

SHRI O. V. ALAGESAN: I had occasion to travel in these buses and it is true unfortunately that some of the buses are not being run to the scheduled time, because there is some difficulty in even getting the buses started. Even though we are engaging monthly-rated staff, at the last moment we have to engage daily-rated men. Several buses which could be taken out are not taken out because some of the employees fail to turn up at the last moment.

SHRI B. K. MUKERJEE: May I interrupt for a minute, Sir? I want a clarification on this point. Do they not engage relieving staff when employees go on leave or fall sick? Does it mean that when employees do not turn up, the bus services should be cancelled?

SHRI O. V. ALAGESAN: We do employ relief staff, but still there is a shortage of men and we have to employ daily-rated staff. But we are trying to see that all the buses are put on the road. This will improve the position. That was the thing I found out as a result of my travelling in these buses. I would request the House to pass this Bill.

MR. CHAIRMAN: The question is: "That the Bill be passed." The motion was adopted.

SUGGESTION RE. ALLOTMENT OF TIME BY THE BUSINESS ADVISORY COMMITTEE

SHRI RAJAGOPAL NAIDU: Sir, before we proceed to the next business I would like to say this. The Business Advisory Committee has fixed time for each Bill. What I wish to suggest is this. This is only by way of suggestion that on some important Bills very little time is allotted especially for a Bill like the Vindhya Pradesh Bill which has taken nearly 2 days in the other House and is still going on, only 3 hours' time has been allotted. This is

not by way of a complaint but is only by way of a suggestion. We are sitting in the afternoon only for one day. My suggestion is that at least we can sit for another day in the afternoon and more time can be allotted for some important Bills like the Air Corporation Bill, Tea Bill and the Vindhya Pradesh Bill. We can at least sit in the afternoon so that there may be an opportunity for all Members to take part in the Debate.

Secondly when I find the Business Advisory Committee has allotted time for the various Bills, it is for the Chairman to allot time for each speaker, not to speak of the leaders of the various parties—they may be granted time liberally—but with regard to other Members, it is better that some time-limit is fixed for each speaker from the very start.

THE AIR CORPORATIONS BILL, 1953

THE DEPUTY MINISTER FOR COMMUNICATIONS (SHRI RAJ BAHADUR): Sir, I move:

"That the Bill to provide for the establishment of Air Corporations, to facilitate the acquisition by the Air Corporations of undertakings belonging to certain existing air companies and generally to make further and better provisions for the operation of air transport services, as passed by the House of the People be taken into consideration."

Sir, I don't want to dilate long on this occasion on the provisions of this Bill. I will try to throw some light on the broad aspects of it and would commend the Bill as it has been passed by the House of the People for the acceptance of this House. The House is aware that the air transport industry happens to be the youngest transport industry in the country. It has 80 more years to go before it can celebrate its centenary. It is not *yet* adult enough or old enough to celebrate even its silver jubilee. Sol would submit that

[Shri Raj Bahadur.]

the efforts and endeavours of those who have gone to build this industry deserve our appreciation and we have to acknowledge that in the field of enterprise, they have definitely made a mark so far as this industry is concerned. This industry sprang up from a small beginning in 1932-1933, and it can now claim that it is a sizeable industry. We have got at the moment about 30,000 of routine mileage for this industry and about 11 crores of total mileage by the scheduled as well as non-scheduled airtransport companies. We know that this industry could not have thrived or developed as it has done without proper governmental aid and protection. From the very beginning, whether it was by way of financing them by allowing them carriage of mails or later on as is well known through the Empire Mail Scheme, the Government subsidised them. The Government also provided the ground organization entirely at Government cost and we know how, during the war time, spurt was given to the development of this industry, because it had to subserve the purpose of Defence at that time, by the development of aerodromes, the development of technical facilities regarding navigation, communication etc., construction of several new aerodromes which sprang up mostly in war time and a few after that. We know how the surplus stocks of stores and equipment from the Disposals helped those industrialists and concerns who floated air companies to get their necessary supplies of Dakotas and spare parts. It was therefore after the war that we saw another spurt in the development of the industry because of the growing volume of traffic, passenger as well as freight traffic and we know that a number of companies sprang up. Another noteworthy development was that the cost mounted up not only because there was keen competition between the companies but also because of the rise in the price of petrol and other necessary things. We had therefore to establish an Air Transport Licensing Board to rationalise the

