

†M/S. ASIATIC AND ACETYLENE CO.
LTD.

299. DR (MRS.) MANGLADEVI TALWAR: Will the Minister of STEEL, MINES AND METALS be pleased to state:

(a) whether the Asiatic Oxygen and Acetylene Co Ltd., has been blacklisted by Government; and

(b) if so, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF STEEL, MINES AND METALS (SHRI P. C. SETHI):

(a) and (b) The Asiatic Oxygen & Acetylene Co. Ltd. was blacklisted for the period 2-7-66 to 8-3-68. Blacklisting is a Departmental action which is resorted to for various reasons; it is not the Government's policy to disclose the specific reasons for blacklisting.

12 NOON

CALLING ATTENTION TO A MATTERS OF URGENT PUBLIC IMPORTANCE

REPORTED MALPRACTICES INDULGED IN BY CERTAIN FOREIGN AIRLINES

SHRI ABID ALI (Maharashtra): Sir, I call the attention of the Minister of Tourism and Civil Aviation to the reported malpractices indulged in by certain foreign airlines such as undercutting rates of air fare, resulting in losses to Air-India and involving violation of foreign exchange regulations.

श्री राजनारायण (उत्तर प्रदेश) : श्रीमन्, यह प्रश्न क्वेश्चन अरर के बाद लाया जाना चाहिये या जो टेबल पर कागज रखने हैं उसके बाद लाया जाना चाहिये।

MR. CHAIRMAN: After the Calling Attention Motion, I have not allowed you. I told you I shall consider

श्री राजनारायण : रुस्त क्या कहत हैं ?

†Transferred from the 7th May, 1968.

SHRI ABID ALI: The rule says that the hon. Minister should reply to my Calling Attention Motion.

MR. CHAIRMAN: Under no circumstances .

श्री राजनारायण : मेरा निवेदन है कि सदन में अगर कोई रुल्स को बिना पढ़े यह कहे कि रुल्स यह कहते हैं तो उससे समय सदन का बर्बाद होता है। मेरा कहना है कि विशेषाधिकार का प्रश्न हमेशा प्राथमिकता पाता है। तो विशेषाधिकार के प्रश्न को प्राथमिकता न देना सदन का अपमान होता है। ऐसा आपकी तरफ से नहीं होना चाहिए।

MR. CHAIRMAN: I said I shall consider before I permit you and before. I permit you, you cannot laise it. Therefore let us go on with the Calling Attention Motion first.

श्री राजनारायण : मेरा पाइन्ट यह है कि हमारा आपसे चेम्बर में मिलने का फायदा क्या। चेम्बर में हम लोग आपसे मिलते हैं, कहते हैं कि यह विशेषाधिकार का सवाल है, आप कृपया इसको उठाने की आज्ञा प्रदान करें और आप कहते हैं कि बाद में देखेंगे, लेकिन यह प्राथमिकता पाएगा। इनका यह अर्थ नहीं कि आप हमको मीका देंगे या नहीं देंगे। हम लोग 10 बजे, सड़ 10 बजे आपकी सेवा में उपस्थित होते हैं क्योंकि हम लोग भी मेहनत करते हैं, हमारा कोई व्यक्तिगत लाभ नहीं है।

MR. CHAIRMAN: I have not permitted you. I said I shall go into the whole thing and tell you whether I would permit or not. What is the use of your saying that I have permitted you? It is unfortunate that you say so.

श्री राजनारायण : क्या परमिट । देखिये कनफ्यूज्ड नहीं होना चाहिये । बुद्धि विघ्नम-जन्य भ्रांति में हमको विचरण नहीं करना चाहिए । हमने आपसे एक विशेष आज्ञा प्राप्त की इन विषय को, इस मैटर को सदन में उठाने की । आपने कहा ठीक है सदन में उठाना । इसके बाद परमीशन आनी है । सदन में जब सवाल उठ जायगा तब आप परमीशन बाद में देंगे कि इस पर हम अभी विचार करेंगे या बाद में विचार करेंगे, लेकिन जहाँ तक विशेषाधिकार के नोटिस का सवाल है वह हम आपको क्वेश्चन अवर के बाद देंगे । सुनने के बाद आप परमीशन दें या न दें यह आपके ऊपर है । इसलिए इन दोनों प्रश्नों को एक में मिलाया नहीं जाना चाहिये ।

MR. CHARMAN: Permission to raise it is that first matter and therefore that permission to raise it also I did not say I was giving you. Therefore Calling Attention Motion first.

