is

really very big specially because of transport cost. Sir, according to the system that has recently been introduced by the Government of India, due to our persistent efforts for the fixation of place extras in lieu of actual transport costs, the place extras for different places in the State will be Rs.60 per ton at Barpeta, Rs.60 per ton at Bordutighat, etc. The place extras for most of the other places, are also the same. For example the place extra for Dibrugarh ghat is Rs.60. But so far as Dhubri is concerned it will be Rs.58-8-0 that is Rs.1-8 0 less per ton. But so far as Shillong is concerned, it is the highest *i.e.* Rs.94 per ton. Because in places like Tinsukia, Sibsagar, Silchar, Manipur Road, Katakhal, Jorhat Town, Haibargaon, Goalpara, Gauhati, the place extra is Rs.60 per ton. The difference between actual freight and place extra is met from the equalisation fund, which is administered by the Commerce and Industry Ministry, Government of India. So far as transport cost is concerned, we do not derive any benefit either from the Railway or from the Steamer Company. Now it has been suggested in the Resolution which has been moved in this House that there should be freight and price post throughout the Country. That is to say there should be some concession given to distantly situated places in the Country in the shape of less freight.

Mr. SPEAKER: For longer haulage there should be lesser freight.

Shri BAIDYANATH MOOKERJEE (Minister): That is the idea of the Mover of the Resolution. In the near future there is no chance of having an iron and steel factory in our State. So it is high time that the Government of India should consider the introduction of some freight pool on an all India basis so that the States which are situated at considerable distances from the places of production of the commodities, may get certain benefit. It may be said that in Calcutta, and any place in Assam the base prices for the commodity are the same, but in Calcutta consumers are not to pay any freight, but the people in our State get all these commodities by paying freight charge by the Steamer Company or by the Railways from Calcutta to destination stations. So, as is well known to the hon. Members of this House we are paying the highest price for these commodities.

Now as regards salt, the total annual requirement is, as I find from record, about 21,16,000 maunds. The whole quantity is to be imported from outside the State. As is

known to the hon. Members of this House, the commodity is decontrolled now, and the distribution of salt is made to different places in India under the "Zonal Scheme". There is also difference in prices of salt. If there is a pool price for salt also, in that case we may get salt at the same price which may be paid by people in Calcutta. The main idea of the Mover of the Resolution, as I could understand, is that there should be equality of treatment so far as the price of salt is concerned. In Calcutta the people pay something like Rs.2-12-0 per maund of salt whereas our people at Gauhati have to pay Rs.5-8-0 to Rs.6-8-0 per maund. In other places of Assam the prices are still higher. This Government is at one with the Mover of the Resolution on this matter. The State Government has already expressed its views to the Railway freight structure and Enquiry Committee for a freight pool on an all-India basis to introduce fairly uniform freight rates over long distances in respect of salt and other essential commodities. We hope, the Government of India will duly consider the case of Assam on the recommendations of the Railway Freight Structure Enquiry Committee. With the full support of all the Members of this House I am sure we shall get adequate relief in the case of salt also.

Mr. SPEAKER: The question is that—

"Whereas due to partition of the country, the economy of the entire State has been seriously disturbed; and

Whereas the Railway link line besides remaining breached during monsoon every year involves longer haulage and therefore higher freights; and

Whereas the abolition of all the special rates has led to a disproportionately larger increase in freight rates of Assam, thereby causing high commodity prices and hardship specially to the consumers in the State of Assam;

This Assembly is of opinion that the Government of Assam do move the Government of India to establish freight and price pool and in respect of the following essential items of imports, *viz.*—

1. Iron and Steel, and
2. Salt."

(The Resolution was adopted).

Private Members Resolution regarding: Acceptance of the recommendations of the Motor Vehicles Taxation Enquiry Committee on freight and price equalisation of motor spirit.

