

RAJYA SABHA

Friday, 9th September 1955

The House met at eleven of the clock, Mr. CHAIRMAN in the Chair.

EXTENSION OF TIME FOR SUBMISSION OF REPORT OF THE JOINT COMMITTEE ON THE HINDU SUCCESSION BILL, 1954.

MR. CHAIRMAN: Where is Mr. Pataskar?

SHRI AMOLAKH CHAND (Uttar Pradesh): Mr. Rajagopalan here will move the motion on behalf of Shri Pataskar, Sir.

THE PARLIAMENTARY SECRETARY TO THE MINISTER FOR INFORMATION AND BROADCASTING (SHRI G. RAJAGOPALAN): Sir, on behalf of Shri H. V. Pataskar, I beg to move:

"That the time appointed for the presentation of the Report of the Joint Committee of the Houses on the Bill to amend and codify the law relating to intestate succession among Hindus be extended up to Monday, the 19th September 1955.

MR. CHAIRMAN: The question is:

"That the time appointed for the presentation of the Report of the Joint Committee of the Houses on the Bill to amend and codify the law relating to intestate succession among Hindus be extended up to Monday, the 19th September 1955."

The motion was adopted.

ANNUAL REPORT OF THE INDIAN AIRLINES CORPORATION

MR. CHAIRMAN: Yes, Mr. Kishen Chand.

SHRI KISHEN CHAND (Hyderabad): Sir, I.....

SHRI V. K. DHAGE (Hyderabad): But there is no Minister in the House.
67 RSD.—1.

MR. CHAIRMAN: He will come just now.

SHRI B. C. GHOSE (West Bengal): But, Sir, it is not fair to.....

MR. CHAIRMAN: But you can go on.

SHRI BHUPESH GUPTA (West Bengal): With empty benches?

PROF. G. RANGA (Andhra): Sir, it may be just as well to adjourn for ten or fifteen minutes. Or should we exercise a sense of humour and go on thinking that there is a "notional" government here?

MR. CHAIRMAN: No. Mr. Amolakh Chand has gone to bring the Minister; and Mr. Rajagopalan will, in the meantime, take notes.

SHRI B. C. GHOSE: Sir, we leave it to your discretion and if you think this is right that.....

MR. CHAIRMAN: I don't say it is fair; but that we are sending for the Minister.

SHRI RAJENDRA PRATAP SINHA (Bihar): Then can't we adjourn for a few minutes?

MR. CHAIRMAN: No, let us not do all such things.

Some hon. Members have asked me that the time limit should be extended. I said I have no objection to the extension provided we sit through the lunch hour.

Yes, Mr. Kishen Chand. There is the Minister (Mr. Biswas) coming. Now you can go on.

SHRI BHUPESH GUPTA: There is a large number of Ministers and so some one of them can always be found; but we want the concerned Minister.

SHRI KISHEN CHAND: Sir, I move:

"That the annual Report of the Indian Airlines Corporation for the financial period ending the 31st

[Shri Kishen Chand.]

March 1954, be taken into consideration."

This issue of the Airlines Corporation has just now been made an issue between private enterprise and nationalisation. But at the very outset, I may say that I am all for nationalisation. But I am glad that on account of this controversy, the Airlines Corporation has issued a pamphlet and it was upon a perusal of that pamphlet that the idea of this motion came into my head.

Sir, I would like to refer to certain statements contained in the pamphlet that I referred to just now, issued by the Indian Airlines Corporation, especially the statement on page 18 where it is shown that excessive compensation was paid by the Airlines Corporation to the companies existing at the time. The very first item is that a scrap Dakota was purchased for Rs. 4,000 and by utilising its own labour and material it was converted into a regular Dakota and the Airlines Corporation had to pay a sum of Rs. 1,60,000. I would like to know from the hon. Minister how it was that

[At this stage the Minister for Communications (SHRI JAGJIVAN RAM) entered the Chamber.]

MR. CHAIRMAN: I am sorry, Mr. Jagjivan Ram, that when the debate started, there was no Minister present.

THE MINISTER FOR COMMUNICATIONS (SHRI JAGJIVAN RAM): Sir, I am myself very sorry, for I was under the impression that this debate would start after the question hour; but then I learnt that there was no question hour.....

MR. CHAIRMAN: No, no question hour today.

