

ANNUAL REPORT OF THE INDIAN  
AIRLINES CORPORATION—  
*continued*

DR. M. D. D. GILDER (Bombay): Sir, the hon. Minister took over on the 1st of August, two years ago, the Indian airways companies. Some of them were very efficiently managed, and some of them were managed in such a way that one could not even find words to criticise them. I can give you some of my experiences, Sir. On the day the Minister actually took over, I had bought my ticket from the Tatas. I came over to the place where the Government office was situated. I was driven over by the Director of Health Services of the Delhi State. We could not find anybody to take the luggage out of the car. I went into the office, and the man shouted loader, loader', but there was no reply. And we had to go out in search of the loader, Sir, and we found the man sitting next to the car, smoking and chatting. After he had taken the luggage from the car and put it in the bus, he stood at the door of the bus and said "Salam Sahib". That was my experience on the first day, Sir, when the hon. Minister took over.

Next week, Sir, I came from Bombay. I found that my luggage was overweight, and I was charged a certain amount for overweight. Within two days I was going back. I had bought one or two books here. They were in the luggage, and the man came and said "I will give you the ticket afterwards". He gave me the ticket afterwards. And then somebody came to me and said, "Your luggage was overweight, but we have made it 44 pounds, Sir. Salam Sahib."

And next time, Sir, I went to book my passage.....

SHRI JAGJIVAN RAM: But you have left out a very important point.

DR. M. D. D. GILDER: Yes, that point is this. When I reached Bombay, I sent to the hon. Minister a

cheque for the amount that was due from me for that overweight. Of course, what happened after that, I do not know. An enquiry was made as to whether the man was in uniform or not, and I replied to that. But I do not know what action was taken in the matter.

Once, Sir, I went to the Delhi office for reservation, but they told me that no room was available. It was for reservation about 48 hours before the plane was to start. I could not see the book. It was far away, but on the book, the entries, as far as I could see, were only three or four for that day. I came over here and applied to the Secretary, because I was in a hurry to go, and I had to go. He was good enough to give me a 'Government Priority Slip'. They had told me at that place, "If you come tomorrow, we will be able to give you a seat." But in the meantime, I had got my priority slip. And then when I went there with the priority slip, they said, "You need not have worried about this priority slip. Perhaps we could have given you a seat today." Well, that is the same sort of thing that was happening on the Railways ..

SHRI R. U. AGNIBHOJ (Madhya Pradesh): No 'Salam Sahib'?

DR. M. D. D. GILDER: There was no "Salam Sahib".

Then, Sir, some days after that, we were starting from Delhi. We got into the plane, but something happened and the plane did not start. And about a quarter of an hour later one of the crew turned up. So, Sir, you will see that the plane was detained for the convenience of one of the crew for about fifteen minutes. Once it so happened in Bombay that the pilot did not turn up, and we had to wait there till somebody from Santa Cruz went to the pilot's house and then to another pilot's house and brought him there.

One day while travelling there was one of the Deputy Ministers on the

plane. And we remarked that the Air Corporation was saving expenses on toilet paper, because that was missing. Sir, about food, well, the less one talks about it the better. But I am talking about the things that happened at the time when the Minister took over, between August and November. I now find that a great many changes have taken place, and things are much better managed now than they were before. And from that point of view, I think I must congratulate the hon. Minister for what he has done.

Sir, what Maj.-General Sokhey has said is certainly true. That sort of inconvenience has been experienced by me too. I rang up one evening in order to get a plane about 48 hours later, and I was told, "Unless you take the seat within the next hour or two, it will not be available to you; and pay the cash in the office." So, I had to rush up from my house to pay the cash in the office in order to get the seat. The plane was going 48 hours later. They could have very well waited, I believe, till the next morning, as the Tatas used to wait.

As regards the fare, for a trip from Bombay to Delhi, it has been raised for the night service, but that does not matter because the service is now very convenient. The night service formerly used to start from Bombay at about 1 or 2 A.M. Delhi also at about 1 or 2 A.M. so that it was difficult to go to the office at that time. The only way in which one could go to the office was to go to a cinema, and walk from that cinema to the office. Now, of course, one loses the chance of going to a cinema, but the service is more convenient. It takes us home by midnight and we can go to bed soon after. So, the convenience is there, and from that point of view the rise in the fares may perhaps be justified.

Sir, I travelled first by air in Europe, in the early twenties, and I found that the fare in those days was just about the first class railway fare. I think we ought to follow that

example; if we want to encourage air flights, we should fix our fare at the level of the first class railway fare. Well, Sir, today we are discussing only the first nine months' working of the Corporation. So we need not go further into the matter. Of course, as regards the losses and all that, the hon. Minister took up a house which was weak in its foundation and was without repairs, and certainly during the course of nine months we cannot expect very much from that point of view. The losses were there already, and it was, in a way, not his doing, but the doing of the companies that he took over. In future, of course, Sir, we trust that the air service would develop to such an extent that this deficit would be overcome.

One hears of a lot of discontent amongst the staff. I have not enquired into that question, and I do not know whether that discontent is justified. But one should like, particularly with regard to aircraft, that such discontent should not prevail. And perhaps the hon. Minister will be able to tell us a little more about it. I conclude, Sir, by congratulating the hon. Minister for the changes that he has brought about, and I trust that he will go along that line and make the air service in this country the first in the world.

**SHRI RAJENDRA PRATAP SINHA:**  
Mr. Deputy Chairman, I have not got much personal experience of travel by the Indian Airlines so that I can give anecdotes of my own to this House but we can base our assessment of the Airlines Corporation on the facts and figures and on the reports supplied to us. I would like to make an objective assessment of the working of the Corporation and I would not expect that the hon. Minister would wipe out the losses of the Corporation even in the years to come because to expect that is to cry for the moon. I find that in none of the countries of the world the airlines, particularly on the domestic line, are running at a profit. But certainly we

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can expect from the hon. Minister that he should improve the working and the efficiency of the Corporation. But my great handicap is this, that we have not yet got from the Corporation enough data to base our judgment of the working of the Corporation. As a matter of fact this report which is before us is only for eight months and in that too, I find that it is only three months' effective working under the integrated scheme that is available, because the report says that they implemented the reports of the Integration Committee and of the Efficiency Committee by the end of December. Of course, it is printed 1954 but I take it that it is end of 1953. It is only probably three months' actual working till the 31st March 1954. I would however like to make my criticism on the report itself. I find that it is very sketchy and it does not give all the information and all the data that they ought to give, as is being given out to the public and the Parliament in England by the B.E.A. reports. They not only give their own data but they make a comparative study of the data available of the other Corporations working in other countries. If such information is given to us, we shall be in a better position to judge the working of the Corporation than we are today. However, we can review this sketchy report even, and I hope the Corporation would profit by the criticism that we may offer here.

Sir, mention has been made in this House regarding the losses that the Corporation has incurred and it has been shown that the loss in this year is Rs. 80,40,000 and in the coming year the losses are likely to be more, viz., Rs. 115.59 lakhs. I was looking into the report of the B.E.A.—an English Corporation—which runs the domestic and the European continental service in England, and I find that even after nine years of working they disclose for the year 1953-54 a loss of £17,73,797 and they have got in that year a grant of £1,500,000 from the British Exchequer. So I don't expect that the losses can be wiped

out by us in the near future especially when we want to expand our services and we want to improve them. But I find that we can profitably see whether we could reduce the operating expenses. I find that the operating expenses given in the report have led to a net loss of Rs. 74,78,841. If we take away the depreciation, the net loss is Rs. 45,47,737. If you again look into the B.E.A. Report, you will find that after 8 years of operation, they could wipe out their operating losses and in this year—in 1953-54—they have not only wiped out the operating losses but have also shown a surplus of £64,000 in the operating figures. It is very significant to note from this report that if you look into the yearly reports, you will find that every year they have always been making continuous and steady efforts in order to reduce their operating costs. I shall be satisfied if the hon. Minister proves that they are working in that direction. That is to say, they must show that every effort is being made to reduce the operating cost, to increase the efficiency of the running, to increase the utilization of aircraft and to increase the productivity of labour. By all these factors, the British could after eight years of continuous hard labour and effort, eliminate the losses on the operation side. Now we shall be perfectly satisfied—we should be: this is my submission—if we work in that direction and if our efforts are in that direction so that in time to come we can wipe out our operating losses. How could they achieve it? They could all the time carry on researches and study about what type of aircraft they should use, what should be the policy in the matter of air traffic—both of freight and the passenger. You will find that in about seven year's time B.E.A. have increased their air traffic by 200 per cent. Now are we moving in that direction that in seven years' time our air traffic will also improve by 200 per cent? If you are proceeding on those lines, we should be perfectly satisfied that in time to come our Air Corporation could do well. We have to examine whether the increase in

traffic is progressing. For that purpose we have to see what our fare is.

What I find is that the Airlines Corporation has been adjusting its fares as is evident from the brochure and they have reduced some fares and have increased some but the sole purpose of making these adjustments is to remove certain glaring anomalies. This is what is said in the report. We must examine our entire freight structure and the fare structure. What is our principle? I want to know whether the Ministry or the Corporation has established any basis for computing the fare rates and the freight rates. What are the principles that they have evolved to govern in the future their fare rates and their freight rates? In the second year of establishment of the B.E.A. in U.K., they established a committee to go into the details and both the Ministry and the B.E.A. worked together in order to examine this question of fares and freights. Just as our freight and fare rates were chaotic when the private Companies were managing them, similar conditions then prevailed in U.K., and both the Ministry and the B.E.A. together went into the question and evolved a freight structure. Of course, it was 15 per cent. higher than the then prevailing rates but they also gave such concessions that it attracted higher traffic both in the matter of passengers and goods. So we must also examine it in the same manner. I would also like to learn from the hon. Minister if this question of establishing the freights and fares on certain principles has been considered by the Air Transport Council which has been established under that Act. The Act also provides that this matter of freight structure and connected questions should be referred to the Air Transport Council. I would like to know whether these revised rates have come on a permanent basis or on a temporary basis and what examinations are being conducted for establishing a permanent structure of freights and fares, also whether the Transport Council has been consulted.

I find a very important point raised by the Corporation in this report, namely, that in times to come, because there will be an increase in wages, the cost of materials and other things, they were anticipating a mounting loss. As against that, I would, with your permission quote what is contained in this report of the British European Airways:

"This reduction in specific cost was achieved in spite of the continuing rise in commodity prices and a rise in the rate of wages and salaries which, during the year, increased B.E.A.'s wages bill by some £250,000, compared with the cost of the same number of staff at the rates prevailing in 1952-53. In fact, the 23 per cent. increase in traffic was achieved with a 5.9 per cent. increase in staff numbers—which stood at 9,064 on 31st March, 1954."

So there may be an overall reduction in the operating cost, in spite of the fact that there may be a rise in the wage bill or in other costs. So we should like to know whether the Corporation is working on that line so that such a result may be achieved. I would particularly like to know whether we can get from the Corporation information every year as to the total cost of each of the ton miles produced during the year, and whether there is a steady reduction of cost, year by year. That alone will enable us to judge whether the Corporation's operations are efficient and whether they are reducing their cost of operation or not.