Shri MOHENDRA NATH DEKA: Mr. Speaker, Sir, I beg to move that: "Whereas it is essential to make motor transport in the interior cheaper than at present so as to foster the development of such transport throughout the country; and

Whereas Assam is the only oil producing country in the Union of India and yet pays the highest price in relation to other maritime States because of artificial price fixation according to Gulf of Mexico parity formula ;

This Assembly is of opinion that the Government of Assam do move the Government of India to accept in *toto* the recommendations of the Motor Vehicles Taxation Enquiry Committee on freight and price equalisation of motor spirit and in case it is not possible to implement the said recommendations, to treat Digboi Refinery as a port for the fixation of price of Petrol, in all fairness to this State."

Sir, to understand the full implication of the proposal, I am quoting the relevant paragraphs of the recommendations of Technical Committee of the Transport Advisory Council on Motor Vehicles Taxation. The Technical Committee of the Transport Advisory Council who considered the matter reported as follows:—

Price Pooling of Petrol.—The Motor Vehicle Taxation Enquiry Committee had recommended that a special "freight equalisation" fund should be created to equalise the cost of petrol at rail heads throughout the country. Under this proposal the freight charges on petrol were to be met by a special levy at $1\frac{1}{2}$ annas per gallon. At present freight charges on petrol vary from $7\frac{1}{2}$ annas per gallon at Delhi to $9\frac{1}{2}$ annas at Ambala in the Punjab and 14 annas at Shillong. The object of this proposal was to make motor transport in the interior cheaper than at present and to foster the development of such transport throughout the country. Acceptance of this would also enable the up-country States to obtain some revenue for the upkeep of their roads from sales taxes on petrol. The Committee found strong opposition from the maritime States to the proposed freight equalisation levy. Assam which produces petrol, pays under the present arrangement more than Rs. 3 per gallon at the point of production as against a little over Rs. 2 per gallon paid at the main ports. (Voice—তেনেক বা আপত্তি কৰাৰ কোনো যুক্তি নাই।)

In view of the opposition of the maritime States the Committee have excluded provision for "freight equalisation" from the draft Bills. They, however, consider that the existing arrangements with respect to Assam should be reviewed and that petrol prices in that State should be fixed on the same basis as petrol prices are fixed in the maritime States, assuming the refinery price is the same as the price at the ports.

The Taxation Enquiry Commission generally commented on the Motor Vehicles Taxation Enquiry Committee's recommendations about price equalisation of petrol. The Commission recognise the force of the argument in support of the opposition of maritime States and find themselves unable to endorse the suggestion that a transport cess of one and half anna per gallon should be levied on petrol for the purpose of equalising price".

The matter was subjected to a further scrutiny in an inter-departmental meeting held in the Ministry of Transport on 30th May, 1955 where it was held that proposal of equalisation of petrol price should be dropped.

The two members of the Committee (Mr. Guha and Mr. Venkiteswaran) also stated that the formula for equalisation of price could not be applied to the petrol produced by the Assam Oil Company and some different basis would have to be found for fixing the price of petrol supplied by them.

I beg to cite here a note on the price of petrol in Assam. The annual production of oil in Assam is about 12.5 million gallons of which more than two-thirds are consumed in Assam. While Assam is the only oil producing country in India and exports more than 40 lakh gallons of oil for the benefit of the rest of India, the price of petrol in Assam is the highest in India. From the information available with this Government a tabular statement has been prepared and placed before this House to show the comparative prices as prevalent at present in some important stations.

Station	Price ex-pump per gallon excluding sales tax on petrol			Petrol sales tax per gallon	Selling price ex-pump per gallon		
	Rs.	a.	p.		Rs.	a.	p.
Bombay	2	4	6	0 6 0	2	10	6
Madras	2	5	6	0 6 0	2	11	6
Calcutta	2	5	6	0 6 0	2	11	6
Delhi	2	14	6	0 1 6	2	14	0
Shillong	2	14	6	0 3 0	3	1	6
*Other stations in the plains in Assam.	2	12	6	0 3 0	2	15	6

*Recently the price has been raised by 6 pies per gallon. The sacrifices made by the State of Assam to develop the oil industry are of two kinds.