SHRI KISHEN CHAND: As I was saying, Sir, the hon. Minister will have to give an explanation why it was that for scrap material of Rs. 4,000 the Airlines Corporation paid Rs. 1,60,000.

Then there is item 3 where several companies took advantage of the right to claim for engine and air-frame overhaul and they claimed Rs. 6,000 and Rs. 12,000 respectively for the overhauling hurriedly carried out during this period. Then there are several items where excessive payments had been made to the old airline companies.

But just now, in my motion, apart from these excessive payments to those companies, I am more interested in considering the working of the Airlines Corporation as a nationalised industry. As I have said just now, I want nationalisation. And the moment you want nationalisation, you want also the nationalised industry to run properly and profitably, not at a loss and not at the rate of losses shown in this report. Sir, in the year ending the 31st March 1954, the Airlines Corporation lost Rs. 80 lakhs. In this pamphlet it is stated on behalf of the Corporation that the loss for the year ending 31st March 1955 will be of the scale of Rs. 1,15,00,000. And then on page 10 you find that in the estimates for the year 1955-56 there is a gap of Rs. 75 lakhs. That means that to the loss of Rs. 1,15,00,000 another Rs. 75,00,000 have to be added, making a total of Rs. 1,90,00,000. These are figures given by the Communications Ministry and if they are incorrect, the responsibility rests entirely on that Ministry, for I have no other source of getting information, no source except what is supplied by the Ministry. It is also stated that due to the introduction of the Heron, the extent of the loss is likely to go beyond the figure of Rs. 2 crores. In June 1957, we are expecting about five Viscounts to be introduced in the service and as has been pointed out in the report, in the preliminary years, the expectation is that the loss will not come down. It is possible that it may go up still further. That means that we have the prospect of a loss of about Rs. 2 crores every year for the next three or four years.

SHRI S. N. MAHTHA (Bihar): Sir, in order that we may be able to understand the debate better will the hon. Minister kindly tell us what was the financial position of the companies when they were running these lines? Were they running at a loss or were they running at a profit?

SHRI JAGJIVAN RAM: We have circulated the Corporation's pamphlet to hon. Members.

SHRI S. N. MAHTHA: But the information is not complete there.

SHRI JAGJIVAN RAM: The pamphlet that has been circulated to hon. Members briefly indicates whether the companies prior to nationalisation were running at a loss or at a profit.

SHRI S. N. MAHTHA: But it does not give all the information.

PROF. G. RANGA: Anyway, let him complete his statement, first.

MR. CHAIRMAN: Yes, you can have it later on.

SHRI KISHEN CHAND: It is not a question of comparison or of whether they were running at a profit or a loss before they were nationalised. We are not trying to compare, or trying to justify whether nationalisation was right or wrong or whether if they had not been nationalised, they would have run at a profit or at a loss. We are not now interested in all those things. We are only interested in seeing what the position is at present and whether the loss is likely to come down or whether it is likely to go up in the coming years, and whether it is likely to be converted into a profit. That is what we are interested in. I submit that according to the report given by the Communications Ministry, for the next two or three years, the loss is likely to be of the orders of Rs. 2 crores per year.

Before we consider any other matter, let us see what the fleet is, what facilities are there for workshop, what are the facilities for training of pilots, and what is the future pro-

gramme, in order to assess whether we are likely to run at a profit at some future date. The workshop facility is only geared up for the repair of Dakotas which constitute the major part of our fleet. Our present fleet consists of 68 Dakotas, 12 Vikings, 3 Skymasters and one or two aircraft of minor categories. For public transport the only craft that can be used are these. It will be clear that the largest number is that of Dakotas and they are principally being utilised at present for transport purposes. Recently we have acquired 8 Herons which are four-engined planes. The Dakotas are two-engined planes. They were purchased as second-hand material as a legacy of the last War at very cheap prices. The entire workshop capacity is just now fitted for the repair and maintenance of these Dakotas. Now that these Herons have come in, they will give a problem to the Airlines Corporation to convert the workshops to enable them to service these new aircraft and maintain them at the proper level of air-worthiness. When there was lack of workshop facility, the normal policy should have been standardisation. In a backward country, where there are no facilities for big workshops, progress is only possible if there is standardisation. I will have to digress a little and point out that, for instance, even in a country like America, the variety of cars is going down considerably. Some years ago there were about fifteen or twenty companies making various makes of cars but, during the last two or three years, the tendency has been to specialise in two varieties, Ford and Chevrolet. In a vast country, due to competition, the tendency has been to standardise two makes of cars. But our Airlines Corporation, instead of restricting itself to a standard aircraft, is going in for new varieties for which it has not got enough equipment or even enough pilots to run them.