One other interesting point that I find from this brochure is although the Corporation has been operating at a loss of about Rs. 80 lakhs, they have paid to the exchequer, by way of fuel duty and sales tax Rs. 94.52 lakhs, may be they have paid something more as customs duty too. This is significant and shows that although they were operating at a loss, on the whole the tax-payer has not been burdened by the operation of these air lines. Indeed we have to take a

[Shri Rajendra Pratap Sinha.] large point of view and we should remember that we should develop our civil aviation at any cost, not only for service at peacetimes, but also as it is required as a second line of defence. So taking the picture as a whole, the position is not alarming. We are not giving them any subsidy, the petrol subsidy has been cancelled. In the U.K. they give them subsidy, but we do not. So I am not taking an alarming view of the working of the Corporation. When we take all these factors into consideration, although there has been such a loss, on the other hand they had paid to the exchequer this amount by way of fuel duty and sales-tax too. Therefore, on the whole, I would say that the Corporation is not a burden on the tax-payer. If it can extend its activities and give better service to the nation, naturally that would be a very big thing.

The point was raised as to why the Air-India International was not running into a loss and why this Corporation should be running into losses? Sir, I have surveyed the corporations all over the world and I have found that most of the corporations running international services make a profit. As a matter of fact, the B.E.A. has been able to reduce its losses to a great extent because of the fact that they are running both internal and international services. Probably if they had been running only internal services, their losses might have been much more than what is disclosed in the report for 1953-54. As a matter of fact, we have been pressing that we should combine the international and the national airways and that if we could develop air services in India by offsetting the losses by the gains we get from the international lines, it would be worthwhile doing it. This does not of course, mean that we should not take every step necessary to reduce our operating cost.

In this connection I would submit that the Corporation should consider the possibilities of combining together

a freight-cum-passenger service in India. I find that the B.E.A. has been able to improve its results very much because of the fact that it introduced such types of aircraft as could lift both passenger traffic and freight traffic. We should examine this question in our country also and see whether we would not be improving our working by this method.

Thank you, Sir.

SHRI H. P. SAKSENA (Uttar Pradesh): Sir, while I was listening to the speech of the mover of the motion, and to the speech of his able lieutenant, Mr. Mahanty, my mind went back to the impeachment of Warren Hastings in the British Parliament and I thought that in place of Warren Hastings, we had the hon. Minister for Communications this morning in the dock.

Sir, the Indian Airlines Corporation is a baby, just a year or so old. Its working, of which we have a report before us, relates only to a few months. From the speeches that I heard at the beginning of the debate, I thought that a very gloomy and alarming picture was being presented to us and there must have been something very seriously wrong with the object of nationalising air travel and forming a corporation for air flight. Fortunately and happily for us all, Dr. Gilder came to our rescue and he told us that there was at least a silver lining also in the dark clouds and that things were not as bad as they were depicted to be and that even though there was something wrong, that could be remedied very soon.

The talk that I too have heard has been this: While we are trying to nationalise the industries and other concerns in the private sector—so far as these particular air companies were concerned—a proposal in a silent and subdued form came from the owners of these air companies that it would be in their own interest if their undertakings were to be taken over by Government and they were paid the amount due to them.

This was thought by them to be a profitable proposition; they would be getting money for their things which were reported here to be just mere scrap. My hon. friend, Mr. Kishen Chand, said that a heap of scrap which could be converted into a Dakota by spending Rs. 4,000 was eventually purchased for Rs. 1,60,000 by the Government.

**SHRI H. C. DASAPPA (Mysore):** That was not correct.

**SHRI KISHEN CHAND:** See clause 18 (1). This is in their own report.

**SHRI H. P. SAKSENA:** I do not understand the interruption; the hon. Member will please excuse me if I do not give way.

It was a fact. Rs. 1,60,000 were given for a Dakota which was so converted at a cost of Rs. 4,000. A mere scrap, on a sum of Rs. 4,000 being spent, becomes a Dakota worth Rs. 1,60,000, suddenly and miraculously. That was what Mr. Kishen Chand said and I am positive and certain about my reporting. That must be a very special type of engineer who was clever and artistic enough to convert scrap into a Dakota worth Rs. 1,60,000. I hope the many businessmen in this House, including my hon. friend, Mr. Kishen Chand, will avail themselves of the services of that expert engineer and get Dakotas made out of scrap.

My hon. friend, Mr. Sinha, delivered a realistic speech. He told us that it was not always good for the money value to be taken into consideration. These air lines are a national necessity and they should be seen from that angle of vision. As he told us, they form a second line of defence. In case of emergency, these Dakotas will stand us in good stead and it is up to us to see that they are put in proper form, no matter what the amount of money that is spent on them is.

So far as the operational cost and the expenditure are concerned, there can be no two opinions about it. Everybody would like the concern

which is after all a commercial as well as a national concern, to run with as little expenditure as possible, but then economy is not the only thing that has to be taken into account always. There are other considerations also which must be taken into account. The point that I want to emphasise is proper training of the pilots and of the engineers. No air service worth its salt can run properly unless it employs thoroughly and properly trained pilots and engineers. If that consideration is given priority, it reduces the chances of air crashes and the loss of life and property. It does not redound to the credit of any country if the number of air crashes is large.

I hope that the Communications Minister, even before he gives his own explanation, comes out thoroughly vindicated from the impeachment that was intended to be made against him. I also hope that the working of the Airlines Corporation will improve materially and substantially in the years to come. The loss of about two crores of rupees per year for the very many succeeding years contemplated by my hon. friend Mr. Kishen Chand will appear to be a myth and there will be no reality about it. Even if some money has got to be spent for maintaining this Airlines Corporation, I shall not grudge that small expenditure.

Thank you, Sir.

**SHRI BHUPESH GUPTA:** Mr. Deputy Chairman, we have got a report given to us by the Airlines Corporation. We are discussing this report today although the last date of the period covered by this report is 31st March 1954; that is to say, we are discussing this report now after about one and a half years of the last date of the period of the report. We do not know what had happened in the meanwhile excepting that we have got some unofficial information. In these matters I wish that discussions were organised much earlier, almost immediately the reports are presented. Only then would it be possible for the Government and the Corporation to

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benefit from the criticisms and suggestions made by the Members of this House. It should be remembered that this is a concern in the public sector; the manner of its working will set an example for the policy sought to be advanced today that the public sector has to be expanded for the development of our economy.

I have gone through the report carefully and I find it to be a perfunctory and a very, very unsatisfactory one. When the authors of this report were at it, I do not know whether they kept this fact in view that this would be the subject of discussion by Parliament and that it is not easy to fool the Members of Parliament. I should have thought that they would have taken into account the fact that they were not preparing a report for certain shareholders who take no interest excepting to find out the dividend that they get but that they were preparing a report to be discussed by the representatives of the people having a wider vision in regard to such matters. This is called a report but actually it is a very bare statement of profit and loss; there are certain paddings here and there and certain facts given here and there in order to show how the Corporation is working. There is nothing beyond that. Therefore, I would request the hon. Minister and the authorities—the Indian Airlines Corporation—to cultivate the art of preparing the right type of report that should be placed before Parliament. The report should contain three things, (i) as to how the organisation itself is running, (ii) how the workers, the engineers and the pilots are being treated because, in the final analysis, they are responsible for the successful running of the whole thing, and (iii) how the passenger interests and the public interests are being served. These points should be properly developed in any report that is given to us. This report does nothing of the sort. We have got another pamphlet, "Nationalisation of Indian Airlines." You will note that it bears a slip, "With the compliments of Indian Airlines Cor-

poration and with renewed compliments to Indian Chamber of Commerce, Calcutta". This pamphlet has been circulated to us. I understand why they should have renewed their compliments to the Indian Chamber of Commerce but when you pay compliments to us or send things like this, you should see that proper materials are furnished. What you get in this second pamphlet is not to be had in the report officially circulated to us. Only this report is before us for discussion and we got the other thing incidentally because of the controversy that arose between the Indian Airlines Corporation and the gentlemen of the big money. That controversy has to be settled by publications of this sort. We do not mind such things but this pamphlet is not the one that we are discussing here today. At least, Government has not placed that pamphlet before us for discussion; they have only placed this cyclostyled report which does not contain many of the things said in the other pamphlet. I would ask the hon. Minister to read these two; he will then find that the concessions given to the capitalists, the former owners of the companies, have not been mentioned in the official report.

They have not stated anything about the connivance at the corrupt practices in this report. They have not said as to how things have been over-evaluated, assessment of certain assets, certain properties and all that, all of which are stated in this particular report as a kind of rejoinder to the various owners and others to tell them that they have no reason to grumble. Now when they come to us and produce this report they won't say anything of this sort because these things are sought to be kept secret as far as this report is concerned. Now there has been a coincidence between the submission of this report and the publication of this thing. Therefore we are in a position to put two and two together and come to our own conclusions.

THE DEPUTY MINISTER FOR COMMUNICATIONS (SHRI RAJ BAHADUR):

Copies of both the documents have been circulated to Members officially

SHRI BHUPESH GUPTA: Very good, but under the law this is not meant for discussion—so many things you circulate. Suppose it had not come just now, we have got only this, may be if you had decided to circulate it two months later, we would not have got it

SHRI JAGJIVAN RAM: You are correct

SHRI BHUPESH GUPTA: Suppose the Indian Chamber of Commerce had not written something about it you would not have published it. The whole thing is addressed to them and not to the public (*Interruption*)

Yes yes, I have got it by heart now. This is one thing I want to say. I think you are not doing the sort of thing, to say the least. Let me come to the points now

Now, Sir, I take both the reports together. In the report compensation to be paid to seven companies has been estimated. It is clear, it is stated here except for the eighth company, the Himalayan Aviation Ltd—compensation for that firm has not yet been estimated. Now they will get compensation and the estimated compensation for the seven comes to Rs 2,94,41,369 and I do not know how much it will come to if you add the compensation that will be given to the Himalayan Aviation Company. Anyway this is given. Of course, this has been calculated after deducting Rs. 21,52,712 towards the accumulated salary which these companies had not paid to their employees. Now that had been deducted and if you add up this amount we can say that nearly Rs 3½ crores have already been estimated as compensation to be paid to the seven companies barring the eighth one. Now this is a very heavy amount. Part payment will be made in cash and the rest will be paid in five-year bonds at 3½ per cent. interest—it is stated—and all this at a time when the company is running at a loss. I know that there

is a law for this which we had earlier passed, but let it be remembered when you are presenting this report that this compensation will be paid and the interest will be paid and the bonds will be redeemed within a period when perhaps the company will not be in a position to make any profit. Also we find here the rate of compensation. What is this? Here you will remember, Sir, and the hon. Members of this House will also remember that, when it was the question of the Imperial Bank of India, we heard eloquent speeches about the market value because unless the market value were paid we would not be doing justice to the shareholders of the great Imperial Bank of India. Now, as you know, as against the face value of about Rs. 500 fully paid-up shares we had to pay about Rs. 1,800 because that was estimated to be the market rate. Here another standard has been followed. Here the compensation is paid as near as possible to the face value—that is the rule followed here. The face value of the share of Air India Ltd is Rs. 100, market value Rs. 54-8-0; compensation value Rs. 96—here another standard. There it was market value—here it is face value. The guiding principle is the same that the gentlemen who own such things, who are big people, they must not be put to difficulty—“heads you win; tails I lose,” this is the principle that is being followed here; double standards are being followed. Now you will find that in many cases the principle that has been followed here is to pay compensation according to the face value because the market value had fallen and you should ensure that these people get a high rate of compensation. These double standards are there because the Government’s policy is to see that these people, rich people, get heavy compensation for whatever is acquired from them. This is point No. 1 that I want to make. This is clear from the pamphlet.

Then another thing you will find as to how things are being done here—not in the report but in the pamphlet.



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"We think that the basis of compensation paid to the industry is not only equitable but has enabled some of the old operators to get out of a heavy financial morass."