श्री राजनारायण : आपके कहने के मुताबिक आपने यह भी नहीं कहा कि हम इसको रोज कर सकते हैं । अगर आपकी यह व्यवस्था है तो फिर इसकी आवश्यकता नहीं कि हम आपके चेम्बर में उमस्तिन हों और अपना समय बर्बाद करें । आपने यह भी नहीं कहा कि यह सवाल हम उठा सकते हैं ?

MR. CHAIRMAN: That is a different matter. I said I will consider and after considering I should give you permission. You can do so to morrow or day after.

श्री राजनारायण : क्वेश्चन अवर के बाद ? जो नियम है उन नियमों का आप सख्ती से पालन करें हमें कोई ऐतराज नहीं होगा लेकिन नियमों का अपना स्वेच्छा से जब चाहे तब उसका वैना भाव्य हूँ, मेइन्के विरुद्ध हूँ । मैं आपसे नम्रता के साथ कहना चाहता

हूँ कि क्वेश्चन अवर के बाद आपको डाह्याभाई जी को और हमको कहना चाहिये था कि विशेषाधिकार के सम्बन्ध में जो नोटिस देना है वह आप कह सकते हैं ।

MR. CHAIRMAN:: Mr. Dahyabhai will admit that I heard Mr. Dahyabhai and I said I shall consider. That you note. And Mr. Dahyabhai I think agreed to that I said I might be giving you an opportunity but I shall let you know.

SHRI DAHYABHAI V. PATEL (Gujarat): I have written to you and I will await your orders. I submit to your orders. I have not even raised the point.

MR. CHAIRMAN: You should be just to me, Mr. Rajnarain.

श्री राजनारायण : श्रीमन्, देखिये पाइन्ट ऑफ आर्डर का पाइन्ट ऑफ आर्डर की तरह जवाब होना चाहिये । अगर आप यह कहते हैं तो मैं भी खड़ा होता हूँ अपनी पोजीशन को एक्सप्लेन करने के लिए । "I shall consider" आप कन्सीडर करके अपनी अनुमति प्रदान करेंगे । यह मौका कब आयेगा नियम के मुताबिक ?

SHRI ABID ALI: On a point of order, Sir.

SHRI RAJNARAIN: I am on a point of order.

SHRI ABID ALI: That has been disposed of. My point of order is that after the Question Hour you asked me to call the attention of the hon. Minister. I read out what was there on the Order Paper. Now no other subject can come except a point of order concerning this very matter and nothing else. Therefore my request to you is to ask the hon. Minister to reply to my Calling Attention Motion.

श्री राजनारायण : मैं बहुत ही अदब के साथ पार्लियामेन्टरी प्रोसीजर के ऊपर चलना चाहता हूँ। पार्लियामेन्टरी सदस्य को कोई अपनी इच्छानुसार चलाना चाहें, सोड़ना चाहें तो मैं उसका विरोध करूँगा।

SHRI ABID ALI: Sir, what is your ruling to my point of order? I want a ruling to my point of order.

MR. CHAIRMAN: Mr. Rajnarain, I will not hear you now. I shall hear you after the Calling Attention Motion. Therefore please sit down now.

THE MINISTER OF TOURISM AND CIVIL AVIATION (DR. KARAN SINGH): Sir, thirty-one foreign airlines at present operate to and through India most of them members of the International Air Transport Association. This Association, with the unanimous consent of its members, has prescribed certain fare structures to which the member airlines are required to conform. Any undercutting of these fares is an offence under the IATA Regulations for which a member is liable to be heavily fined. In addition, foreign airlines function in India by virtue of bilateral air agreements concluded by the Governments concerned with the Government of India. These bilateral agreements invariably provide that the foreign airlines, whether or not they are members of the IATA, should adopt the fares prescribed by it. It is an offence under the Aircraft Rules to deviate from this fare structure, and such an offence is liable to be punished both with imprisonment and with fine.