The Airlines Corporation selected certain persons for training as pilots. It costs nearly a lakh of rupees to train a pilot. I would be glad to

[Shri Kishen Chand.]

learn from the hon. Minister about the number of trainees sent abroad for getting training as pilot. My information is that nearly fifty per cent. of the people sent abroad were unsuccessful; they were unfit for training and had to come back. In such a situation when we do not have trained personnel for manning the aircraft, is it advisable to go in for new aircraft and take risks with public money? As I said, instead of the Dakotas, we are now going to have the Herons in the feeder service. The carrying capacity of a Dakota is 24 to 28 whereas the carrying capacity of a Heron is only 14. With the best of intentions and the best of effort, there is no likelihood of ever running the Heron at a profit to us. We have invested a crore of rupees in the Herons. When there is no facility for maintaining these aircraft and when there is no facility for training the pilots, was it advisable to have gone in for a new type of aircraft?

The Airlines Corporation has ordered five Viscounts. These will be delivered in the year 1957. For the next two years, the present aircraft and the Herons will continue. The hon. Minister will have to tell us what steps he is going to take so that the present loss is converted into a profit or at least reduced to a considerable extent in the next two years. The new Viscounts that have been ordered and that will be received in 1957 will cost nearly a crore and sixty lakhs of rupees. With the spare parts that will have to be imported, the total cost will come to about two and a half crores of rupees. That means, in 1957, we will invest another two and a half crores of rupees. The loss will go up and not come down. If it was only a matter of carrying capacity, the Airlines Corporation at present possesses three Skymasters, the carrying capacity of each of which is 61. These Skymasters are lying idle at Calcutta and are not being utilised properly. In such circumstances, to order Viscounts with a carrying capacity of about 44 to 48 passengers

each is hardly an advisable proposition.

The other fact is that these Viscounts which have been ordered are turbo-jets. That means, they run on a combined principle of jet propulsion together with turbines. It is a technical matter, but unless and until an assurance is given by the hon. Minister that he has consulted experts and that he is satisfied that within two years of the introduction of these new aircraft, the Airlines Corporation is likely to run at a profit, we will have to think before we give our approval to it. I was saying that it was a new type of aircraft and a new type of aircraft will require very specialised training both as regards maintenance and as regards operation. The turbo-jets really depend upon the difference between the temperature in the outside atmosphere and the temperature developed inside the engine. In a hot country, especially during the hot weather, when the temperature outside in the open air goes up to 120° F, it is likely that the Communications Ministry will find very great difficulty in the maintenance and proper running of these aircraft. Without giving due consideration and due weight to our climatic conditions we have embarked on a policy of purchasing these types of new aircraft.

The cost of running of a costly aircraft is likely to be higher as a result of which the freight and fare structure will have to be raised. In our economic condition—considering the poverty of the travelling public—is it possible that the people will be able to afford this additional cost? If you compare the first class fare in the railways with the air fare, you will be surprised to find that the air fare is more than double of the first class fare in the railways.

SHRI R. P. N. SINHA (Bihar): What about the 'air-conditioned'?

SHRI KISHEN CHAND: Well, Sir, why compare it only with 'air-conditioned'; why not compare with a

super-luxurious car, travelling in your own car? That is not the comparison. The ordinary man, except for the months of the hot season, can comfortably travel in First Class. The people who can afford the 'air-conditioned' Class, even they will prefer to go by air-conditioned Class than to go by aircraft where the risk involved is much higher. Normally people of upper middle-class travel by I Class ordinary and it is they who are large in number and who are likely to travel by air provided we reduce that large difference between I class fare and air fare. In particular even if we reduce that large difference for short distances, there is no advantage in air travel. I am trying to give all these facts to drive home the point that the present policy of the Communications Ministry in the running of the Airlines Corporation is not satisfactory and that if that policy is pursued, the loss to the Airlines Corporation is likely to go up. I was trying to say that as the railways have attracted more traffic by reducing their fare, it is very essential that the Airlines Corporation should reduce their fare structure.