(a) Sacrifice of revenue and (b) sacrifice of the natural resources of the State.

(a) The sacrifice of revenue is due to this Government leasing out an area of about 8 square miles on payment of an annual dead rent of Rs.2 per acre and subject to the payment of an annual rent of Rs.2-1-0 per acre of surface land occupied or used. The revenue derived from the land used by the oil industry is of the tune of about Rs.5,000 only, which is less than what this Government would have obtained otherwise.

The Industry is based on the exploitation and exhaustion of the natural resources of the State. The benefits which the Union Government derive in the shape of revenue are over Rs.2 crores annually as excise duty on petroleum and kerosene while this Government is content itself with the meagre sum of Rs.10 lakhs in the shape of royalty.

It appears that while in 1922 there was no difference in the price of Assam Oil Company petrol in Assam and elsewhere *e. g.* Calcutta. In 1926 it was annas 4 more per gallon in Assam. On being moved in this behalf, the Assam Oil Company explained that the price fixed for Assam is the competitive rate determined by the ordinary principles of supply and demand in view of the fact that outside oil cannot be imported into Assam cheaper. On being pressed, the Company subsequently decided to lower the price by annas 2 per gallon in Assam in 1927 and the matter was not pursued any further.

In the meantime there has been a considerable change in the supply and demand position. It has been gathered from the Assam Oil Company that about 1/3rd of their annual product of petrol is sold in North Bihar, 2/3rd being consumed in Assam. Assam has now the distinction of being an exporting country. Comparisons are obvious but the price in Bihar, surprisingly enough, is fixed at Rs.2-14-6 inclusive of a local sales tax of annas five per gallon and that in Assam is Rs.3 including a sales tax of three annas per gallon. North Bihar should have been at a price disadvantage of annas 7 per gallon in respect of Digboi oil due to the cost of transport from Gauhati to North Bihar as compared with the price in Gauhati if the price was fixed taking into consideration the factors actually contributing to the structure. In practice, however, due to artificial fixation of price in Assam, North Bihar is getting an advantage of annas 10-6 per gallon over Assam. Taking

advantage of the situation that no imported petrol will be available at a cheaper rate here, the major portion of the oil of Assam Oil Company is being sold at a very high rate yielding probably unreasonable profits by a sort of exhortion of excess prices from the community generally, e. g., the people of Assam.

Incidentally it may be stated that the oil from the newly installed refineries at Bombay and elsewhere will be given a duty protection of two annas a gallon so that it can compete with imported oil, whereas the only oil producing country in India is penalised doubly by depriving it of its legitimate share in the benefits accruing in the shape of revenue from exploitation of its natural resources and by artificial fixation of an exorbitant price for the bulk of the consumption of the product within the State.

From the above facts it is evident that the people of Assam have not received a fair deal in the matter of the price of petrol over a period of several years.

The cause of Assam has been recognised by the Motor Vehicles Taxation Enquiry Committee set up in 1950. Indeed equalisation of price of petrol throughout India has been recommended for promotion of speedy and healthy development of road transport in India. But the maritime States have prevailed upon the Technical Committee of the Transport Advisory Council on Motor Vehicles Taxation to exclude the provision for "freight equalisation" from the draft Bills. Subsequently, they have recommended that the existing arrangements with respect to Assam should be reviewed and that the petrol prices in Assam should be fixed on the same basis as petrol prices are fixed in the maritime States, assuming the ex-refinery price is the same as the price at ports. I beg further to bring to the notice of the House that the lease was renewed by this Government on 1st January, 1942 and will expire on 31st December, 1966.

The profit alleged to have been made by this Company is not less than 100 per cent. Justice and reasons are in favour of our claim for reduction of price of petrol.

With these words, Sir, I commend the Resolution for the acceptance of the House.

Mr. SPEAKER : Mr. Deka have you worked out the cost of production per gallon of petrol ?

Shri MOHENDRA NATH DEKA: No, Sir, I have not worked out that.