This is what is stated in the pamphlet—not here in the report. I ask: Have we nationalised this thing to get these gentlemen out of the morass? Is it a relief centre for the capitalist class that when they are in distress you have to nationalise their concerns to pay heavy compensation to those multi-millionaires and then come and tell us in a non-official report that "we" have done this thing to get them out of a morass? I think public scandal cannot go any further, to say the least. Now, how it has been done here you see it is stated

"In early 1953, when the main compensation terms became known, one Company purchased an old hull of a Dakota from scrap for Rs 4,000 and hastily converted it into an airworthy aircraft, by utilizing its own labour and materials. The converted cost came to over Rs 1,60,000 which had to be paid as compensation."

They say this thing in order to tell the members of the Indian Chamber of Commerce. Well, gentlemen, don't grouse, don't have grievances, after all this is what we are doing to you, this is the deal that we have for you. Then there is another. "On the eve of nationalisation the Managing Director of one Company received a compensation of Rs 50,000 from the funds of the company, which amount should have otherwise gone to the shareholders, or to the staff as bonus. This was alleged to be an *ex-gratia* payment on retirement from service." This is also admitted. It has gone. This amount has been debited to the public exchequer. This is number three in the list.

"Several companies took full advantage of the right to claim for engine and airframe overhauls if such jobs were performed within

the last 90 days of taking over. They performed an abnormal number of overhauls during this crucial period and claimed Rs 6,000 per engine and Rs 12,000 per airframe."

Then you get another

"The Companies did not hesitate to dispose of such saleable commodities as motor vehicles, etc., during the last year, when they found that they could get more by direct sale than under the depreciation scheme provided in the Act."

Then again

"One Company invested a substantial portion of its cash resources in a Company of rather doubtful category, and one which was believed to have been its own subsidiary. By doing this, it not only diverted its funds to its own subsidiary but also converted cash, into an Asset other than cash, thereby entitling it to earn  $3\frac{1}{2}$  per cent interest for 5 years under the scheme of the Air Corporations Act."

Another

MR DEPUTY CHAIRMAN: You need not read the whole report, that has been circulated to the Members.

SHRI BHUPESH GUPTA: Now, Sir, here I say, "A few Companies increased the rentals of premises occupied by them to favour their previous landlords at the expense of the Corporation." It is stated in this document. All these things are to the knowledge of the hon Minister and stated as a sort of argument against those people who have certain grievances against them. But we are asking them: Did we nationalise those airlines of our country to make such arrangements for those people, to enable them to carry on such malpractices, to commit such fraud on our public exchequer and to run away in this manner with public funds?

The hon Minister, when he gets up, I hope would certainly try to answer this question. You may have satisfied those people by such argument, but this whole thing raises questions of

public policy, the policy that we should pursue or should not pursue in matters of handling institutions and commercial undertakings in the State sector.

Here, the whole arrangement is like that. The loss is going on mounting, and the freights and fares are being increased. As against that we find that opportunities are given to those people who believe in embezzling public funds in a lawful manner and also by malpractices. This is something which the hon. Minister should explain to the House as to how it became possible.

Then, let me come to the question of the employees. Nothing is said about it in the report except what you will see in that one-sentence paragraph 23. It says: "Lastly we wish to convey our thanks to the employees of the Corporation for their co-operation." They should have told us something more about the employees because we know from the papers and from the employees that there have been outstanding disputes between them on the one hand and the Corporation on the other. The hon. Minister the other day admitted himself that the pilots had certain demands and that he would not accept some of them. Now, Sir, the vast number of employees there have got serious grievances against the Airlines Corporation.

**SHRI RAJ BAHADUR:** Kindly see paragraph 14 also. I think the hon. Member has not studied the report well.

**SHRI BHUPESH GUPTA:** I have studied it as best as I could. If you could help me to understand it better, I would appreciate it.

**MR. DEPUTY CHAIRMAN:** Please go on, Mr. Gupta.

**SHRI BHUPESH GUPTA:** From the report I do not get any thing but a simple reference to their co-operation. Sir, they should have told us in this report how the recommendations of the Service Commission had been treated

because I know that the Service Commission made certain recommendations and the Corporation sent them to the employees for their opinion and they gave their opinion and criticism. They gave them an undertaking formally at a meeting they had with them that their pay scales would be revised in consultation with them. But suddenly unilaterally their pay scales were revised and revised pay slips were issued to the employees who gave those slips to their Union. The Union objected to this unilateral treatment and expressed their grievances even with regard to the revised pay scales. Then the whole thing was left at that. Now, we would like to know how you have tackled this matter and what progress has been made after the hon. Minister had made his Budget speech in this connection towards the end of March. A large number of employees do not get adequate wages and their dearness allowance is neither properly settled nor related to the cost of living. Some of them are not even getting dearness allowance that is given to the officers and employees of other Government Departments. In many cases they do not get house rent allowances and in certain centres they are in a very difficult position because housing accommodation is very very difficult. We would like to know what has been done to give house rent allowance to the employees and to provide them with proper accommodation. Some reference is there but that only relates to a small section of the employees.

Then some pilots were given some kind of training in Dakotas and originally it was said that the training would be free but now they are charging them for such training. There are various other difficulties and handicaps. They work all the 365 days of the year and they do not get sufficient rest and leisure without which you cannot expect the technical staff of this sort to discharge their responsibilities efficiently and well. These are very vital questions and we raise them because the Government is the employer and they should explain to us how they are treating their

[Shri Bhupesh Gupta.]  
employees. As far as we know, there is great discontent among the employees because they are not being treated in the way in which employees of a public undertaking of this sort should be treated.

Now, coming to the question of services, we want that our air services should be expanded. I am not one who would say that you should immediately make profits, because I know the difficulties. They have bought a losing concern and that is why the capitalist gentlemen were very enthusiastic about passing on the losses to them under the guise of nationalisation. Nevertheless we like nationalisation and we support it. We would now like to know how they are running it, not from the point of view of having certain nice fine offices in Chittaranjan Avenue in Calcutta or somewhere else. Such fine offices should be there but we are not concerned with such luxuries; we are not concerned with the fashion windows that they may be putting up here and there. We are concerned to know whether they are making any efforts to make the service available to a larger section of our people. For that two things require to be done; firstly, reconsideration of the fares. As far as we can see, it is only the very rich or those people who travel on travelling allowances—no matter how they get them—who can afford to travel long distances by air, but the poorer people of the country—the middle class—can hardly afford to travel by air. As you know, we now talk about national service but that nation is a very restricted nation in this case. That nation consists of such people who are wealthy or get travelling allowances. Of course, we also get travelling allowance by reason of our being Members of Parliament but we are only a handful. What we want to know is whether they are really seeing to it that the air service is expanded in such a manner that more and more people can take advantage of it.

Now, Sir, the fare has got to be reduced and what is more important,

short distance services have to be opened. This is of vital importance because our people do not travel far. You get very few people in Calcutta who would travel from Calcutta to Bombay and all that. But many people travel short distances because their world is unfortunately very, very limited today. Therefore you should make these things available to them. More services should be opened to cover short routes,

Then my suggestion is, hold up payment of cash compensation to those big people. We are not in a position to pay cash compensation, nor are we in a position to pay interest at that rate. If necessary.....

MR. DEPUTY CHAIRMAN: It is time, Mr. Gupta.

SHRI BHUPESH GUPTA: I am finishing, Sir. As you know, at the end of all my speeches I make some suggestions to which they pay no attention. Nonetheless, I say, amend the Act in such a way as to hold up payment of cash compensation to the rich. At the moment we are not in a position to pay it; extend the bond period so that redemption of the bond materialises later.

Then, Sir, some corrupt practices have taken place. They have to probe into these practices and see that such people do not get money out of such practices; otherwise they will be putting a premium on corruption. If necessary, the whole Board has to be changed. In fact, some changes are being made. They must have Union representatives on the Board of Directors. Then the Union's demands with regard to wage structure, service conditions, leisure, house rent and dearness allowances, etc., should be accepted.

Sir, some Members spoke about the employees in a manner as if it is a case of all passengers being greeted with "Salam, Sahib" and all that. We know of such things. But I do not know how many of us would not

have done the same thing if we had been placed in that position. These people are not being given even a bare sustenance. It is no use talking about this, unless and until you alleviate their conditions of life, you give them a fair wage and decent standard of living, because when some other people at the top are doing fine, this question should not be brought up here. What we are concerned with here is a public organization in the State sector which should be run in the proper interests of the country, whose personnel should be contented and given a fair deal. We should look forward not only to providing these things, but also to the public utility—by “public utility” I mean the public utility of the common people, not of the privileged class.

MR. DEPUTY CHAIRMAN: I think it will be sufficient if we meet at 2.00 o'clock.

The House stands adjourned till 2 P.M., not 2.30, but 2 P.M.

The House then adjourned for lunch at one of the clock.

The House reassembled after lunch at two of the clock. MR. DEPUTY CHAIRMAN in the Chair

SHRIMATI VIOLET ALVA (Bombay): Mr. Deputy Chairman, it is of very great importance that a subject like this is debated in this House, because there are very many criticisms made against the airlines and it is just right that we here give vent to our views and what we hear from the public. I agree with my hon. friend Dr. Gilder who started giving brickbats to the Ministers and left them with bouquets in their hands and smiles on their faces. That certainly is the case with our airlines today. Whatever may have been the difficulties they had at the beginning, they are trying to improve and improvements are seen from day to day and from month to month.

Nevertheless criticisms will be levelled against the Indian Airlines Corporation and the other Corporation as well, because the fact remains that when the Government took them over, there was the general belief that nationalisation would result in increased efficiency. That hope has not yet been realised. We have gone at great length into the pros and cons of the various figures given, especially by the hon. Members of the Opposition. They have talked of compensation to the various airlines, of the mileages, of the fall in passenger and freight services and they have pointed out the very many other faults that exist. But I feel there are a few smaller things which also need to be put right. Dr. Gilder here pointed out the “Salam Saheb” stories. I would like to mention a few more things that should be investigated by the Minister. First of all, we would like to know if there is any unholy alliance between the staff at the air stations and the Travel agencies. We very easily get tickets at the Travel agencies, but when we go to the stations we are asked to come back late in the evening, or we are told that you are not a “must” and you must take your chance. Why do these things happen? From my own experience I am able to say that once when the ticket was not available, I was given an eleventh-hour ticket and I travelled by that plane. But inside the plane I found that more than half of the plane was empty. When I enquired why it was so, I was told that the cargo was very heavy. But I could not believe the cargo could be so heavy at the cost of passengers. Sir, these are also a few things to be investigated by the Ministry and put right.

More than one hon. Member has mentioned the increase in the freights and fares. This increase may be argued from many angles. It is said that in several other countries these freights and fares are much higher than in our country. But in this context, we should not forget that in our country the standard of living is

[Shrimati Violet Alva.]

not as high as in other countries and if we want more and more of the passengers and freight services made available to our middle classes, a new approach has to be found. I do not know the argument behind this rise in the freights and fares. If it is argued that these would reduce the losses that are recurring from year to year and growing in magnitude, I don't think that will be the case. And what is more, I do not think this increase will add to greater passenger traffic, because as it is, these rates are very high for even Members of Parliament who as was mentioned by an hon Member got first class fare whereas they get a second-class fare now, we ourselves are sometimes unable to fly because of these high fares. Moreover, we have to find out whether this increase is justified. We have to look deeper than what we see. I feel the malaise is deeper and cannot be cured as easily or in the manner suggested in this typed report. First of all, Sir, the wage bill is bound to go up when the Government takes over a concern. Then we would like to know whether in the employment of new staff, there is anything undesirable. I want to bring to the notice of the Ministry that from the Bombay Transport some undesirable elements were sent away and they were employed or absorbed in the Indian Airlines Corporation or the other Corporation, especially in the Stores Department. We would like to have some clarification on this point, whether when people are employed, especially in the officers' grade, it is done on merit or whether other considerations prevail. Sir, these are also matters which should be investigated into, if we are to run the Corporation efficiently.