routes and distribute equitably the various routes among the various companies. This did not however help very much to solve the problem appreciably and we had to establish a Committee known as the Air Transport Enquiry Committee which went into the details of the working of this industry. The broad recommendations of that Committee are well known. They advised that there should be reduction in the number of units, that the cost at which these companies were working was rather excessive and therefore they devised and propounded what is known as the standard cost. They also expressed the hope that after 1952 it would not be necessary, for the Government to give any aid to these companies and they visualized that it might become a self-supporting industry. We went ahead in that hope but as is well known the financial position of the companies did not show any marked signs of improvement. They had to depend essentially on the subsidies that were allowed by the Government. The blame or responsibility for that was not all on the companies themselves. It was due as I said, to the rising costs of petrol and other accessories and equipment and therefore financial assistance had also to be continued. But after this experience we have come to the inevitable conclusion that in case we want these air companies to go on as such, they cannot do so without financial assistance which may have even to be increased. Then there was another factor which had to be borne in mind and that was about the replacement and renewals of stock. That could also not be done without advancing suitable loans for the purpose. It is well-known that the present fleet of Dakotas can very well serve our purposes until 1960, but we have got to keep step or keep pace with other countries in the field of civil aviation and we have to see that we don't have obsolete types which might not be so useful and advantageous from the point of view of efficiency and competition. This means that we cannot continue to use indefinitely such types as are not being used

by other countries. So we have got to see that new types that are developed in other countries are also acquired by us, and for the purpose of new types, to keep in step with other countries and for the purpose of seeing that our stock of aircraft, etc., are replaced in good time the companies had to find some money. For this we consulted air companies and they frankly came forth with a request that they wanted Government's assistance for that purpose. So we were faced with this eventuality also and to sum up the situation, I may say that we had wholly to subsidise them not only in their day to day running of the services but also for replacement and renewals of air-crafts and spares. As is well known we have been subsidising them and now we had to advance a loan also which may be fairly big for that purpose. The only inevitable course for us was that we had better take over the industry as a whole and run it. Then we had in mind the recommendation of the Air Transport Enquiry Committee which laid down that the number of the operating units must be reduced. So the alternative was merger of the air lines. It was then a question of whether it should be a voluntary or compulsory merger. It can be realized that voluntary merger was not possible because it was very difficult for us to pick and choose which of the companies should be thrown out or abolished and which of them should be continued. Therefore in this regard also the initiative came on the Government and the Government could not do anything except taking over the industry and run it. The interest of the industry had to be borne in mind uptill now not only was it found that it was not running on sound economic lines in the hands of the private companies but we have also to bear in mind the needs of defence as also the service that this industry can render at the time of natural calamities for the transport of essential supplies, food etc., as also for the purposes of maintaining law and order apart from its utility for purposes of ordinary communications. So we could not ignore this industry

which has very aptly been called the second line of defence. Hence we came to the conclusion that we have got to take over the industry and the present Bill gives shape to that resolution or that decision of Government.

The Bill has been debated fully in the House of the People and many aspects of the problem have been thrashed out in an appropriate manner. The main points that are incorporated in the Bill and which deserve notice are these. First of all there is the question, in what manner the Government should run the industry. There are three possible alternatives. Either it can be run through a company registered under the Indian Companies Act or it can be run by a Department of Government. Thirdly it can be run by a statutory corporation. Sir, the advantages and the disadvantages of all these alternatives are clear. If we were to run it as company registered under the Indian Companies Act, we know that we cannot exercise that amount of control which could be considered desirable. Therefore that alternative had to be ruled out. Government's control over a company registered under the Indian Companies Act is not adequate. Looking to the importance of this industry, we could only think of either running it by a Government Department or running it through a statutory corporation. Out of these two alternatives it is obvious that so far as this industry is concerned, decisions have got to be taken on the spur of the moment—very quick decisions which will not be possible if it is run as a Government Department. The machinery for running this industry should be smooth enough for this and it should allow sufficient scope for initiative and for taking decisions and for appropriate and expeditious action in a given situation or exigency. Therefore we thought that the only alternative or the best alternative was to run it through a statutory corporation which would allow to a desirable extent, scope for the exercise of discretion, initiative etc. by those who run the industry through this corporation and at the same time would pro-