In this pamphlet issued by the Airlines Corporation, they give an example that for instance the fare from Delhi to Bombay was Rs. 118 by one service, Rs. 135 by another service and Rs. 175 by a third service and that they have combined all these three fares and replaced them by one fare of Rs. 165. I submit, Sir that if they were replacing by an intermediate fare it should have been round about Rs. 120 or Rs. 118, but selecting it very near the top, that means, Rs. 165, is putting too much of a burden. The result is that traffic is going down.

It is stated in this pamphlet that the Corporation is working at 65 per cent. efficiency; they are carrying only 65 per cent. of their full capacity. Sir, under these circumstances where the Airlines Corporation is carrying only 65 per cent. capacity, will it not be better and will it not be profitable if the fare structure is completely changed so that the fare should not

in any case be more than 50 per cent. above the First Class fare? If the fare, for long distances and short distances is reduced to 50 per cent. more than the First Class fare instead of carrying the short-distance passengers by the feeder service of Herons which have only a carrying capacity of 14, will it not be better that even for these short distances we replace Herons by Dakotas and reduce the fare to such an extent, by introducing tourist class in the Dakotas, increasing the number of passengers from 24 to 32 per Dakota so that we are better able to utilise our aircraft and convert this heavy loss, this growing loss, into a profit?

Sir, as I said, we have got 68 Dakotas and the price of a Dakota is only Rs. 8 lakhs. While the price of a Dakota is only Rs. 8 lakhs. While the price of a Viscount, as I said, is Rs. 32 lakhs the ratio in carrying capacity is 1 : 2; a Dakota with First Class accommodation carries 24 while the Viscount will carry 48. Would it not have been better if the Government had explored the possibility of ordering out more Dakotas for which we have got the technical know-how, maintenance facilities and workshops and the pilots properly trained? Only a couple of years back it was noticed that an accident occurred because the pilot was trained up for a Viking and he was flying a Dakota. If we have different varieties of aircraft, naturally we will have to keep duplicate sets of pilots for each aircraft. My whole thesis is that whatever the aircraft, the Airlines Corporation should fix on one aircraft and try to maintain it on that line.

Then, Sir, I must say a few words about this balance-sheet for the year ending 31st March 1954 because that is the main basis of this motion. If we see this balance-sheet, Sir, we will find that on the assets side there is a very big amount of book debts shown here which are supposed to be good. I should like to know from the hon. Minister how far, for a public utility concern, it is right to have book debts of Rs. 1,33,00,000, how far it is ad-

[Shri Kishen Chand.]

visible for a utility concern to carry such a heavy book debt, considered good. Sir, this Airlines Corporation at present, that is, at the end of March 1954, has a total capital including liabilities of about Rs. 4 crores. Now this capital may have gone up to about Rs. 6 crores. And in a year or two, when the Viscounts are received, it may go up to about Rs. 8 crores. A Corporation with a capital of Rs. 8 crores then—

It now has got a figure of about Rs. 1.13 crores as book debts considered good—will have a figure of about Rs. 2 crores as loss mounting from year to year. This is the picture of the Airlines Corporation. I submit, Sir, it is a very gloomy picture and unless drastic steps are taken, I do not see in the near future any possibility of converting this loss into profit.

I will now conclude by requesting the hon. Minister that he should appoint a high-powered committee to go into the problem regarding the purchase of new aircraft. It normally happens, Sir, that the manufacturers of aircraft send their representatives and they bring pressure, and certain types of aircraft which are not suitable for our country are sometimes purchased. This is the experience in the case of tractors; this is the experience in the case of motor-cars and this is the experience in the case of many other things purchased by our Government. I submit that there should be a policy of standardisation, that the high-powered committee should consider ways and means to reduce this ever-growing loss of the Airlines Corporation, to increase the traffic, to better utilise the aircraft by reducing the fare structure and thus bring some hope to the poor taxpayers of this country at least by making the two ends of this Airlines Corporation meet.

Mr. CHAIRMAN: Motion moved:

“That the Annual Report of the Indian Airlines Corporation for the

financial period ending the 31st March 1954 be taken into consideration.”