Mr. SPEAKER : Resolution moved is:

“Whereas it is essential to make motor transport in the interior cheaper than at present so as to foster the development of such transport throughout the country; and

Whereas Assam is the only oil producing country in the Union of India and yet pays the highest price in relation to other maritime States because of artificial price fixation according to Gulf of Mexico parity formula;

This Assembly is of opinion that the Government of Assam do move the Government of India to accept in *toto* the recommendations of the Motor Vehicles Taxation Enquiry Committee on freight and price equalisation of motor spirit and in case it is not possible to implement the said recommendations, to treat Digboi refinery as a port for the fixation of price of Petrol, in all fairness to this State”.

Shri SIDDHINATH SARMA (Minister) : Mr. Speaker, Sir, I cannot have any objection to accept the Resolution on behalf of the Government of Assam. This Government have already moved the Government of India in this respect and as a result the price of petrol was reduced partly by about As. -/4/- per gallon in Shillong and As. -/2/- per gallon in other parts of Assam. The price of petrol is Rs. 2-12-0 per gallon throughout Assam now. Even then the price of petrol in Assam is higher than in other parts of India. Sir, from the information available with this Government, a tabular statement has been prepared to show the comparative prices as prevalent at present in some important stations, *i.e.*, some important places of India and in Assam also.

Station	Price ex-pump per gallon excluding sales tax on petrol.	Petrol sales tax per gallon	Selling price ex-pump per gallon
Bombay	2 4 6	0 6 0	2 10 6
Madras	2 5 6	0 6 0	2 11 6
Calcutta	2 5 6	0 6 0	2 11 6
Shillong	2 14 6	0 3 0	3 1 6
Other stations in the plains in Assam.	2 12 6	0 3 0	2 15 6

From this it is seen that Bombay pays Rs. 2-10-6 with As. -/6/- as petrol Sales Tax per gallon; Madras pays Rs. 2-11-6 with As. -/6/- as petrol Sales Tax and Calcutta pays Rs. 2-11-6 with As. -/6/- as petrol Sales Tax whereas price of petrol per

gallon was Rs. 3-1-6 in Shillong, and Rs.2-15-6 in other parts of Assam, *i.e.*, As. -/7/- higher at Shillong than at Bombay, As.-/6/- higher at Shillong than at Madras and Calcutta, As./5/- higher in other parts of Assam than at Bombay and As. -/4/- higher than at Madras and Calcutta. As I have stated, the present price of petrol per gallon now is Rs.2-12-0. Even then the price is much higher than at any other parts of India. Sir, Assam's case stands on a different footing because Assam produces the oil and the amount of production of oil is 12.5 million gallons and more than two-thirds are consumed in Assam and the balance is exported. It appears in 1922 there was no difference in price of petrol in Assam and elsewhere. In 1926 it was raised by As.-/4/- in Assam. The highest price paid in Assam was Rs.3-1-6 at Shillong and Rs.2-15-6 in other parts of Assam. Where the question is taken up for reduction price the A.O.C. explained that the price fixed for Assam is the comparative rate determined by the originary principle of supply and demand in view of the fact that outside oil cannot be imported into Assam at cheaper rate. Sir, this argument of the Company does not stand scrutiny. One-third of the production that is exported from Assam is sold at much cheaper rate in North Bihar while 2/3rd are consumed here in Assam. My Friend, Shri Deka, while moving his Resolution, has given his arguments in support of the reduction of petrol price in Assam and I do not therefore propose to repeat them. He also referred to the recommendation of the Transport Advisory Council on Motor Vehicles Taxation. I now read the relevant portion of the Report of the Technical Committee of the Transport Advisory Council on Motor Taxation, December, 1952: "35. Price Pooling of Petrol.—The Motor Vehicle Taxation Enquiry Committee had recommended that a special 'freight equalization' fund should be created to equalize the cost of petrol at rail-heads throughout the country. Under this proposal, the freight charges on petrol were to be met by a special levy at 1½ annas per gallon. At present freight charges on petrol vary from 7½ annas per gallon at Delhi to 9½ annas at Ambala in the Punjab and 14 annas at Shillong. The object of this proposal was to make motor transport in the interior cheaper than at present and so to foster the development of such transport throughout the country. Acceptance of the proposal would also enable the up-country States to obtain some revenue for the upkeep of their roads from sales taxes on petrol.