Sir, it is a fact that the Rajadhyaksha Committee had warned Government about the State ownership of the airlines. We cannot say that because of this warning, Government should not have taken over the airlines, but we do say that we have to give account to the tax-payer of these

immense losses that are mounting up year after year to both these Corporations.

Then I come to the subject of future plans. I think the Airlines Corporations should pay their own way. They have an obligation to their employees as well as to the general public in the country and they must, irrespective of whether there is a loss or no loss, undertake progressive expansions. I come now to page 8 of this report, this typed report in my hand. In para 16, they say that eight Herons were ordered last year of which two have already arrived and the rest are expected by the end of July this year.

July of this year is over and why should we not know as to what has happened? I would like to know whether they have arrived or not. This report was circulated to us only yesterday and we would like to know the latest position. The Herons were expected to arrive by the end of July this year. I am sure the hon. Minister will be able to tell us whether the Herons have arrived or not. I want to know why different kinds of planes are ordered. Why are we getting so many varieties? Have we got enough maintenance staff? Have we got enough centres for repair? Have we got enough parts? I want to know whether we sent our own experts to the different countries, countries known for aeronautical progress like England, France, America and various other countries in Europe. Did we send representatives or not? How were the purchases made and on what basis? On what basis did we put in our indent for the different kinds of aircraft?

MR DEPUTY CHAIRMAN: There are two more speakers.

SHRIMATI VIOLET ALVA: I am finishing in a minute, Sir.

In paragraph 14 on page 7, there is a reference to the staff. I want to know whether the Provident Fund Rules have been framed or not. They

should be expeditiously framed. I brought the case of a young man to the notice of the hon. Minister only the other day. He wanted to go to England; he resigned his job but could not get the provident fund. He was sent from pillar to post. He belonged to the Deccan Airways. I would suggest that if the rules have not been framed already, they should be framed expeditiously so that the employees know where exactly they stand.

I shall come to page 9, dealing with the food problem. As my one-time Health Minister Dr. Gilder would say, the problem is not air-sickness but food-sickness. I can say that on our international flights the food served is very poor; that experience was a year ago. Compared to other international flights, we stand very badly off. I do not know why we should not run better kitchens and serve good food. A lot of things are promised to us, e.g., "most of the aircraft have been provided with new seat covers". One has only to fly from one place to another to find out how bad the upholstery is? The kitchens too need improvement. Only the Vikings are carrying ovens and the Dakotas which number more than the Vikings are yet to carry any ovens. There should be better kitchens and better food service given to passengers straightaway.

I now come to page 10. I would like to know from the hon. Minister as to whether a Wireless Officer accompanies each flight. It may be that I am wrong but I am told that sometimes the pilot has to do two jobs, navigating as also sending out messages. I would like to know the correct position in this regard.

There have been many more forced landings; the planes did not take off punctually and there have been more crashes. We would like to know how the inspection and maintenance staff are working. Today the way they function is far from satisfactory. The

way and the manner too in which enquiries are made into air crashes is far from satisfactory for the simple reason that the technical experts who go into these things are Government employees. I think every enquiry should have associated with it, besides Government employees, some other technical experts. The Corporation must make a determined effort towards economic efficiency. What Dr. Gilder reported about the Pilot missing is not a false story. He reminds me that he never tells false stories. I only confirm his story. Here is 'Commerce' of August 6 in which it is stated that there were passengers sitting in a plane all set for the flight, with their belts on, but the pilot was missing. If this is true, what has the Corporation done about it? Are such officers taken to task? Is any penalty imposed on such officers? Is any enquiry made?

I understand that in U.S.A. the pilots are not allowed to take any intoxicating liquors. I do not know whether I am correct and I stand subject to correction, but that is what I have been told that the pilots are advised to have a good milk shake and no intoxicating liquor. I do not know whether we allow our pilots to take any intoxicating liquors.

DR. M. D. D. GILDER: There is already prohibition and so they do not get anything.

SHRIMATI VIOLET ALVA: Dr. Gilder says that there being prohibition, the pilots do not get anything; but I am talking of non-prohibition States. I do know from my experience that some of them drink just before they take off. We do travel by passenger bus. When we do so, we often meet these people going to the aerodrome from the hotels in which they stay. I am only seeking a clarification about the state of affairs.

SHRI B. C. GHOSE: Sir, today's debate is important inasmuch as it has a significance wider than the

[Shri B. C. Ghose.]

working of the Airlines Corporation which is our immediate concern, for the working of this Corporation has an intimate bearing on the general question of public undertakings as such. As we are in favour of the expansion of the public sector we are very much interested in the efficient working of this Corporation and the criticisms that are levelled against the working of the Corporation, therefore, deserve our serious consideration.

There are two points that I should like to place before you in regard to this Corporation. The first is the question of its losses and, second, the question of the employees. The question of loss is important as it focusses attention on the efficient or inefficient working of the Corporation. It is a criterion to find out whether we are working economically and efficiently. I do not question the fact that this was an infant organisation and that, to begin with, there might have been losses, but what we are interested to know is whether the losses that we are incurring are justified and whether there has not been any lapses on the part of the administration. In this context—in the matter of losses—we have a pamphlet issued to us entitled “Nationalisation of Indian Airlines”. I was astounded to read the contents of this pamphlet and was very much surprised that it should have been circulated by the Ministry. I find that the manner in which it has been written up is not only argumentative but contentious and, in certain respects, tendentious. It deals with matters which should not be dealt with by a Corporation; it deals with questions of policy. I am quite in sympathy and I agree with what my hon. friend, Mr. Gupta, said about the way compensation has been paid. I do not understand why the Indian Airlines Corporation should deal with the matter of compensation; that is a matter of policy which has got nothing to do with the administration of the Corporation. The Corporation has dealt with this mat-

ter in a way which shows that we in Parliament have been fooled in the way in which we had provided for compensation. I think, Sir, it is highly improper that the Corporation should have dealt with this matter at all. Further, it has not been written in an objective manner; it is not factual. It seems as if it is out to prove a case; the way it has been argued conveys an impression that the case is very weak. I shall presently give reasons why I say so. The arguments advanced by the Indian Chamber of Commerce are listed on page 2 of this pamphlet. I am sorry to say that after reading the replies I do not see any conviction carried to my mind that those criticisms are not valid.

First take the question of the losses actually incurred. We have to answer a lot to the public. However, much we may try to show that the losses actually incurred before nationalisation were not the exact figures, as they would have been if other calculations were resorted to, the fact remains that the taxpayer prior to nationalisation had to pay only, say, about Rs. 35 lakhs, which was the subsidy given; Rs. 12 lakhs were borne by the private capitalists. The loss for the period covered by the report is Rs. 80 lakhs. It is Rs. 115 lakhs for the year ending March 1955 and next year it may be Rs. 2 crores. Now I am not against the incurring of losses, I made that perfectly clear, but now that the taxpayer has to pay it is incumbent upon us to satisfy ourselves that these losses could not be avoided in any case.

Now a comparison is sought to be made between the losses incurred before nationalisation and the losses incurred by the Corporation after nationalisation. It is shown that certain calculations or computations were not taken into account by the companies when they were under private ownership. There is first of course the fact of subsidy which comes to about Rs. 37 lakhs. Then it is said that about Rs. 29 lakhs more should have been

added to it on account of depreciation —if a different sort of computation were taken into consideration it would be about Rs. 27·93 lakhs. Having taken the latter figure of Rs. 27·93 lakhs this pamphlet says: "This would mean that the Corporation has *prima facie* been working at an additional loss of Rs. 40·59 lakhs" only and not about Rs. 110 lakhs or so. Then it goes on to show: "These losses, it may be noted, are not primarily due to the operational activities of the Corporation as such, but are in fact mainly the result of factors such as the following, which are not directly connected with operations but are incidental to the change that has taken place." and it gives a list of items, which should have been taken into account, the cost of which comes to about Rs. 58 lakhs which means that when they were in private hands if the same computation were adopted, then the Corporation would be running at a profit of Rs. 18 lakhs. Now, Sir, I ask you: Would that carry any conviction to anybody? It is overdoing a case and I think the Corporation has spoiled its case by overdoing it, by trying to show that there was a profit of Rs. 18 lakhs instead of a loss of Rs. 80 lakhs. Now, Sir, as I said, if we are to believe that—I do not know what we are asked to believe.....

SHRI RAJ BAHADUR: We should be grateful to the hon. Member if he could indicate to us whether any of the items given here aggregating to a total of Rs. 58·01 lakhs is unsustainable. I would challenge him.

SHRI B. C. GHOSE: I am not an expert. I say that from a layman's point of view, after reading this pamphlet, I find that the airlines which have been taken over by the Corporation are being run more economically, more efficiently than they were under private companies. It is a fact which runs counter to what is the public impression, to what is generally considered to be the true state of affairs. Why has not the Minister come out

and told us earlier that all this public criticism is absolutely wrong; the Corporation has been making a profit instead of making a loss? But they have been trying to explain it in various ways, and I say, Sir, this overdoing has spoiled the case.

Then, Sir, let us take the next point. "There is a drop in traffic in the post-nationalisation period as compared to 1952", says the pamphlet, and I understand that the Indian Chamber of Commerce stated that the average miles flown per aircraft per year have gone down from 2,500—3,000 miles to 2,000. The implication of what is stated here in reply to that allegation is that it is not so, but it does not make a claim in clear terms that it is not so.

SHRI RAJ BAHADUR: If the hon. Member will bear with me for a moment I would like to point out that the figures given in the pamphlet of the Indian Chamber of Commerce are not accurate. They pertain both to the traffic of the Air India International and the Indian Airlines Corporation, that is, all the companies put together. They did not include non-scheduled operations and all other figures. So all the arguments which he is building and the premises on which he is building them will not be sustainable.

SHRI B. C. GHOSE: I am thankful to the hon. Minister. My argument was not that. I say Why don't you say plainly that taking non-scheduled flights the figure will come to so many thousands? Why do you hedge in and say that it does not take non-scheduled flights, it does not take the fact that there were so many Dakotas and now the number of Dakotas has come down? Give straight figures; we can understand.

SHRI RAJ BAHADUR: Different figures have been given in this pamphlet. As a matter of fact the main criterion on which you can judge whether the traffic has dropped or not



[Shri Raj Bahadur.]  
is the last column "Revenue Ton-miles Carried", and the other important column is that of "Passengers carried". You kindly look at both these. In fact these do indicate the traffic trends.

SHRI B. C. GHOSE: I am again thankful to the hon. Minister. But I am not a technical man. I should have liked him, taking all these factors into consideration, to give the present figure as against that 2,500 to 3,000 miles, that is, the present mileage flown by an aircraft per year is so much; that would have explained the matter. Why do you hedge in and say this and that and beat about the bush?

Then let us take No. 3. "Inspection and maintenance are taking longer time to perform and the standards are not the same as before" says the pamphlet, and that was the criticism of the Indian Chamber of Commerce. Now that is denied and figures are given of accidents. It is on page 13 of the pamphlet. It is claimed here that under the companies, repairs were not being attended to, the aircraft were not being kept properly and therefore there used to be less expenditure incurred by the companies and now Government are doing all those things and that is why the expenditure has increased and all that. On page 13, if you look at the statement if you leave out the year 1950 you will find there is not any difference; Pre-nationalisation and Post-nationalisation accidents are more or less the same in spite of the fact that the Government now claim that they are spending more money on repairs and maintenance and for the upkeep of the aircraft. Where has been the improvement? So it stands to reason to conclude that the Government are incurring expenditure for which no tangible results are being found.