MAJ. GENERAL S. S. SOKHEY (Nominated): Sir, I would like to take this opportunity to beg the hon. Minister.....

Mr. CHAIRMAN: I wanted somebody from the other side.

MAJ. GENERAL S. S. SOKHEY:..... to look into the working of Indian Airlines Corporation as a public service. I think one of the methods to make the service pay its way is to make it a service that the people appreciate. I have travelled the world over by every known line and I personally have never suffered as much discourtesy at the hands of any service as at the hands of the Indian Airlines Corporation's service. I have recently returned from Europe. The people from Switzerland, from France, from Czechoslovakia all complain of the same thing but I would not give their experiences. I will speak about the things that I personally can say myself. Air travel is a necessity; it is not a luxury. Everywhere the world over, even in the case of the Indian Airlines Corporation before it was nationalised, it was possible to take up one's telephone and ask whether they could give a seat on a certain date. Suppose I wanted to travel on Saturday, I could ring up on Tuesday and say, 'I would like to have a seat on such and such a date by such and such a plane'. They used to say, 'yes' and they would give time, 24 hours or 48 hours within which to confirm. Now, if one rings up, one is told to pay the money at the counter within 15 minutes even, if you ask for a booking 15 days hence. I remember the other day I was travelling from Bombay to Delhi. I telephoned at about 5 o'clock asking for a seat by the next day's evening plane. They said that they could give me a seat but that I must pay the cash at the counter before 7 o'clock. I said, "the banks are closed and the only way left is to give you a cheque." Sir, I have always paid

for my air seat by cheque under such conditions. The man at the counter refused to accept payment by cheque. He expected that I should beg or borrow money from somewhere and go to the counter, a distance of four miles, to pay the money in cash before 7 o'clock. Ultimately, I said, "I would like to talk to his senior officer." He put me in touch with his officer who ultimately was gracious enough to accept from me, as a special case, payment by cheque. This thing, apart from not being able to book even four or five days in advance, is a very serious handicap.

Again, one day I was coming from Calcutta and I happened to go personally to their office to book the seat. I was presented with a whole sheet of printed form which I was made to fill before I could buy a seat. After I had filled up all the entries, underneath I had to certify that all that I had written was true. I was made to feel that I was acting as a criminal by travelling by Air India.

There is another thing. The other day I travelled from Paris to Geneva and I had booked a seat by a certain date.

SHRI JAGJIVAN RAM: May I point out that my hon. friend is discussing Air India International? The issue before the House is the Report of the Indian Airlines Corporation.

MAJ. GENERAL S. S. SOKHEY: I am talking about the courtesy shown by Airlines the world over and I am trying to show that the Indian Airlines Corporation does not only not show any courtesy but it is positively discourteous to those who are unfortunate enough to travel by it. (*Interruptions*).

MR. CHAIRMAN: Don't get excited. Let us discuss the report for the financial period ending the 31st March 1954.

MAJ. GENERAL S. S. SOKHEY: That is true, Sir, but the discourtesy has gone on longer than that. Once

I happened to travel by Air France. I was late and I missed catching the plane by which I had booked my seat. They did not make me lose my money. It was honoured; I was given a seat by the next plane. Whereas in India even if you happen to be there when the plane is just about to leave but they cannot let you in, even then they make you lose your money. Sir, air travel is not a luxury; it has become a necessity. Airlines the world over have adopted certain lines of procedure to suit the passengers and themselves. Air India before it became a Corporation was much better in looking to the convenience of the passengers but since it has become a Corporation, it has become so discourteous that the passengers feel themselves unfortunate if they had to travel by that line. I would like the hon. Minister to look into this matter not only to preserve the good name of India but also because we want to make it a paying concern. It can become a paying concern only by attracting passengers and not by repelling them. I would therefore request the hon. Minister to look into this matter to see what is going on. It should be made a real service to the people and it should not behave as if it is dispensing favours to people who are unfortunate enough to travel by that line.

MR. CHAIRMAN: The hon. Minister will reply at 3 o'clock, then the mover and there will be an end of the discussion.

[MR. DEPUTY CHAIRMAN in the Chair.]