There have indeed been indications from time to time that certain foreign airlines have indulged in the practice of undercutting the IATA fares. The Enforcement Machinery of the IATA which functions in this country, as in other important aviation centres of the world, have on occasions investigated such allegations and in certain cases, where offences have been proved, imposed penalties on the

offending airlines. In the very nature of such cases, however, it is difficult for such allegations to be proved because passengers who benefit from the illegality are not generally inclined to give evidence against the airline in question. This difficulty has been aggravated at the moment by the action of the Middle East Airlines who, as a Member of the IATA, have denounced the IATA fare structure between U.K., and the Far East, thus creating an open-rate situation.

The problem of under-cutting of the IATA fare rates is basically an international one for which an international machinery, as I have stated, does exist. Nevertheless, it is also a matter of national concern, for such under-cutting not only affects the revenue-earning of our national airline Air-India, but also leads to other malpractices such as currency manipulation and violation of our Foreign Exchange Regulations. It is for this reason that the Enforcement Directorate of the Ministry of Finance are also concerned with such offences. Recently, on the basis of certain information received, this Directorate searched the offices of a foreign airline at Bombay and Delhi; and also the residences of some employees of the airline. Certain papers and documents have been seized and these are at present under scrutiny. It is too early to say what the investigation of the Enforcement Directorate will reveal and I am sure Hon'ble Members will agree with me that I should not attempt at this stage to anticipate their conclusions. I would like to assure the House that apart from the machinery provided by IATA, the Government of India will continue to keep a watchful eye and make every attempt to check such malpractices.

SHRI ABID ALI: I am grateful to the hon. Minister for giving very reasonable and detailed reply. Is it not a fact that one of the Airlines which is adopting this undesirable activity was some time back punished by IATA and is it also not a fact that that particular Air line is still

[Shri Abid Ali.]

adopting this bad practice to this extent that their aircraft are going almost full whereas Air India is not only losing, as the Minister has said, revenue but also the country is obliged to acknowledge the fact that so much money has been paid as freight and to that extent they have to lose the foreign exchange? What steps are being taken so far as the Air India is concerned? Would it not be possible for Air India to have some passengers of their own to be helpful to check this malpractice by those Airlines?

DR. KARAN SINGH: As I have submitted, certain information has been received against certain Airlines, and that is under consideration. As far as Air India is concerned, we have a very big emigrant traffic between India and the U.K. and we have recently introduced a special emigrant fare between Delhi/Bombay and London and we hope that this will also help in a way and offset the malpractices which the foreign Airlines may indulge in.

SHRI A. G. KULKARNI (Maharashtra): The Minister has rightly pointed out the malpractices practised by the African Airways but I can say that this racket is going on for a very long time and we incur a loss of about 2 to 3 crores per year by way of foreign exchange. I have found out that these are the four Airways that adopt this:

The United Arab Airlines.

The Syrian Airlines.

The Kuwait Airlines.

The African Airlines.

They are running round about 12 flights per month and it is found that they have got 80 passengers roughly and calculating drawback at Rs. 1000 per passenger it comes to a loss in foreign exchange of Rs. 2 crores per year. In this connection there is another racket going on in this connection and particularly by the Intercontinental Hotel. When international tourists arrive there the currency is also exchanged in collu-

sion with the travel agents and the airlines. May I know what steps the Government are taking to plug the currency smuggling by the Airlines, particularly the African Airlines and the Intercontinental Hotels in Delhi and Bombay where the currency is smuggled on a very large scale? May I know from the Government whether they have thought of re-introducing the original system of declaration of currency and Travellers' Cheques by a foreigner on arrival here? Now he is required to declare only the currency that he has. May I suggest that the Government may persuade him to declare the cheques—negotiable currency—also that he brings from foreign countries? In that case we will know at the airport how much money has come into this country through that foreigner so that this smuggling can be discouraged. Then the Government has rightly appointed a committee under the Chairmanship of Mr. Dutt to plug the smuggling of currencies by the travel agencies as well as the hotels. In view of all these it is better that the Government is vigilant and the Government plugs these loopholes so that valuable foreign exchange to the extent of Rs. 2 to Rs. 6 crores is not lost to the country.