SHRI V. K. DHAGE: It is the other way, that the expenditure is not being put to proper use.

SHRI B. C. GHOSE: I do not know.

PROF. G. RANGA: There is greater assurance of safety now.

SHRI B. C. GHOSE: Then it says: "Air fares and freights have been enhanced to cover the mounting losses". That is the Indian Chamber of Commerce's criticism. Now what is the answer of the Corporation? They say that the fares and freight rates, which obtained previously were not rational, that they have rationalised them. But the main point of the criticism is not answered. It says that there has been the increase and the Government do not deny that rates and fares have been increased. The increase might have been due to the fact of rationalisation; that is a different thing, but you say—that was a fact—that there have been increases—you cannot deny that there has been increase, that freights and fares have been increased. You also claim that efficiency has increased. All the same losses are mounting. That requires an explanation. Your income must be.....

PROF. G. RANGA: It is because of 30 per cent. of the capacity not being utilised.

SHRI B. C. GHOSE: Why has it not been utilised?

If the answer of the Corporation is that they are introducing new services and therefore they cannot be remunerative, then I should like them to separate the items of new services from the old services and show to what extent the new services really are responsible for the losses. Then we could have judged it properly. Then the last point is about compensation with which I am not concerned at all, because we are not on the subject of compensation at the moment but on the question of the efficient working of this Corporation. What I do not understand is this. It is claimed in this report here that after nationalisation the services which involved duplication have been discontinued and the uneconomic routes have been re-adjusted. Fares and rates have been increased, and yet we say, that our losses are mounting. That requires

explanation. Why should that be so? Unless the Government can give us a satisfactory explanation on that point, certainly we shall say that there is some justification in the criticism that is being levelled that Government is not working the Corporation as economically and efficiently as it should have done. And that is a very serious matter because we do not want the Corporation to be subjected to such criticism. We want it to be run efficiently and economically.

Sir, the next point is about the employees. There is a lot of discontent amongst the employees. I do not understand why that should be so, particularly in view of the fact that the Government themselves say that they are incurring an expenditure of Rs. 35 to Rs. 50 lakhs more on account of wages. If you are paying about Rs. 50 lakhs more, I should have imagined that the employees will be satisfied. If they are not satisfied, why should it be so; and why, again I should like to ask the Government, have some of the technical men left the service of the company; some of the best men, when it was taken over by the Government, had already left and I understand some have left thereafter? If their prospects in the Corporation were really so promising or encouraging, why should they have left at all the services of the Corporation? We know that the pilots are very much dissatisfied. As a matter of fact it is said that if their own lives were not involved, there might have been more accidents; so dissatisfied they are! Now, that is a very serious state of affairs. And if we are paying so much more, it stands to reason to enquire as to why they should still be dissatisfied. I do not think that they are unreasonable people....

PROF. G. RANGA: Who?

SHRI B. C. GHOSE: We do not know

PROF. G. RANGA: Let that also be enquired into.

SHRI B. C. GHOSE: I say that if there is an increase in the wage bill by Rs. 50 lakhs, that means the salary must have been increased. Of course, I know that there were some companies which were paying very much less. But this is a highly technical occupation and it is necessary that the pilots and others must be kept satisfied, because it is not just like railways. At least there we are on land; here we are all on the air and it is necessary that we should have some sense of safety.

And that is the last point I want to say. Today it is very unfortunate that travelling passengers have not that assurance of safety as they used to have when the lines were under private companies. I do not see that there is any reason for that. There is an impression that there have been more accidents, as far as I know in this House..

PROF. G. RANGA: Only two last year.

SHRI RAJ BAHADUR: The whole of 1954 was without an accident.

SHRI B. C. GHOSE: It is very good. I am not arguing against the Corporation, but I am voicing the feelings of some people. At least that was the feeling in regard to the night air service.....

SHRI RAJ BAHADUR: It can only be propaganda.

SHRI B. C. GHOSE: If there is propaganda, you have to meet that propaganda. Why do you allow that propaganda to have its influence, because that affects the Corporation? I shall just finish. We must generate a feeling of safety and security in the minds of the travelling public and contentment in the minds of the employees, because only then I believe—together with other things, namely

[Shri B. C. Ghose.]  
efficient working and a reasonable freight and rate structure—that the Corporation can be profitable or economical. Or, even if it is to suffer a loss, which may be because civil aviation has to suffer a loss, that loss will be within reasonable bounds.

MR. DEPUTY CHAIRMAN: Mr. Bodra, please be brief.

SHRI T. BODRA (Bihar): Mr. Deputy Chairman, while considering this Indian Airlines Corporation Report, some of the hon. Members made remarks with which I do not agree. To me it seems that some of the remarks made against the Ministry are imaginative, unfounded; and I entirely disagree with my hon. friend, Mr. Gupta, when he says that the report itself is perfunctory. We have been discussing and considering this report for the financial period ending 31st March 1954. To me it seems that we should have concentrated more upon the facts and the truth that existed about two years ago and the improvements or deteriorations that are continuing today. Instead, making roundabout remarks does not serve any purpose, especially so when everyone of us knows that these losing concerns were taken over by the Government only about two years ago. If I may give you a simile, it appears to me that one fine morning about two years back, a young man was married to a widow with half-a-dozen small children .....

SHRI B. C. GHOSE: He should not have married.

SHRI T. BODRA: And then within two years he wants to make a profit. When the Government takes over any concern or corporation, they have not merely to make efforts with a view to make as much profit as possible, but they have also to be in tune with the speed and progress of other countries. When hon. Members feel urged to point out that the number of accidents are increasing every day since the time the Government has taken over

this concern, as compared with the number of accidents that occurred about two years ago, I think their remarks about inefficiency are not correct....

SHRI S. MAHANTY: No one has said that.

SHRI T. BODRA: Now, coming to the question of mismanagement, there may be a stray case here or there. One should not condemn the whole Ministry or the whole department simply because a stray case was detected in Calcutta, Bombay, or elsewhere. It does not mean that the whole thing is inefficient. Well, in the department which has been running this for the last so many years, we had some cases that were natural. We are not supernatural beings. There is none without errors in one's everyday life. Now, everyone of us would like that the aircraft should be very good. Everyone of us would like that the pilots should be well trained; they should be well paid. And if you want more and more efficiency, we must pay for it. One must pay for the efficiency that one wants. If you would like to have air travel at the rate of the railway fares or some such cheap rate, well, today in India we are not in a position to do that. I do not think we can make the airlines so cheap so that we can have the luxury of air travel, or if it is called, the necessity of the rich people. I do not think we have reached such a stage so as to have such cheap rates for air travel. All that I am concerned with is efficiency. Now, when we find that the number of accidents or air crashes are not increasing, since the time the air companies have been taken over, to me it appears that we are on the progressive side....

SHRI S. MAHANTY: Of accidents.

SHRI T. BODRA: And, lastly, I congratulate the hon. Minister for presenting the truth—a true picture of profit and loss. Whatever it is, it is a true picture in his report and I think it proves his honesty, sincerity and efficiency.

MR. DEPUTY CHAIRMAN Mr. Jagjivan Ram.

SHRI JASPAT ROY KAPOOR (Uttar Pradesh). I had thought, Sir, that the Chair had fixed three o'clock for the Minister's reply.

MR. DEPUTY CHAIRMAN. Yes, we have already exceeded ten minutes.

SHRI B. C. GHOSE: The Chairman said he will close the debate at 3 o'clock

MR. DEPUTY CHAIRMAN He said that the hon. Minister will reply at 3 O'clock.

(Interruptions.)

SHRI B. C. GHOSE: No, Sir, he said "I would call Mr. Jagjivan Ram to reply at 3 o'clock."

(Interruptions.)

MR. DEPUTY CHAIRMAN I have called the Minister to reply

PROF. G. RANGA What is the idea, Sir, when the Chairman mentioned that the hon. Minister would be called upon to speak at 3 o'clock. ...

MR. DEPUTY CHAIRMAN We have met half an hour earlier.....

DR. R. P. DUBE (Madhya Pradesh): Why this change, Sir, ....

(Interruptions.)

SHRI JASPAT ROY KAPOOR Sir, I may be permitted to say a few words

MR. DEPUTY CHAIRMAN How much time do you want?

SHRI JASPAT ROY KAPOOR I won't take more time. I won't go beyond 3 o'clock.

MR. DEPUTY CHAIRMAN: No. nc. Please take 5 or 10 minutes.

SHRI JASPAT ROY KAPOOR: Sir, I had no intention of participating in the debate but I have been provoked

to do so by the criticisms that have been offered by my two friends, one to my right, Dr. Sokhey, and the other to my left, Dr. Gilder. It appears to me, Sir, that the criticism that they have offered is more of a personal nature arising out of a little sensitiveness. Their criticism is that their seats were not reserved merely by their phoning the persons concerned before they had purchased the tickets, and the second criticism of my friend ..

MAJ. GENERAL S. S. SOKHEY: I did not say that.

SHRI JASPAT ROY KAPOOR: That is the implication of his criticism and his second grievance was that it was insisted by the clerk concerned that payment must be made not by cheque but in cash. I think they should have appreciated this attitude and I think the clerks were acting absolutely in accordance with the rules.

MAJ. GENERAL S. S. SOKHEY: We were objecting to the rules. That is the whole point.

SHRI JASPAT ROY KAPOOR: Their criticism was that those persons were discourteous to them. Even if they had objection to the rules, I think it was an unnecessary objection, because the rules ought to be as they are. The question is whether reservation should be made in advance of the purchase of tickets. If that is done, then there is likely to be a good deal of corruption, for the booking clerk can refuse a seat to some on the false pretext that the seat is booked by phone for some one else. And then there might be cases where one after getting the seat reserved may or may not purchase the ticket and in that case the seat booked goes vacant. He may change his mind and how is the person who is in charge of selling tickets to know whether the person concerned is actually going to travel by a particular plane or not. There must be a definite record of the fact

[Shri Jaspat Roy Kapoor.]

that somebody has got a seat definitely reserved and booked for himself by purchasing the ticket. That is the practice which obtains on the railways and I see no reason why the same practice should not be observed in the case of airways also.

The second objection was that payment by cheque was not accepted and that it was insisted that payment should be made in cash. That is as it ought to be. Even in the railways cheques are not accepted and it is good that they are not otherwise it may sometimes happen that the cheques that are tendered may not be honoured. By the time the passenger performs the journey the cheque may not have been cashed and later on after the journey has been completed, it may be found that the person who gave the cheque had no money in the bank with the result that the cheque might be dishonoured. It is no use saying that it is only the very rich and influential people who will be travelling by plane. The rules must be the same for the rich and the poor. It should not be expected by anybody that such a privilege should be conferred on him. In this case, of course, when the authorities came to know that an eminent person like General Sokhey was travelling, they relaxed the rule as an exceptional case but ordinarily it is a good rule that payment should be made in cash.

MAJ. GENERAL S. S. SOKHEY: Sir, I want to make it clear that my complaint was that all the lines the world over had certain rules of procedure and Air India itself had a certain procedure which the new Corporation was departing from. And it is causing great inconvenience to those who travel. That was my complaint.

SHRI JASPAT ROY KAPOOR: I have not travelled the world over and I do not know whether in every case invariably cheques are accepted. That may have been the experience of General Sokhey because he is an eminent personality and he goes to various countries at the invitation of

foreign governments. So everybody knows that he is an eminent personality and it may be that in his case cheques were accepted. The question is what ordinarily should be the rule.