SHRI S. MAHANTY (Orissa): Mr. Deputy Chairman, the story of the Indian Airlines Corporation is a story of utter confusion, of suicidal complacency and of a typically closed mind which refuses to look into its own shortcomings. It is a very sad commentary on our capacity to run industries and business in the public sector.

Now, if we look at the affairs of the Corporation we find a lessening

[Shri S. Mahanty.]

of freight and passenger traffic, mounting loss and increasing passenger and freight tariffs to cover the deficit and an over-all decline in the efficiency, instances of which have been pointed out by the hon. speaker who preceded me.

SHRI V. K. DHAGE: And a greater danger of losing life.

SHRI S. MAHANTY: First I will come to the question of losses. I have received this streamlined publication which has been issued by the Indian Airlines Corporation in reply to a brochure which was issued by the Indian Chamber of Commerce. The Corporation has taken a great deal of pains to point out that the loss in the post-nationalisation period is not as much as the loss in the pre-nationalisation period. Apart from the merits of the arguments of the Indian Airlines Corporation to which I will come presently, I would only suggest that two wrongs do not make one right. It does not lie in the mouth of the Government to say that because the private operators were running the lines at a loss, which is contested, the Indian Airlines Corporation should also run at a loss. Apart from that, let us examine the arguments of the Corporation. Sir, I will give you the figures of the losses in the pre-nationalisation period and the losses in the post-nationalisation period which unfortunately have not been mentioned by the Corporation in this streamlined pamphlet for very obvious reasons.

In 1949 the loss was Rs. 80,34,000; in 1950 it was Rs. 79,04,000; in 1951 it was Rs. 54,51,000. In 1952, the year preceding nationalisation, it was Rs. 12,07,000, but, Sir, this Rs. 12,07,000 is an obvious understatement because it does not include Rs. 35 lakhs which was received by the Corporation as subsidy on the purchase of petrol. Therefore the total loss in that year would come to Rs. 47 lakhs. As against this in the year 1953-54 from 1st August 1953 to 31st March 1954, the loss is Rs. 80,42,000. And

in the year 1954-55, the loss was computed at Rs. 1,15,59,000; and in the 1955-56 budget you will find a provision of Rs. 1,94,84,000. This is the picture. Now, we would like to know why these losses have been cropping up. The Indian Airlines Corporation in their wisdom have said that these private operators have been definitely underestimating their loss. I will read out—they mention it at page 4: "As a result of this scrutiny, it appears that these losses have been clearly underestimated." That is the argument of the Indian Airlines Corporation. According to them, the private operators all along these years have been underestimating their losses. That means they have been bloating their profits to pay more income-tax. It is very strange logic. It also shows the typically closed mind which prevails in the Government of India, which refuses to examine its own shortcomings and makes amends for its own mistakes. Is it conceivable, with any amount of common intelligence, to suggest that the private operators have been underestimating their losses and bloating their profits? I refuse to admit. I would suggest that a high-power probing committee should be appointed to go into the question of all these losses. Why has it occurred? It is phenomenal.

Now, if we look at the efficiency of the Indian Airlines Corporation, it also gives a very disappointing picture. In the year 1951, the total number of hours of flight was 1,27,603. It covered 19.68 million miles; it carried a total of 4,75,296 passengers; and it carried 147.33 million pounds freight. When we come to 1952, the total number of flight hours was 1,26,974; the total number of miles was 19.67 million; passengers carried 4,70,728; freight 151.64 million pounds. But in the year 1953, you will find the number of passengers have gone down. The number of hours have declined, and the amount of freightage also has declined, which has been compensated by the carriage of increased mails. Now, I will give you figures for 1953