DR. KARAN SINGH: The Member has raised two very important points. Firstly with regard to the Airlines, I have to submit that to make a broad generalisation—though we have some information in regard to specific airlines—may not be entirely fair because it is not correct to say that all those airlines have indulged in it. For example the Member mentioned the United Arab Airlines. We have had absolutely no trouble with them and I do not think that anything should be said which might unnecessarily create complications but certainly I entirely agree with the Member that these malpractices that such companies indulge are very detrimental.

The second point raised is very significant, which is giving us a lot of

trouble and causing us worry and that is the leakage of foreign exchange that takes place in this country as a result of illegal practices not only by the airlines but also by other people in the financial world, perhaps some people in the hotels and so on. It is a matter which is under the careful consideration of the Government. In fact we have been considering this for the last 5 or 6 months and the Deputy Prime Minister is personally looking into the matter in the Finance Ministry to see what can be done to prevent this leakage. Several suggestions have been made. There are certain legal complications, certain major complications but certainly we have to do something, otherwise a lot of money that should really come to us slips through the fingers to a large extent. This is a matter which is receiving the special consideration of the Government and we will take whatever steps are practicable and also legal steps in order to check this outflow.

SHRI M. P. BHARGAVA (Uttar Pradesh): May I know from the Minister whether a study of the rules and regulations of the IATA has been made and whether there is any provision for IATA to conduct enquiries into any complaints received from any member country in this connection?

DR. KARAN SINGH: Yes, there is a procedure, as I mentioned in the statement, and the IATA does conduct enquiries from time to time but very often the machinery which it has is not wholly adequate in order to look into the matter and therefore the Government concerned has also got to be active in this matter.

SHRI S. K. VAISHAMPAYEN (Maharashtra): Besides these foreign airlines, there are big travel agents in this country which are in collaboration with these foreign airlines. What steps are being taken against them? Secondly there is a report that some of the big international airlines

are also in collaboration in this particular racket and, if so, has any enquiry been made into this affair?

DR. KARAN SINGH: The travel agents of course play a very important role in all international travel and certainly when we are looking into the question of the tightening up of the rules, the role of the travel agents also will be kept in mind. Regarding the other airline, I have said that any airline indulging in this is doing a most undesirable thing and we are making enquiry to see that such things do not happen.

SHRI A. P. CHATTERJEE (West Bengal): The Minister is aware that a great part of the fare that the passengers pay to these airlines is generally pocketed by the travel agents as their commission. I should not perhaps use the expression 'pocketed' but it goes to their account by way of commission. Of course nobody ever supports undercutting as certainly it is an offence under the IATA rules and also other regulations but from what really happens, it is clear that these air fares settled by the IATA are much boosted—much more than what they normally should be—and as a matter of fact, because of that, because the fares are much higher than what they ought to be this black market in fares continues, that is, this undercutting continues. Will the hon. Minister see to it that the Indian Government requires the IATA to again come to a sitting and settlement of the international fare structure, so that the fares may be more economic for the passenger and may be more rational and reasonable? And I just want to ask whether the hon. Minister will agree with me or not in this that if the fares are put on a reasonable and rational basis, then the basis of undercutting of fares will go whether the Indian Government will really take any concrete steps to see that the fare structure is revised and will impress that point upon the IATA. In this connec-

[Shri A. P. Chatterjee.]

tion will the hon. Minister also tell the House whether he is aware—of course that was the position some years ago—whether he is aware that the Soviet Airlines, as far as their internal fare structure is concerned, and perhaps in some of their international air routes also, they do not subscribe to IATA regulations? I may be incorrect, but the hon. Minister will correct me if I am so.