One other complaint was that the fares were too high. I do not see any reason why they should be reduced. It was contended seriously that air travel had become a necessity. I fail to see how it has become a necessity. It may be a necessity for the rich but surely it is not a necessity for the average man. It is only the very rich exceptionally rich, who travel by air and there is no reason why they should not pay a reasonable fare which is necessary to run the Corporation on a self-supporting basis. This Corporation is already working at a loss and if the fares were reduced, the Government will have to subsidise it further. The first class fares on the railways have already been reduced which I think should not have been done. If the air fare is also reduced, it would only go to benefit the rich and not the average man in the country.

Sir, I am obliged to Mr. Kishen Chand for having raised a discussion on this subject. I am also obliged to the Indian Airlines Corporation which has given us a correct picture by giving us facts and figures with regard to the management of the Corporation. I only wish, Sir, that the language which has been used in this brochure were not so ironical. They have given facts and figures; they could have used a little less ironical language. I do not appreciate the language when in the brochure it is said that they have issued it "with renewed compliments to Indian Chamber of Commerce, Calcutta". This does not appear to be in good taste and I wish they had used language in keeping with the spirit that they have shown on page 20 where they say, "We are conscious of our short-comings and hope to build up, in due course, standards of performance equal to the expectations of the public."

Sir, I feel that this Corporation has done fairly well so far and I hope that

it will do much better in due course and whatever deficiency there is will be removed as rapidly as possible.

SHRI JAGJIVAN RAM: Sir, I have listened to the debate with all attention and I may assure you and the House that I have not taken any remark from any hon. Member lightly. I wanted to preface this by saying so because my hon. friend, Mr. Mahanty, remarked that I was taking his speech lightly. No; I did bestow all the attention and consideration that a speech from that side deserved.

Sir, if we are to analyse the speeches I find that much has been made about the losses. It has been termed as "the mounting losses of the Corporation". At the very outset I want to make it quite clear that for the coming few years the Corporation is bound to sustain losses and I cannot hold out any hope of a profit for the Corporation. If I may say so, perhaps there may be very few companies in the world operating internal services which have made any profit or which have not incurred losses or which have not made up their losses with subsidies from the State either directly or indirectly. So I cannot hold out any hope that we are going to make up the losses or that the Corporation is likely to make any profit in the near future.

My reasons are obvious. In the first instance, we want better type of aircraft. We want efficient service. We want amenities to the passengers. We want better terms and conditions of service to the employees. We also want another thing—a fare structure and a freight structure which will be commensurate with the standard of living in this country.

Now, these are the three factors which are not easily reconcilable. I will not tire the House by quoting the fare and freight rates in different countries of the world. But I may say that, perhaps, ours is the lowest in the world.

There are reasons for the losses. But, of course, Parliament and every

Member of Parliament should hold me responsible if there are losses which cannot be justified. I am always alive to the responsibility which I owe to the House and to the public. I am also alive to the responsibility that, when I have to cater to the public need, I must be prepared to face criticism, if I fail to satisfy even the individual needs of my customers. I do not take it amiss. The brochure which has been circulated by the Corporation was in reply to a booklet published by the Indian Chamber of Commerce. It gives certain facts and figures. It has given certain details about the increased losses and if one were to analyse, one will find that some of the items of expenditure were inevitable under a scheme of nationalisation. One should not forget when one remarks, that the whole future of a State undertaking would depend upon the future success of the undertaking. But here the State undertaking did not start with a clean slate. We did not start the industry, rather we inherited it, took it over and when we took it over, there were certain defects which we had to remove. It is and it was a colossal task for us—the integration of thousands of employees who used to serve in nine different companies with different terms and conditions of service, with different scales of salaries and with different loyalties. It was not an easy job to integrate employees with varying conditions not only of service, but also of loyalties, as I have said, and that was likely to cause a little trouble. But, I shall pay a tribute to the sense of duty and responsibility of the employees and also of the officers who were engaged in this difficult and complicated task of integration that they have been able to achieve that, without any appreciable dislocation in services and inconvenience to the public. There were troubles in the initial stage. I do not propose to compliment myself or those in charge of the Corporation that from the day we took over from the Companies, our services became ideal. No. I will be one with Dr. Gilder and friends like him who say that,

[Shri Jagjivan Ram.]

when we took over, for a few months our services did deteriorate. There is no doubt about that and if it had not happened like that, it would perhaps have been a surprise for me. It was bound to happen. It did deteriorate for a few months and it caused us difficulty. Even today, I will not claim that the services, as they are run, are entirely to my satisfaction. Perhaps a stage will be reached when I will say that it is entirely to my satisfaction; perhaps, that may become a stage of stagnation. It will never be to my satisfaction because I shall always be trying to improve it. So, even today, though the service has improved upon the previous months, there is much scope for improvement and it is my constant endeavour to improve its efficiency, to add to the amenities for the passengers and for our customers. It will be our endeavour to avoid unnecessary expenditure wherever that may be detected, so that the operating expenditure and cost may be reduced and it shall be our endeavour ultimately to see that the Corporation is in a position to stand on its own feet.

SHRI R. P. N. SINHA: May God bless you.

SHRI JAGJIVAN RAM: Thank you. I entirely agree with the mover of the motion that our fleet should be standardized. Any prudent businessman engaged in this industry will consider it as a first requisite to standardise the fleet which will be advantageous from more than one aspect and that is our objective too. But one should take an objective view of this principle of standardization. It is very simple to say: why not have only Dakotas and standardise all your fleet? It is very simple. But it is not so simple as it appears to be.

The Dakotas are out of manufacture. That should be borne in mind. According to the experts, the life of Dakotas will be till the next 6, 7 or 8 years. We have sooner or later to replace this type of aircraft and we will have to have more modern type

of aircraft for our fleet. That is why we decided to import Viscounts which we will get in 1957. A point was made whether a high-power committee examined the suitability of the new aircraft which we are to import for our use in this country. I may crave the indulgence of the House to say that the best authority available in this country examined this question on more than one occasion. The choice before us was between Convairs and the Viscounts and the representatives of the manufacturers of both these aircraft approached us. They supplied us with their literature, of course, speaking in favour of their respective aircraft, and it was very difficult for a layman like me to decide whether a Convair will be advantageous or a Viscount, because it is a matter which can be decided only by experts. Experts of my own Ministry, of the Directorate General of Civil Aviation, examined this question, and then, a Committee was set up on which we had the best authorities of the country, Dr. Nilkant and Dr. Ghagte of the Hindustan Aircraft, Ltd., who is perhaps the best designing engineer of aircraft in our country. They examined this question and examined it in all aspects. They reached the conclusion that Viscount will be the best for our country and therefore, we placed the orders. Now, we cannot do only with Viscount. We will have to have a medium sized aircraft for covering short distances, when we have to cover various parts of the country and to run feeder service. For that, we decided that Heron will be a suitable aircraft. It is 4-engined, and economical to run on short routes and short distances.

3 P.M.

Now at present we have got four types of aircraft, Vikings, Skymasters, Dakotas, and the recently acquired Herons. It is quite natural that when we have new types of aircraft, we must have qualified personnel for operating them and for maintaining them. And as I have said, any busi-

nessman who is engaged in this industry will not think of operating an aircraft unless he provides for the minimum requisites for the maintenance of those aircraft. When we decided to bring Herons, we did send our engineers and pilots to the manufacturers to be trained. Similarly, we got three more Skymasters, and we did send our engineers and pilots to be trained in those aircraft. We will have to send our pilots and engineers to the manufacturers of Viscounts for being trained in the maintenance and repairs of those aircraft, as also for operating them. So, we are taking all these necessary steps, and these steps are towards the standardisation of our fleet. By the time we get the Viscounts, many of the Dakotas may be wasted in normal course and the remainder might be used for freight purposes. For passenger service we will have the Viscounts on the longer and trunk routes, the Skymasters on certain routes, and the Herons on certain other routes. Gradually, of course, when we move a step more towards standardisation, perhaps our main fleet will be of the Viscounts, and the Skymasters may be utilised for charter purposes inside and outside the country. Then our fleet of passenger services will be standardised into two types of aircraft, the Vicker-Viscounts and the Herons. So, we are moving towards the policy of standardisation of our fleet. I may assure my friend that his suggestion is no doubt a useful one, but I want to tell him that this question was before us, and we are moving in that direction.

Then, Sir, about the fare-structure, I may point out that whenever the price of any consumer goods is increased, there is always some protest from the customers. That is natural, and that usually happens. We have not as yet revised our fare-structure. What has been done now is that rationalisation has been brought about. It has resulted in some increase over the existing fares in certain

sectors, but it has also resulted in a slight decrease in certain other sectors. Sir, we should not forget the anomalous position in which we were operating, because the fares were fixed by the private companies, and we simply continued them. If I may give one instance, Sir, the fare from Delhi to Bangalore was higher than the fare from Delhi to Madras. You will therefore agree, Sir, that that was an anomalous position, and it required some rationalisation. Then, Sir, another thing which came to my notice recently—I myself was not aware of that—was that the freight rate per pound, by the night service, was much less than by the day service. There was no justification for that. One can understand that the passenger fare should be slightly lower by the night service than by the day service. That can be understandable. But why should the freight rates be different for the night service and the day service? But that was there. And what was the result? If I had to travel by the day service, and if I had my luggage weighing much more than what I was entitled to, I booked my luggage by the night plane, and I travelled by the day plane. That actually happened. It has therefore been rationalised. It is my intention to request the Air Transport Council to examine the whole question of our fare and freight structure.

While talking about our cost of operation, one should not forget to compare it with what it is in other countries. If we compare our cost of operation with that of the B.O.A.C or the B. E. A., it will be found that we pay for the aviation fuel in this country perhaps the highest price in the world. And fuel is one of the important items of expenditure in our operation cost. I will request the Transport Council to examine this question and find out as to what our fare-structure should be. The hon. Members forget one important factor when they suggest that if we lower



[Shri Jagjivan Ram.]  
down our fares, we might attract more traffic. They should always bear in mind one thing. And that is this. If you lose in respect of one item of a particular commodity the more of it you sell to the public, the greater will be your loss. Therefore, the loss will be greater.....

SHRI BHUPESH GUPTA: Assuming that some seats and accommodation went vacant due to high fare, now if you lower the fare, maybe, a larger number of passengers will come. The plane is to make its flight in any case, whether there are two passengers or twenty passengers. Therefore, this analogy of yours, smart as it is, would not apply in these cases.

SHRI JAGJIVAN RAM: Mr. Gupta's argument is a fallacious one. Perhaps, he has not realised the fallacy of his argument. Anyway, I will leave it at that, and will not illustrate that. But his argument is fallacious.

SHRI JASPAT ROY KAPOOR: Sir, just one thing. Do the planes carry the full load of passengers?

SHRI JAGJIVAN RAM: Well, in certain sectors, the passenger aircraft are carrying their full load. But there are certain other sectors where on occasions they do not carry their full load; especially in the case of the stopping services, say, between Delhi and Calcutta, there are some occasions when they do not carry their full load, because the traffic is not forthcoming.

SHRI RAJENDRA PRATAP SINHA: What is the all India figure?

SHRI BHUPESH GUPTA: Sometimes I have travelled between Delhi and Calcutta and have found that there was so much space in the plane that I could easily have played badminton.

SHRI JAGJIVAN RAM: I have said about the Delhi-Calcutta service.

AN HON. MEMBER: Because he is travelling.