and 1954 for comparison. In the year 1953, the total number of flight hours was 1,16,301, as compared with 1,27,603 flight hours in the year 1951. Miles 18.34 million, as compared with 19.67 million in the year 1952. Passengers 4,46,860, as compared with 4,75,296 in the year 1951. Freightage 135.24 million pounds, as compared with 151.64 million pounds. In the year 1954, the flight hours were 1,13,904; total number of miles 17.89 million; passengers 4,64,934; and the freightage 109.57 million pounds. These figures are quite enough to convince us that there has been an overall decline not only in the efficiency, but also in the business management. If the hon. Minister will only care to look at section 9 of the Air Corporations Act, it makes it obligatory that the Corporation should act on business principles. I ask, is this the example that the Indian Airlines Corporation has set before us? Is this the example of the business principles on which they have been running it? I would not have bothered the least if this had not affected the consumers. Now, let us see how it is affecting the consumers. Sir, the Indian Airlines Corporation has, since last August, increased the passenger and freight tariffs to cover the mounting loss that has been accruing due to mismanagement. I will indicate to you the picture of the passenger and freight tariffs, what it was before 15th August 1955 and what it is after 15th August 1955. From Delhi to Calcutta for the Constellation non-stop service, the tariff was Rs. 200; after 15th August it is Rs. 210. Day service with halts was Rs. 190; after 15th August it is Rs. 200/. Night service was Rs. 120; now it has been raised to Rs. 180. The freight from Delhi to Calcutta was 8 annas 2 pies per pound; now it has been raised to Re. 1 per pound. The fact has to be borne in mind that air travel is not a luxury. It is a necessity. Many people like us have to take recourse to the night service from Delhi to Calcutta and from Calcutta to Delhi to save time. We were paying at the rate of Rs. 120 which was slightly less than the cost of air-conditioned travel by train. The fact has to be

borne in mind that the air-conditioned classes on the railway are *de-luxe*. Sitting accommodation in any Dakota can be compared—it will be very uncivil on my part to compare it with cowshed, but I will compare it with that. You will find the skins of banana, the shells of groundnut, the paper containers which carry *Dalmut* and all that strewn over the floor of the compartment. If you ask for a little eau-de-Cologne it will be refused. And for that kind of service from Rs. 120 you have raised it by more than fifty per cent. and you have brought it to Rs. 180. I ask: Is it fair business?

Now, Sir, I will come to one of the most important aspects, namely, payment of compensation. This report that has been presented to us also contains in paragraph 5 particulars of compensation for acquisition. Therefore, I think I will not be completely out of order if I dilate on the compensation to the Indian Airlines. This has to be judged in the context of the **Avadi Resolution**, and also the Prime Minister's statement on the floor of the Parliament, when the Constitution (Fourth Amendment) Bill was before us. He said he was not in favour of paying adequate compensation, fair compensation, because it would make the rich richer and the poor poorer. Sir, that myth was exploded when the nationalisation of the Imperial Bank was before us. Now, this Indian Airlines Corporation will give you a second instance. The Air Transport Committee recommended two methods of acquiring the assets and liabilities of the Indian airlines.

The first was the suggestion that the shares will be worked out; the Government will acquire the shares of the companies on the basis of market quotations on a specified date. The second suggestion was to make a valuation of the assets of the companies and take them over on payment to the companies of the values so assessed. Now, the Government took recourse to the second alternative.

[Shri S. Mahanty.]

They did not compute, they did not evaluate the shares of those companies on a particular date which would have been more profitable from business point of view. But they took to the second course of evaluating the assets and liabilities of the various operators and paying them compensation. If the House now cares to look at what was the share value and the compensation value, I will be able to give the picture of double-thinking and may be also of double-face. Sir, let us take the case of Air-India. For a share with a face-value of Rs. 100 in 1952 on the eve of nationalisation, the market value of that share was Rs. 54/8, for which we paid compensation Rs. 96. For the Air Services of India, for a share with a face-value of Rs. 15, the market value was Rs. 2/8 for which we have paid Rs. 4/8. For the Deccan Airways for a share with a face-value of Rs. 85/7, the market value was Rs. 30 and the compensation value, of course, remains the same at Rs. 30. For Air-India International, the face-value was Rs. 100 and the market value was Rs. 60 for which compensation value has been paid at the rate of Rs. 142.

Another fact has to be remembered in this context, that, before it was made public that the Government were going to acquire the Airlines, the value of those shares went up in the share market. That will stand scrutiny if only we care to examine what the face value of these shares was just two or three months previous to that date. I have not the figures with me; otherwise, I would have given them.

So, this is an instance of how we have paid to the Airlines much more than what they deserved. In the second place, in the case of these Indian Airlines, I would like to know from the hon. Minister if, in computing the compensation, he has not deviated from what was stipulated in the Air Corporations Act of 1953. Sir, in the Act, it is stipulated that all unrepaired and un-serviced components are to be

treated like scrap and only one per cent. compensation was attached to it. Subsequently, I do not know how—that is not according to this Act—it was treated as good and the full value was paid for the shares scraps.