DR. KARAN SINGH: Sir, the hon. Member has raised three points, firstly with regard to the travel agencies. I do not think it would be correct to say that they pocket a very large amount of the fare. Their commission is fixed by international usage, which I think is about 5 per cent, and the travel agent performs an extremely valuable function and, as you know, he does not charge anything from the customer at all. He makes his money, his profit, from the airlines, and for all the services that a travel agent has got to provide—all the detailed itineraries and tours and bookings and all—it is the international custom that he gets his percentage from the hotels and from the airlines. So I think there is no reason to believe that in India the travel agents are getting any undue share; they are getting their share

The second point, Sir, is well taken because it deals with rationalisation of the international fare structure. Now we in India, located as we are a long distance away from the main centres where tourism originates, our whole interest generally is to bring about a rationalisation of the fare structure, a decrease in fares, because if it becomes more and more expensive, it is a disincentive for people to visit other places. Therefore, in the meetings of the IATA we always try and use our influence in order to bring about a rationalisation of the fare structure, but of course I am sure the hon. Member will agree that this is a matter in which an inter-

national consensus has got to be arrived at. It is not possible for one country by itself to, in any way, modify it unless they are able to bring about a climate of opinion, and our broad approach to this always has been to bring about a rationalisation and we try and use our influence in the IATA to that end.

With regard to the Soviet Airlines, the hon. Member is correct in saying that Aeroflot is not a member of the IATA, but under the agreements under which Aeroflot functions in this country for example—I am not sure what the position of Aeroflot in other countries is—in this country the agreement provides that the fare structure will be according to the IATA rates. So for all practical purposes Aeroflot, not being a member of the IATA, does not make any practical difference as far as their functioning in India is concerned.

SHRI G. MURAHARI (Uttar Pradesh): I would like to know whether the Government is aware of the fact that certain airlines provide facilities outside the country to certain other passengers, and instead of reducing the air fares they give certain facilities which are not covered by the regulations of the IATA, and thus give certain advantages to passengers travelling by those airlines. This is one method of undercutting the fares. I would also like to know whether Government is not aware that there are certain travel agencies which act as agents for particular airlines and they are in collusion with those airlines to undercut the fares. And I would also like to know whether the Government intends to make it obligatory for all air tickets to be bought through a bank or through Air India, because that will be one method to prevent this kind of undercutting the fares.

DR. KARAN SINGH: It is a question of unfair incentives which he has mentioned. It may be that some people indulge in it. Of course it is

highly illegal, for example giving gifts on the plane, in which, at one stage the different airlines used to vie with one another. But that was also banned, because that became one of the ways in which these unfair incentives were given, I mean, if you travel, somebody giving you a beautiful fountain pen set, it is in a way misusing the fare structure. So certainly this is undesirable.

And, Sir, as far as the travel agent is concerned, I think I will do this. I will write to the Travel Agents Association of India, I will take it up because that is a very responsible body. There was a meeting of that Association in Kashmir recently, which I inaugurated. It is a responsible body. I will particularly ask my Ministry to take this matter up with them in order to see that their co-operation is forthcoming.

I do not think it is possible or even desirable that all tickets should only be bought from Air India or through a bank because, after all, the travel agents have got an important role to play, but I am sure that responsible travel agencies at least will not in any way lend their weight to such illegal practices, I will take this matter up.

SHRI JOACHIM ALVA (Nominated) I do not know how these questions suddenly flared up. Is it because of thieves falling out? Has it come to the notice of Government that there have been cases in the past, one or two, about which they had not the courage to take up the gauntlet? There were one or two cases where these malpractices were indulged in. Secondly, I would like to know what is the structure of the Middle-Eastern airlines. Are they in ally of the BOAC? Does the BOAC subscribe any funds in them? Or do they work as a kind of associated airlines? Therefore, what is the difficulty in regulating the foreign exchange with incoming travellers in a strict manner? Even when the great

President Johnson orders his citizens that they shall not spend more than ten dollars to reach Europe or anywhere in any part of the world, why is it that we cannot regulate the use of the foreign exchange with the incoming passengers in a way to benefit our motherland and see that the malpractices do not take place in the sense that the State Bank of India puts up small little cubicles at the aerodromes and everywhere else—even in the big hotels the State Bank of India can put up small cubicles—and foreign exchange could be dealt with through only those cubicles put up by the State Bank of India at, say the big hotels, and at the aerodromes?