36. The Committee found strong opposition from the maritime States to the proposed freight equalization levy. Some of these States claimed that if petrol freights were to be equalized, the freight charges on food grains which they imported

from the interior should also be equalized. On the other hand, Assam which produces petrol, pays under the present arrangement more than Rs.3 per gallon at the point of production as against a little over Rs. 2 per gallon paid at the main ports.

37. In view of the opposition of the maritime States the Committee have excluded provision for "freight equalization" from the draft Bills. They, however, consider that the existing arrangements with respect to Assam should be reviewed and that petrol prices in that State should be fixed on the same basis as petrol prices are fixed in the maritime States, assuming the ex-refinery price is the same as the price at the ports." Sir, this recommendation was again placed before the Transport Advisory Council. It then referred to the Policy Committee of the Transport Advisory Council to consider the report of the Technical Committee on Motor Vehicles Taxation. I now read from the minutes of the Policy Committee of the Transport Advisory Council held in Bombay on 4th and 5th May, 1953 : "The maritime States, particularly, Travancore-Cochin and Madras, were against the suggestion for pooling of petrol freight, and they pointed out that pooling of freights on food grains, which were more essential commodities, should come first. Interior States, particularly Punjab, Delhi and U. P. were in favour of equalization of freight of petrol.

As opinions of States were found to be strongly divided, it was suggested that the Government of India might examine three proposals, namely—

1. Adjust freight charges on petrol and essential food grains respectively by suitable changes in the Railway Tariffs so that prices of each would be approximately equal throughout the country.

2. Attain equalization of prices of petrol by increasing the duty throughout India by nine pias a gallon, the balance of the freight charges being met by the Centre from within the existing duties on petrol; the States to be further consulted in case this alternative is considered.

- (3) Equalise petrol prices by meeting the freight charges from out of the existing duties on petrol.

"The representative of Assam Government placed a note before the Committee explaining that although that State was producing petrol, they were paying much higher price than other States for the petrol. It was decided that the note of

Assam should be forwarded to the Government of India for favourable consideration with regard to the relief asked for therein. So, that was forwarded to the Government of India for favourable consideration." The case of Assam stands on a different footing. So the Policy Committee recommended for favourable consideration of Government of India as a special case.

Then, these matters again came up before the 14th meeting of the Transport Advisory Council held in New Delhi on 3rd and 4th November 1954. I refer to the proceedings of that meeting, page 16. I attended the meeting. This was what I said: "Shri Siddhinath Sarma (Assam)—The policy Committee has suggested last year measures of equal prices for petrol. They have made recommendations to the Government of India. Did the Government of India examine that point, or, should we wait for it for some more time? In Assam, we pay the highest price for petrol in the whole of India. Last time, the Assam Government submitted its suggestions to the Policy Committee to reduce the price. But yet, Assam is still paying the highest price for petrol. There are other recommendations which might be examined by the Government of India. The recommendations are:

(a) Adjust freight charges on petrol and essential food grains respectively by suitable changes in the Railway Tariffs so that prices of each would be approximately equal throughout the country.

(b) Attain equalisation of prices of petrol by increasing the duty throughout India by nine pies a gallon, the balance of the freight charges being met by the Centre from within the existing duties on petrol; the State to be further consulted in case this alternative is considered.

(c) Equalise petrol prices by meeting freight charges from within the existing duties on petrol.

Will these recommendations be examined and what is the Government of India's view? Something should be done."

The Chairman replied: "To what the Minister from Assam has said, I wish only to point out to him that we have stated in the memorandum that there are three points which he has just now mentioned. We have said that these proposals will be examined urgently by the Government of India. We have said so."