SHRI JAGJIVAN RAM: Market value has not been paid for anything. Not only for the parts, but for anything, market value has not been paid.

SHRI S. MAHANTY: Sir, I am glad. But obviously the hon. Minister has not read the stream-lined pamphlet "Nationalisation of Indian Airlines" circulated by the Indian Airlines Corporation. It is said in sub-para. (i) of paragraph 14—I will read it out for the benefit of the House:

"Unrepaired and unserviced components and spares were originally meant to be treated as scrap, with only 1% compensation attached. Later a qualifying clause was added which enabled the Airlines to treat all such repairable items as 'good' which could be deemed to be so repairable.....This made a considerable difference in favour of the operators."

What more does the hon. Minister want? It does not come from a Member of the Opposition. It comes straight from the mouth of horse.

DIWAN CHAMAN LALL (Punjab): Which horse?

SHRI M. MAHANTY: White horse. So, it is according to the Indian Airlines Corporation, on their own admission, originally, unserviced parts were to be treated as scrap; but later on, repairable items to be treated as 'good', like the Biblical God who said, "Let there be light and there was light, let it be the market value and it came to be the market value for which the money did not come from the exchequer of the hon. Members of the Government; it came from the poor tax-payers of India, which also we are now paying in the form of increased passenger and freight rates.

Sir, although the income-tax practice is that depreciation is allowed from the date of acquisition till the date of handing over, in the case of the Indian Airlines Corporation, for the poor operators for whom obviously our Prime Minister the other day enunciated the principle of socialistic pattern of society, depreciation was allowed not from the date of acquisition, but from the date of actual flight and till the 31st December 1952, even though these crafts were acquired on the first August 1953. I would be much obliged to the hon. Minister if he could give us the figures as to what is the total amount and what difference it has made in the total amount of compensation which has been received by the Airline operators and why that deviation has been made. Was it contemplated in the Air Corporations Act?

AN HON MEMBER No

SHRI S. MAHANTY: And this concession has been made contrary to the well-known rules of income-tax. I would like to know from the hon. Minister. Let him not dismiss us by summary remarks. Let him tell this House why this deviation was made in the case of the Indian Airlines operators. This will give the lie direct to the declaration of the Congress about socialistic pattern and all that. Why are you misleading this country and the people? You have to prove your *bona fides* and you could have proved it in the case of the Indian Airlines Corporation by paying them what was their fair share. I do not stand for expropriation. I am also one with you that fair compensation should be paid. But is this fair compensation?

Then, of course, this Act contemplates provision of bonus for air-worthy craft. I am sorry that while this Act was being discussed in this House, I did not look at the Schedule; otherwise, I would have certainly opposed it.

SHRI JAGJIVAN RAM You failed to understand that.

SHRI S. MAHANTY: Yes. Therefore, I am not touching it because I am also a party to that crime. But I am only dilating on that which was not contemplated in the Act. To that extent, this whole thing seems to be a swindle; a swindle in the State management; a swindle in the name of paying compensation. It is one of the worst swindles that is going on on the face of India. I am sorry for the provocation.

Now, the mover has dilated at length on the question of loss. I will also ask the hon. Minister now to tell us why the Air-India International has been declaring profit whereas the Indian Airlines Corporation has been declaring mounting losses. Before I conclude, I would also like to leave on record that I have got no complaint against the persons who are in charge of the management. They are discharging a very difficult job. They are entrusted with a job with which, possibly, they are not acquainted. I have got great respect for them, for their integrity. The fact remains that these public concerns, these Corporations have got statutory recognition and in their activities and day-to-day affairs Parliament cannot meddle. It means that the hon. Minister should be more circumspect and he should try to examine and analyse the position with all circumspection at his disposal and should not treat this matter so lightly as he seems to treat it. Thank you

12 NOON

PAPER LAID ON THE TABLE

FOURTEENTH REPORT OF THE PUBLIC ACCOUNTS COMMITTEE

DIWAN CHAMAN LALL (Punjab): Sir, I beg to lay on the Table a copy of the Fourteenth Report of the Public Accounts Committee (1954-55) on the Appropriation Accounts (Defence Services), 1951-52 and 1952-53—Vol. I [Placed in the Library See No. S-308/55.]