DR KARAN SINGH Sir, the hon. Member has raised three points. The first thing is about the thieves falling out. I am afraid my knowledge of thieves is very limited, I am not in a position to say.

SHRI ARJUN ARORA (Uttar Pradesh) You may consult the Home Ministry.

DR KARAN SINGH but whenever such a thing does come to the knowledge of Government, it is the duty of Government to take action against them.

With regard to the exact structure of the Middle East airlines, I do not think really I am in a position to say. Because they are foreign airlines, what their internal structure is, I do not have immediate information to give about it.

With regard to the question of restricting expenditure when tourists come into India, certainly, as I have submitted earlier, we want to see that the money does not go into illegal hands, but we do not want to impose such irksome restrictions that the people will not spend because, after all, our interest is that people should come to India and spend as much foreign exchange as possible. If we so tie them, cabin and confine them, then it becomes a nuisance for

[Dr. Karan Singh.]
them even to change a traveller's cheque. That way we will be acting as a disincentive. All that will happen is that they will overfly India and go and spend their money, say, in Hong Kong or Bangkok. So we have got to keep a balance between the two. We have got to see that illegality does not take place, and we also do not become so irksome that it acts as a disincentive.

SHRI BHUPESH GUPTA (West Bengal): I should like to know from the hon. Minister when they came to know that such malpractices were being indulged in; how they came to know? Secondly, I should like to know which are the concerns. Somehow or other we have not been given their names. No harm in divulging the names of those concerns. After all they are doing it, and it is no longer a secret either. As far as we are concerned, we have been hearing this kind of thing for a long time, and now we find the Government is acting after so many years. What was Government doing earlier? With regard to attracting the tourists and so on, well, inspire them to spend money in our country. I can understand that, but I believe something could be done better in order to prevent money flowing into black market or similar other channels—anyhow—but the black marketeers say that the black market money is also in India—it is patriotic money according to some black marketeers, because the black market is located in India. That being so, if we have that definition of patriotism, then it is very difficult to do anything. Besides, we have the very great outfit of the Bombay Government intelligence and so on. What are they doing in Bombay? Why did they not find out things earlier than now? All these things should be explained a little.

DR. KARAN SINGH: Sir, I do not think it would be really possible or desirable for me to give more details as to how the information was collec-

ted, because after all we want our sources of information to increase. And the very fact that this information was forthcoming itself is a very healthy sign. As the hon. Member has said, I think we should take such action in future also against any airlines indulging in any unfair practices and so the actual *modus operandi* or mechanism and the details involved and all that—I think you will agree with me, Sir,—it will not be desirable for me to give. In fact if I do that may hamper not only this investigation but also the further inflow of information.

SHRI BHUPESH GUPTA: What is the name of the company?

DR. KARAN SINGH: It is not a company. It is only an Airline.

SHRI BHUPESH GUPTA: What is the name of that Airline?

DR. KARAN SINGH: It is the Middle East Airlines against whom this particular action is being taken.

MR. CHAIRMAN: Next item—
Papers to be laid on the Table.

PAPERS LAID ON THE TABLE

APPROPRIATION ACCOUNTS OF THE DEFENCE SERVICES (1966-67) AND RELATED PAPERS

THE DEPUTY PRIME MINISTER AND MINISTER OF FINANCE (SHRI MORARJI R. DESAI): Sir, I beg to lay on the Table, under clause (1) of article 151 of the Constitution, a copy each of the following papers:—

(i) Appropriation Accounts of the Defence Services for the year 1966-67 and Commercial Appendix thereto.

(ii) Audit Report (Defence Services), 1968.

[Placed in Library. See No. LT-1174/68 for (i) and (ii).]