Sir, in that meeting another question was raised from Assam. I read out from the proceedings; page 102.

Mr. SPEAKER : Please read the relevant portions.

Shri SIDDHINATH SARMA : Yes, Sir, I shall read only the relevant portions. Probably some of the hon. Members do not know the petrol potentialities of Assam. I shall read the statement of the Deputy Petroleum Officer, which will give an idea of petrol potentialities of Assam to the hon. Members. Here are the relevant portions of the proceedings.

“Assam— May I know whether there is any programme for the production of fuel in India, I mean petrol when I speak of fuel.

Shri Lal Bahadur Shastri: We have the Deputy Petroleum Officer here and he may be able to give us some information on that.

Deputy Petroleum Officer: Sir, I do not have the full figures with me here, but I can give a rough idea of the position. The new refineries at Bombay, it is expected, will produce sufficient petrol in the next year, I mean indigenous crude. In the year 1955, about 11 per cent of the total requirement of crude oil can be met from Bombay. But recently oil has been found in Nahorkatia, which is a discovery after 30 years of investigation, and it has been estimated that although not yet confirmed, its potentialities will be about 4 times that of Digboi. Digboi, as we know, was producing since 1920, and it is aging. But very soon, it is expected Nahorkatia will replace Digboi. Intensive prospecting and exploration work are going on in Assam and recently some gravity survey and seismic survey have been carried out in Tezpur, North Lakhimpur, Moran and Dum Duma and particularly at Moran and Dum Duma very encouraging signs have been revealed, though nobody can correctly say what is the reserve underground. But it has been estimated that North Lakhimpur can meet some 40 per cent of our requirements.” This is, of course a guess work. “Some of the experts of the oil companies are very optimistic and say that eventually perhaps, the whole of our requirements can be met by Assam. This may be premature and we need not accept it.

At present we are importing our crude oil from abroad— from Persian Gulf. The Ministry of Finance of course know about the foreign exchange question that is involved. Petrol is the single item in which the largest foreign exchange is involved—about 80 crores annually. When crude oil is imported from the Middle East, we shall incur less of foreign exchange.

As regards the question of pricing, I do not know if that also has been raised." Shri Lal Bahadur Shastri said, "Yes, go on".

"Deputy Petroleum Officer—This question was discussed in the Economic Committee of the Cabinet in May or April of last year and it was suggested by Sardar Swaran Singh that the Minister for Production and the Minister for Finance and the Minister for Commerce and Industry would consider the whole question of import and pricing of petrol. At that time the Prime Minister mentioned that recently the Chief Minister of Assam had mentioned it to him that the price of petrol was higher in Assam than in the neighbouring State of North Bengal and North Bihar.

The Prime Minister suggested that this question could also be looked into and the grievances removed. Since then we have been closely examining this question. We have our prices linked up with the Gulf parity. We made enquiries about the various countries of the world both the producing and the importing countries and we find that directly or indirectly the basic price is linked up with the Gulf price. As for the price in Assam, we have been negotiating with the oil companies and as a result of that, from 1st October 1953, the price in Assam was reduced by 2 annas a gallon and 4 annas a gallon in Shillong. The question was pursued further and as a result of that, in February of this year, the price has further been reduced by half an anna. Now the position is that the price in Assam has been brought to the level of the price in Muzaffarpur in North Bihar which is the lowest in that area and it is cheaper, after reducing the sale-price (tax), etc., by one anna, than at Jalpaiguri and 2 annas 6 pies cheaper than at Cooch Behar and 5 annas cheaper than at Darjeeling. The matter is still being examined. The main difficulty is that rail freight over the metergauge of the N. E. Railway is higher and so oil produced in Assam cannot be marketed economically outside the State of Assam. This matter is being taken up with the Railway Board and it is still under consideration. That, Sir, is the position in a nutshell."