SHRI JAGJIVAN RAM: I would like to remove one misapprehension. Sometimes it may happen that when we board the aircraft, we find that ten seats are vacant. How is it that the plane is going empty? But it may happen that we refuse to carry passengers on that plane though apparently 10 seats are vacant because, in that plane we have booked freight and the freights are not on the seats. So you find that 10 seats are vacant and obviously, you may sometimes complain to me, "How is it that when I travelled, a friend of mine was refused a seat and the plane was going with 10 seats vacant?" As a matter of fact I received one complaint like that and when I went into the matter, I found that the plane was carrying its full load. While evolving the fare structure, one will have to take into consideration primarily the operating cost and then the establishment and overhead costs. I am confident about this that if we were to evolve a fare structure taking into consideration the operating cost and the other incidental cost, perhaps the rate that will be determined on this basis will be regarded as too high for this country. It may not be possible to fix economic rates and hence I have said that for some years to come I do not see that the Corporation is not going to incur losses.

I was looking into the fare charged in different countries per passenger per mile, and I find that the fare charged in other countries is higher than ours. I am not talking of the International because in the International every operator is governed by the Organisation of the International Operators and nobody can operate a service at a fare lower than that fixed by their Organisation. So the question of International Operators does not arise there. They are governed by their own Organisation which fixes the freight and fare structure of all the International operators who are

members of that Organisation. So far as the internal operators are concerned, our fare structure is lower than anywhere in the world. We are taking every precaution for the maintenance of our aircraft. It is said about an aircraft that an aircraft is always new. It means that after every flight it has to be checked, it has to be repaired and it has to be seen that no risk is taken, but in spite of these precautions, there have been instances where our flights or takeoffs have been delayed and that is due to the instruction that I have given that whenever there is the slightest defect detected, no risk should be taken even if the flight is delayed for some time. I was once flying—coming from Patna to Delhi. The plane came from Calcutta and it was delayed for some time. When we entered the aircraft, I went into the cock-pit end and enquired from the pilot and the engineer. They said, "With the defect that we have noticed we usually fly but in view of the recent instructions, we don't fly with these defects. We know that it is not going to cause any harm or accident"; but all the same there is over-cautiousness, and that explains the causes for the delays which sometimes happen in the takeoff and I think it is good that our staff is cautious in this matter.

SHRI B. C. GHOSE: The question arises here that in other countries also they have scheduled flights and the take-offs are not delayed there ....

SHRI JAGJIVAN RAM: I have explained the position as it is because I don't want to hold back anything from the House and from the Members of this House.

SHRI B. C. GHOSE: About the safety I agree—I don't disagree.

SHRI JAGJIVAN RAM: I don't propose to compare. I have got the figures regarding the incidence of delay and the accidents in other countries and the incidence of delay and accidents in our country. I have compared them.....

SHRI BHUPESH GUPTA: It is better to be delayed than be dead.

SHRI JAGJIVAN RAM:.....and it is good sense.

MR. DEPUTY CHAIRMAN: So you agree with him?

SHRI JAGJIVAN RAM: I have compared the incidence of delays and accidents in other countries with the incidence of delays and accidents in our country. I don't want to quote those figures. As I have said on a previous occasion, it is no consolation to a bereaved family to find that the incidence of accidents in our country is lower than in other countries.

DR. SHRIMATI SEETA PARMANAND (Madhya Pradesh): Is it incidence or percentage?

SHRI JAGJIVAN RAM: That does not make much difference.

DR. SHRIMATI SEETA PARMANAND: It makes all the difference.

SHRI JAGJIVAN RAM: When we say incidence, we mean that out of so many flights, the incidence of accidents was so much. Then another thing has been said that there has been panic among the travelling public. I don't agree with that view.

SHRI BHUPESH GUPTA: Why?

SHRI JAGJIVAN RAM: I have my reasons why. Because if there is panic, my planes will be empty.

SHRI BHUPESH GUPTA: But some are very courageous people. Even after panic they get into it.

SHRI JAGJIVAN RAM: The reason is quite obvious that if there is any apprehension among the travelling public about the standard of safety or efficiency of the Indian Airlines Corporation, naturally the number of

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passengers will decrease. Or it will decrease near about the period whenever an accident takes place. I have analysed the figure of.....

DR. RAGHUBIR SINH (Madhya Bharat): What about the insurance policies? Have they been examined?

SHRI JAGJIVAN RAM: Have a little patience, my dear friend. I must say that the public has got full confidence in the standard of safety and efficiency of the Indian Airlines Corporation. When I say this, I say this on positive data in my possession. The last accident took place at Nagpur—the sad and unfortunate accident. I was rather apprehensive that it might produce some adverse effect on the travelling public at least for a week or two. I myself was travelling just two days after that and I found that the aircraft was full to capacity. Not only that. When we reduced the number of seats in the night air service, usually I got a ring from one friend or other to find a seat for him so that he might be accommodated by the night flight. Therefore I say that whenever it is said that the confidence of the public has shaken, I say there is no basis for that allegation. The public has got full confidence in the standard of safety and efficiency of our air services.

Though it is not quite relevant to the debate today, I would like to say a few words about the subject of compensation, because much was sought to be made of it and it was said that very liberal compensations were paid to the ex-operators. The Air Transport Enquiry Committee pointed out that there were two alternatives for giving compensation, in case we decided to nationalise the air companies, and we decided to follow the other alternative.

SHRI S. MAHANTY: Why?

SHRI JAGJIVAN RAM: For the simple reason which any one who applies his common sense can find out.....

SHRI S. MAHANTY: But what was it?

SHRI JAGJIVAN RAM: I am coming to that, if only my friend will have a little patience.

SHRI BHUPESH GUPTA: But don't go off.

SHRI JAGJIVAN RAM: The reason was because it was not easy to proceed on the basis of the market value or the existing value of the shares of the companies, since most of the companies had not their shares quoted in the markets. That was one obvious reason. Any layman who goes into that question will come to the conclusion that it was not practicable to proceed on the basis of the shares because there were no market quotations of the shares. My hon. friend produced the argument that the share value of the Deccan was there and I would submit, when we go through a particular paragraph or when we quote a passage from a booklet, we must quote it in the context in which it has been written. I would say, the Deccan shares were never quoted in the market. As a matter of fact, there were very few shareholders. The same thing applies to the Bharat. So it was impracticable to proceed on the basis of the existing market prices of the shares of the companies, as we did in the case of the Reserve Bank or as we are doing in the case of the Imperial Bank.

SHRI S. MAHANTY: Then may I ask on what basis the Air Transport Enquiry Committee made that recommendation?

SHRI JAGJIVAN RAM: Well, that question would have been put to the Air Transport Enquiry Committee and they have said that these were the possible alternatives.

SHRI BHUPESH GUPTA: May I draw the attention of the hon. Minister to this fact—also mentioned in this report here—that in the case of the Deccan Airways, though the value

was not quoted in the market, offers to purchase the shares were received at Rs. 30? So it was possible to find out whether certain offers were made.

**SHRI JAGJIVAN RAM:** That is exactly what I am saying, that these shares were never quoted on the market. At one stage the Deccan was nationalised and prior to the nationalisation the assets were taken into consideration and some offer was made. That is what has been stated there as would be quite clear if my hon. friend would read all that is stated there. And any further clarification would not have been necessary.

**SHRI BHUPESH GUPTA:** But what I say is that you apply double standards. That is my complaint.

**SHRI JAGJIVAN RAM:** That is what I am going to clear up, because my hon. friend is applying his mind, perhaps in double directions.

**SHRI BHUPESH GUPTA:** That is because of your double standards.

**SHRI JAGJIVAN RAM:** Yes, double standards always create confusion. So, as I said, the only alternative left before us was to proceed on the basis of the assets of the companies, to evaluate their assets, deduct the liabilities and the remainder to be treated as compensation payable to the company. That was the simple formula that we adopted. Now, what should be the value of the assets? The company demanded that the replacement price would be the value of the assets. If we had accepted that principle, the amount of compensation payable to them would have been much more than what we have actually paid them. That is indeed the grievance of the companies, and even one or two days back, one of the ex-operators was complaining that we had not been fair to them, since the prices today are much more than what we had paid them.

**SHRI RAJ BAHADUR:** They call it expropriation.

**SHRI JAGJIVAN RAM:** Yes, whenever one tries to hold the balance even, one gets criticism from both sides. And when one gets criticism from both sides one should feel that he is fair.

**SHRI BHUPESH GUPTA:** What a test of fairness?

**SHRI JAGJIVAN RAM:** Here is my hon. friend Mr. Gupta and some others who feel that I have been very generous in giving compensation. Others feel that I have expropriated. That is where I am placed. So I feel that I have been quite fair in computing compensation on the basis on which it has been done. I feel that I have been just and fair and even the ex-operators should.....

**SHRI S. MAHANTY:** What about the spare parts and the depreciation calculations?

**SHRI JAGJIVAN RAM:** I was coming to that. I remember the hon. Member's points and I will take notice of them. I am very frank and I would also like to make it quite clear that my endeavour was also to avoid litigation. I knew that here was the first instance of a large-scale nationalisation and if possible, if I could help it, I should settle all matters out of court, so that the matter need not be delayed. The example of the abolition of zamindari in Bihar and in the Uttar Pradesh and the litigations running from the lower court to the High Court and from the High Court to the Supreme Court, were before me. So I wanted to avoid all litigation if possible, without sacrificing any question of principle.

Regarding the question of spares if my hon. friend will only go through the provisions in the Schedule to the Air Corporations Act—I presume he has done it—and if he will compare those provisions with what has been stated in the pamphlet which he has quoted, he will find a complete and satisfactory solution to the doubts that are haunting his mind. If he

[Shri Jagjivan Ram.] compares both of them he will find that his doubt is not sustained. I will not go into any further explanation of that.

Then I come to the question of depreciation. According to the income-tax rules, depreciation starts.....

SHRI S. MAHANTY: Sir, with your kind permission, may I invite the attention of the hon. Minister to the Schedule to the Indian Air Corporations Act where in para (f) it is clearly stated that the compensation will be charged at 1 per cent of the book value? That is on page 22 of the Act. I would like to ask under what circumstances this deviation has taken place and under what principles?

SHRI JAGJIVAN RAM: The principle was that those parts which were repairable at a.....

SHRI S. MAHANTY: What was to be their price, according to the Air Corporations Act? That is what I want to know.

SHRI JAGJIVAN RAM: I am quoting from the Act and the pamphlet that you have read. From the previous para of the Act it will be quite clear that parts which were of no use, which could not be repaired at any cost, were to be treated as scrap. But parts or spares which could be repaired at a cost not exceeding 50 per cent of the price of the parts were not to be treated as spares but were to be treated as useful parts. That is what was done. And if the hon. Member regards that as a concession, I will say it was a concession which was deserved. That is the explanation of that.

Then about income-tax. It is true that for the purpose of income-tax, depreciation starts from the day the asset is acquired. In this case the operators placed before me the fact that though they acquired the aircraft say some three months earlier, because they did not get the licence or permit for operating them, they could not

operate them for that period and therefore they could not earn any revenue.

There was much reason in this argument and I felt that the depreciation should start from the date on which the asset started operating for revenue earning purposes. This is what has been done.

Another concession was shown and that was this. We actually took over the concerns on the 1st August. As a matter of fact, we were actually to have taken over much earlier than 1st August; first we were to have taken them over in April. We were not prepared then. We wanted to take them over in July, even then we were not prepared, and ultimately we took them over on the 1st August. When the Act was passed, the intention was to allow depreciation till the end of December, 1952. As our original intention was to take over these concerns earlier than August, we decided upon the end of December, 1952, as the period for depreciation but when we could not take them over due to our being not prepared, we agreed to extend the date beyond December, 1952. After all, it was a small amount and we agreed to that. There is no principle involved in it. I am only taking the House into confidence as to what actually happened. We gave that concession to them; perhaps a few thousand rupees.

SHRI R. P. N. SINHA: The hon. Minister has been fair to everybody excepting the M.Ps. unlike the Railway Minister.

