

Weekly Notes

Where Angels Fear to Tread...

WHERE angels fear to tread... Shri Burgohain has stepped in. The Union Deputy Minister for Housing, Power and Supply from Assam iAd a press conference, according to a report in the *Hindu*, that the price of petrol in Assam which produces 1/7th of the country's total requirements of petrol and pays the highest price for it should be looked into. Shri Burgohain made the disclosure that the Government of India has appointed a Cabinet Sub-Committee to go into the question of petroleum prices. The Air Transport Enquiry Committee drew pointed attention to the higher price of aviation fuel in India compared to that in Australia, though the source of supply then being Abadan, the cost of transport should have worked the other way about. That it did not, was because of the 'Gulf Parity formula' adopted by the world's leading oil companies.

The fairness of this principle of pricing has been challenged in the Supreme Court by the US Administration in a case against the five leading oil companies in the USA including the British Shell Group. A specific cause of action is the price charged by these companies for petrol bought by the US Administration under the Marshall Plan. The price was based on the cost of transport from the Gulf of Mexico, though the supply was actually (drawn from the Middle East, and the transport cost was proportionately lower. The operation of anti-Trust laws in the States is difficult for the outsiders to follow. To what extent the Government - of India can effect a change and influence petrol prices is, however, quite another matter. That the establishment of refineries in India will not affect costs or prices, has already been hinted by one of the oil companies; that it should not be made a ground for a demand for reducing these prices is one of the undertakings believed to have been given by the Government of India at the time that the agreements for the refineries were signed.

The Air Transport Enquiry Committee reported that the reason why aviation petrol cost so much more in Assam was the higher transport charges, much of this fuel had to be carried by air, cheaper means of transport not being available and the Committee was assured by the oil companies that the price was

not loaded up in any way beyond the actual cost of transport and handling charges, Shri Burgohain has a different angle on it. He thinks that the Assam Oil Company at Digboi can reduce the price of petrol, even without the Cabinet Sub-Committee doing anything about it, because the Company has been making 300 per cent profit during the post-war years. Whatever Shri Burgohain's ultimate success, he has certainly raised a hornet's nest!

Economics of Vegetable Oils

THE oil economy seems to have been completely upset by the short-fall in the groundnut crop this year which has forced the prices of groundnut oil above that of coconut oil, for the first time within living memory. This happened early in May. At first it was thought that this was a temporary and speculative rise which would not be maintained and relative prices would return to their normal pattern. There is no sign of it yet, though the government has taken steps to meet the shortage in oils by encouraging imports. The first step was the complete removal of the import duty on palm oils. This duty had been maintained at a high level of 44 per cent (standard) and 31 per cent (preferential), and was abolished on May 12 last. But as palm oil is used only by manufacturers of washing soaps—to use it in toilet soaps requires refining—the situation was not relieved to any appreciable extent. This week, the import duty on copra has been reduced from 25 to 15 per cent standard rate and 15 to 5 per cent in the rate of preferential duty. As the bulk of the copra comes from Ceylon, the preferential rate matters more and the reduction has already had some effect on the local quotation for coconut oil which has come down by a rupee per maund. The duty on imports of coconut oil, however, remains unchanged at 31 per cent (standard) and 21 per cent (preferential).

The object in reducing the duty on copra and not on oil is obviously to help the crushing industry which is currently having 50 per cent of its capacity idle, though production of Vanaspati does not seem to have been affected at all by shortage of oil seeds. On the contrary production of Vanaspati has been going on at a rate higher than last

year, so been is the demand. The process of growth, through the substitution of hydrogenated for ghanly crushed oil has obviously not come to an end yet. This must be a reason for the growing demand for vegetable ghee, though nothing like a statistical assessment is possible. All oil seeds producing countries have set up crushing and are reluctant to export seeds or kernel when they can help it. The increasing imports of copra from Ceylon in these circumstances is, therefore, difficult to explain. And yet Ceylon remains our principal supplier; in the ten months of January last, Ceylon supplied 13,283 tons out of 17,247 tons of our copra imports. Not that imports of coconut oil from Ceylon are inconsiderable. Ceylon usually supplies nearly a third of the total but comes behind, far behind in some years, to Singapore. Yet Ceylon has been building up crushing capacity like other countries. The reason why Ceylon cannot retain more of kernel for crushing is presumably the high price of copra in her domestic market. The millers lose to the crushers in export markets, where the by-product—coconut oil cakes—fetch a better price and thus compensates importers which facility Ceylon is not yet able to utilise to the fullest advantage.

Own your Own Wagon

WHILE the State Governments are out to push private buses and trucks off the road, the Railway Board has set a puzzle for the public by asking it to consider the feasibility of a "Own Your Own Wagon" scheme. Since such an august body cannot be suspected of playing practical jokes, the Board must have some idea how the thing is going to work, with the infinite complications of moving wagons, central pools and wagons going out and not returning. Assuming all wagons were inter-changeable or were to be treated as such, how are the owners to keep track of their own wagons or have them moved where they want them to move. In the early days of the railways—this was some time ago—some people thought that rail roads could be treated just like other roads which any one can use freely. That was the time when Britain tried to operate a system of privately owned wagons, but it did not work. So without knowing a lot more, one would not be able to offer sensible