Sir, Transport Advisory Council, at its meeting held in November 1954, recommended that the Government of India should examine urgently the three proposals made by the Policy Committee, in regard to petrol freight pool. These recommendations of the Policy Committee was considered in the Inter-departmental Committee. This meeting was held in Delhi on the 30th May, 1955, where representatives of the Ministries of Commerce and Industry, Works, Housing and

Supply, Finance, Railways, Food and Agriculture, were present. The Committee was of the view that none of the three proposals that were made by the Policy Committee of the Transport Advisory Council was feasible and should therefore be dropped. But Mr. Guha and Mr. Vankiteswaran of the Inter-departmental Committee, recommended that some different basis would have to be found for fixing the price of petrol supplied by the Assam Oil Company.

The Report of the Committee was considered at the last meeting of the Transport Advisory Council which was held in New Delhi on the 6th and 7th February last and was discussed. As a matter of fact, the Transport Advisory Council at the last meeting held on 6th and 7th February, 1956 dropped this proposal. But I pointed out that all the Committees constituted to consider this question including the Inter-departmental Committee had recommended that Assam should be treated on a different basis in the matter of pricing the petrol. This was the recommendation of the Inter-departmental Committee. "Mr. Guha and Mr. Vankiteswaran also stated that the formula for equalisation of price could not be applied to the petrol produced by the Assam Oil Company and some different basis would have to be found for fixing the price of petrol supplied by them." I insisted that the recommendations of the Technical Committee of the Transport Advisory Council should be accepted in case of Assam, that is, the existing arrangement in respect to Assam should be reviewed and the petrol price in this State should be fixed on the same basis of the petrol prices that are found in the maritime States, assuming the *ex-refinery* price is the same as the price at the sea ports.

Sir, the Minister-in-charge of Transport, Government of India, assured me that the matter will be examined by the Government of India. That is the present position. Therefore I have not the slightest hesitation to accept this Resolution moved by my Friend.

Mr. SPEAKER: The cost of production should also have been mentioned in your speech as it is about a rupee per gallon.

Shri SIDDHINATH SARMA (Minister) : Yes, Sir, I agree. The Company is making 300 to 400 per cent of profit.

Mr. SPEAKER : The question is :

"Whereas it is essential to make motor transport in the interior cheaper than at present so as to foster the development of such transport throughout the country ; and

Whereas Assam is the only oil producing country in the Union of India and yet pays the highest price in relation to other maritime States because of artificial price fixation according to Gulf of Mexico parity formula ;

This Assembly is of opinion that the Government of Assam do move the Government of India to accept in *toto* the recommendations of the Motor Vehicles Taxation Enquiry Committee on freight and price equalisation of motor spirit and in case it is not possible to implement the said recommendations, to treat Digboi refinery as a port for the fixation of price of Petrol, in all fairness to this State."

(The Resolution was adopted).

Prorogation

Mr. SPEAKER : I received the following message from the Governor of Assam—

"In exercise of the powers conferred by Clause (2) (a) of Article 174 of the Constitution of India, as amended up to date, I, Jairamdas Doulatram, hereby prorogue the Assam Legislative Assembly at the conclusion of its sitting on the 3rd April, 1956.

JAIRAMDAS DOULATRAM,
GOVERNOR OF ASSAM."

The Assembly was then prorogued.

Shillong:
The 21st March, 1957. }

R. N. BARUA,
Secretary, Legislative Assembly,
Assam.

R-1800

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4. Messrs. R. Cambay & Co., 6 and 8/2, Hastings Street, Calcutta.
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8. The Director, The Book Company, Limited, Book Sellers and Stationers 4/4A, College Square, Calcutta.
9. The Manager, The Imperial Publishing Co., 99, Ry. Road, Lahore.
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12. The Proprietor, 'Graduates Union,' Gauhati.
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14. Messrs. Law Book Society, 65/3, Harrison Road, Calcutta.
15. The Director, Benares Corporation, University Road, P.O. Lanka.
16. Messrs. Law Book Society, 4A, Wellington Square, Calcutta.
17. Messrs. Bala Raj Marwah, Booksellers, Shop No.63, Pusa Colony Market, Delhi-Karol Bagh, New Delhi.
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