SHRI JAGJIVAN RAM: I am prepared to oblige the Members of Parliament on the same terms as the Railway Minister. The thing is, let the hon. Member ascertain from the Secretariat as to what the Railway Minister is giving; I am prepared to do that. I am always prepared to oblige hon. Members on the same basis as the Railway Minister is obliging them.

SHRI V. K. DHAGE: That will wipe out your loss.

SHRI JAGJIVAN RAM: There were one or two small matters mentioned about cheques and the staff. Everyone of us would like our staff to be polite to be courteous and to be all attention.

MAJ.-GENERAL S. S. SOKHEY: When I spoke, I did not complain about the staff. I only complained about the Corporation.

MR. DEPUTY CHAIRMAN: Order, order.

SHRI JAGJIVAN RAM: When the public comes in contact with the staff, I wish our staff to give full and complete satisfaction to the customers—the passengers—high or low.

My hon. friend, Mr. Kapoor, has given some cogent answers as regards the question of payment by cheques. In the case of well-known persons, there is no question of cheques. Their credit is good enough. No cash and no cheque; even then their credit is valid.

MAJ.-GENERAL S. S. SOKHEY: I was not wanting my cheque to be accepted. I was describing a situation wherein I was made to pay for a seat by 7 P.M. of a particular evening while I wanted to travel the following evening. If I did not pay, the seat would not have been booked. I could only pay by cheque which they would not accept; I was prepared to pay them the next morning by 10; even this they would not accept.

MR. DEPUTY CHAIRMAN: You cannot make another speech. The time has already been exceeded. These are all matters of detail and you need not pursue them.

SHRI JAGJIVAN RAM: I was thinking that Mr. Gupta would be well  
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posted with the latest information but today I found that that was not so.

SHRI BHUPESH GUPTA: I want to know from you.

SHRI JAGJIVAN RAM: I do not know whether it will be good news to him or not but we have arrived at a satisfactory solution of all the outstanding problems of labour employed under the Corporation.

SHRI JASPAT ROY KAPOOR: Not good news for Mr. Gupta.

PROF. G. RANGA: No; why should it not be?

SHRI JAGJIVAN RAM: The Aero Employees Union which covers practically 88 to 90 per cent of the staff of the Corporation has passed a resolution accepting the agreement in which we gave something and they gave something. When we sit across the table, there is always give and take. The engineers have also passed a resolution accepting the agreement. The Radio Operators also have accepted most of the things but have made one or two further demands. As I informed the House a few days earlier while answering a question, one demand of the pilots is pending and I am sure a satisfactory solution of that also will not be impossible. We have got a fine lot of people in our Corporation.

There were a few minor points mentioned. I shall get them examined. I shall ascertain whether some discharged or dismissed employees of the Bombay Transport Service were employed by the Corporation or not.

As I was saying, Sir, we have got a fine lot of men among the staff of the Indian Airlines Corporation. We have pilots, engineers and other grades of staff—on the traffic side, the operation side and the engineering sides—who, with their zeal and enthusiasm, would make this national undertaking a success, and second to none.

SHRI BHUPESH GUPTA What about putting some employees on the Board of Directors? I suggested that point.

SHRI JAGJIVAN RAM: Mr. Gupta is raising the whole question again. This was discussed in this House in great detail.

I take this opportunity to pay my compliments to the sense of duty of the staff and shall appeal to them to so conduct themselves that by their actions, their own prestige, their own traditions and their own record as well as the prestige and honour of the country are not lowered in any way.

MR DEPUTY CHAIRMAN: Any reply, Mr. Kishen Chand?

SHRI KISHEN CHAND Yes, Sir. I want half an hour.

I was very glad to hear the speech of the hon. Minister. It was a fine speech, he realised the difficulties of the Airlines Corporation. Yet, there are certain points which do not give satisfaction. His very opening remark was that the Airlines Corporation is going to lose about two crores of rupees from next year onwards and that that will continue to last for the coming few years. I was reminded of a similar sentence of Sir Winston Churchill during the last War. He said that he could promise only sweat and toil. We are now discussing a commercial undertaking and there is no reason why that undertaking, with normal care and normal effort, should not run, if not at a profit, at least not at a loss. I do not find any satisfaction by that confession of the hon. Minister.

The hon. Minister said several things, one of which was that Dakotas are not manufactured now. It is something like saying that the Chevrolet model of 1948 is not built today; he will be right in a way; yet, in a 1955 model only the engines are changed, the bolts and fittings are exactly alike. You can fit in the new

engine in the old body. Likewise, improved models of Dakotas are being built having engines with higher horse power, yet, they can be fitted in our frames.

We have got to build some parts and the bodies in our country. We cannot for ever go on importing the complete aeroplane from a foreign country. Therefore the tenor of my first speech was partly a technical one wherein I was trying to submit to the hon. Minister that we should go in for simple engines, the two-engine planes which at some future date we may be able to build in our own country and not move from one to the other so that there is no standardisation. I am glad, Sir, that the hon. Minister also thinks of standardisation. But his standardisation is with the Viscounts and the Herons. Now, Sir, today we have got 68 Dakotas and the hon. Minister thinks that within five or six years all these Dakotas will be scrapped and probably will be replaced to the extent of at least half that number by Viscounts because even if we estimate that the carrying capacity of a Viscount is double that of a Dakota we will have to replace these 68 Dakotas by probably 36 Viscounts and a fair number of Herons. As I said, Sir, it is a technical question and it is very difficult without going into certain technicalities to bring home my point. In a democracy it is a recognised principle that the technicians and the technical experts give advice, but it is the layman who decides always; it is the hon. Minister who will have to decide. He will get technical advice; he will consult experts. One expert will advise him to take one aeroplane and some other expert will advise him to take some other aeroplane, and in between the final choice will rest with the hon. Minister and he will have to make the choice. I remember, Sir, during the last war, when President Roosevelt and Mr. Churchill were in the Egyptian centre, they had to take the decision. There were generals advising them to go forward and to remain

behind and the final decision was made by them. Similarly, Sir, the hon. Minister, when he is choosing between the various aircraft that are offered to him and are advised upon by his advisers, he will have to make up his mind; he will have to make the decision. I hope, Sir, on very fair grounds the hon. Minister has come to the conclusion that the new policy in respect of aircraft is going to bring better results to the Airlines Corporation, and I expected, Sir, that the hon. Minister in his reply would give us some sort of an idea as to how in the near future he thinks, by replacing the Dakotas with Viscounts and Herons, he is going to increase the traffic to such an extent and bring down the expenses so much that there is the likelihood of at least meeting the expenses. But I fail to see any such reasoning in his reply. He has simply said, Sir, that the freight structure was bad and they had to increase fares and freight charges and he made the assertion that these freights and fares were much less than what are prevalent in other countries. Of course, he added that our paying capacity is also less. Sir, in economics there is a principle of 'diminishing returns'. You can certainly go on increasing the fares. Nobody denies it. Some rich people who want to travel will certainly pay that fare. But their number will go down. The hon. Minister realizes that at present the utilization is only 65 per cent, the utilisation of aircraft, all the space available in the aircraft. If he wants to utilize all the aircraft, if not to cent per cent, at least to 90 to 95 per cent, if he wants to utilise all the space available in the aircraft for freight and passengers to the extent of 90 per cent. or 95 per cent, it is only possible if the freight structure and the fare structure are reduced to such an extent as to be within the paying capacity of our people. Then only there is some hope. But simply to assert that there were certain anomalies in the freight and fare structure and therefore by a stroke of the pen he raised the fares and freights—he is welcome to do so

but it will not bring in more money in the pockets of the Airlines Corporation. The hon. the Deputy Minister, in between the speech of another hon. Member, pointed out and asked him to refer to page 12 in that brochure and he asserted that the traffic was going up. I fail to see the figures and the figures are before everybody. They can see in that that in 1952 freight carried in lbs. was 151 million lbs. and the mails carried was only about 8 million lbs. The two together combined came to 159 million lbs. Now in 1954 mails carried were 10 million lbs., that means 2 million lbs. more comparatively, but the freight carried was only 112 million lbs. and the combined figure came to 122 million lbs. as compared to 159 or 160 million lbs. at that time. That means there is a 25 per cent drop. Does the hon. Minister realize that partly this drop is due to increased fares, and that he might have increased the fare by only 10 per cent?

SHRI JAGJIVAN RAM: May I intervene? My hon. friend must be knowing that the fare has been revised from the 15th of August, and how can it be the result of the revised fares?

SHRI KISHEN CHAND. Well, Sir, I agree with his theme.

MR. DEPUTY CHAIRMAN: So all your arguments go.

SHRI KISHEN CHAND: My argument does not go in the least. My argument and contention was that the freight carried has gone down. With the result of this freight structure coming into operation, in the next year or so it will go down still further. You already see now that without the increase in freights and fares it has gone down and when the effect of that increased fare comes in, it will go down further and the net result will be that the loss will go up still higher.

SHRI H. P. SAKSENA: Let us hope that it will prove to be a false prophecy.



SHRI KISHEN CHAND I too wish it to be so because it is in our national interest that I prove to be incorrect I was hoping against hopes that the hon Minister will throw some light and try to show in what way he expects that the traffic will go up He should have given us figures that since he increased the freight, only a month or two back, during these one or two months the traffic is going up, that the income is going up so that we could have derived some satisfaction that in the near future there will be some increase The example of British European Airways and other foreign concerns was given Where these internal and external lines were run by private companies they must be running at a profit Otherwise they go out of activity In England airlines like the B E A are a State enterprise In America they are all private-owned concerns But hon Members do not know that B E A has got to run several unremunerative lines They have got to run a Gibraltar line, they have a line with Cyprus, they have a line for Malta It is a Government undertaking in which Empire considerations come in and for the sake of the Empire if they lose a little money they do not mind it Then, Sir, in the case of the British European Airways all the aircraft is bought from England If the money goes, it goes to the British manufacturer The research which they are carrying on is after all helping to develop the industry But in our case we purchase aircraft from foreigners we do not make any profit out of it and if we think that it is going to be a second line of defence in warfare we are highly mistaken about it Borrowed aircraft purchased from outside countries can never serve us as a second line of defence and it is of no value at all These 68 Dakotas are not going to help in the defence of the country and therefore to argue on this line that the maintenance or civil aviation is essential for the defence and safety of our country is reasoning in a circle which is of no benefit to us.

Sir, we want civil aviation It is very essential and we want from the hon Minister an assurance that he will run this department in such a way that the exchequer is not burdened with Rs 2 crores Therefore I suggested to him that if he had taken up the idea of standardisation and restricted himself to a two-engine plane—he could have got an improved model of Dakota—instead of spending Rs 2 crores on Herons if he had spent some money on adding some more Dakotas, he could have had 80 Dakotas, instead of 68 and with them run the services much more efficiently and I am sure he could have run the concern at a profit from next year

MR DEPUTY CHAIRMAN The discussion is concluded.

#### THE INTER-STATE WATER DISPUTES BILL, 1955

THE MINISTER FOR PLANNING  
AND IRRIGATION AND POWER (SHRI  
GULZARILAL NANDA) Sir, I beg to move

“That the Bill to provide for the adjudication of disputes relating to Waters of Inter-State Rivers and River Valleys be referred to a Joint Committee of the Houses consisting of 45 members, 15 members from this House, namely —

Prof G Ranga  
Shri M Govinda Reddy  
Shri S Venkataraman  
Shri Jagannath Prasad Agrawal  
Shri H P Saksena  
Shri Krishnakant Vyas  
Syed Mazhar Imam  
Shri M H S Nihal Singh  
Shri Jagannath Das  
Shri Vijay Singh  
Shri N D M Prasadarao  
Shri Surendra Mahanty