[Shri Eaj Bahadur,] vide for the necessary control also by Government. We can see that the provisions contained in this Bill provide adequate amount of control which can be exercised by the Government. We know that the members of the Corporation will be nominated by Government. We also know that accounts will be audited in the regular manner by officers appointed by the Auditor-General of India and the report of accounts will be submitted. It is also provided that the report on the working will be submitted to Parliament and placed on the Table of the House. It will also contain a forecast of the future programme. We also know that the annual programme and financial estimates will be submitted to Government under clauses 33 to 35 and Government will have sufficient opportunity for giving directions. Apart from that, there is another provision in the Bill which also empowers Government to issue directions of a general nature. Therefore, those sections of opinion which hold that the industry should be run by Government through a Government Department alone, I think, should be satisfied with these provisions which try to reconcile the two principles, namely, that we should allow sufficient initiative and scope for the exercise of discretion to the Corporation, and at the same time, we should also place sufficient powers for control and direction of the policy of the Corporation, in the hands of Government. So these two things have been done here.

Another point which may perhaps be raised is whether we should have two corporations or only one corporation. Sufficient light has been thrown on that question also. I would only submit that we want to maintain the high reputation and good efficiency of our external services which have been achieved by our famous air line—The Air India International. It is obvious that if all the companies, the internal companies and the external ones also were to be integrated into one unit, the inevitable process of change, involving the integration of the personnel, the fixing of the various categories an *A*

grades of employees, the rationalisation, the standardisation of services, all that will necessarily mean some dislocation, and the slightest dislocation in the performance or in the operation of the external services will be a very undesirable shock, and we want to be perfectly sure that we do not administer the shock of that change to the external service. As such we have provided that there should be two Corporations, one for the external services and the other for the internal ones or short-distance services, which will enable us to maintain the level of efficiency and also maintain the high standards which have been achieved by our Air India International.

10 A.M.

The next point is about the compensation that should be provided. There were only two alternatives; either take over the companies by purchasing all the shares at their market value, or take over their assets and pay for them. As is well known, it was very difficult for US to judge and assess the real value of an undertaking or a company, on the basis of the market value of the shares, because in certain cases the market values of the shares were exceedingly low and did not reflect the accurate or even a reasonably correct estimate of the value of assets of a particular company. As such there was that difficulty. There was another difficulty also and that was that in the case of one or two companies the market values of the shares were not quoted particularly in relation to the preference shares.

SHRI H. N. KUNZRU (Uttar Pradesh):
What shares?

SHRI RAJ BAHADUR: Preference-shares. So it was difficult for us to make an assessment or evaluation on the basis of the market value of the shares.

The other alternative was that we should acquire the assets on the purchase price, minus depreciation on an appropriate scale which we have done-

SHRI C. G. K. REDDY (Mysore): It has been done or is to be done according to this Bill?

SHRI RAJ BAHADUR: Yes, yes; on the basis of purchase price minus depreciation. We know, according to the Schedule we have got to calculate, the written down value, and the written down value has been defined under the provisions here; which broadly speaking means the price at which it was acquired by the company concerned, plus in certain cases the investment that they made to make it possible to earn revenue minus depreciation. And then in certain cases where there were buildings and other similar things, we have allowed depreciation to be calculated at the full income-tax rate. In other cases, in the case of aircraft engines, etc. we have allowed depreciation on a particular scale, bearing some relation to the income-tax rate. We have allowed a special rate of depreciation for aeroplanes—air frames and power plants as they are known, specifically in view of the fact that these undergo a process of entire overhaul periodically.

SHRI C. G. K. REDDY: If I may interrupt the hon. Minister, I would like him to explain to me what this "plus" means. If you contend that you are taking over the assets of the company on the book value of those assets, where is the occasion for this "plus"? This I would like him to explain. Here it is written—"The aggregate written down value of all air frames" and then you have "plus—A sum of Rs. 12,000

SHRI RAJ BAHADUR: It will be the purchase value, minus depreciation. That is what I have said. The written down value has been defined here.

(MR. DEPUTY CHAIRMAN in the Chair)

SHRI B. RATH (Orissa): Page 19, para 2, line 35.

SHRI RAJ BAHADUR: "The aggregate written down value of all airframes of aircraft in respect of which there are certificates of airworthiness in force or which can be rendered fit

for certificates of airworthiness if the Corporation concerned were to incur expenditure within the normal rates for rendering the airframes air worthy, plus". You are referring to this particular thing?

SHRI C. G. K. REDDY: You are presenting Rs. 12,000. That is what I mean.

SHRI RAJ BAHADUR: That is a different matter. This is how we are ensuring that the present companies do not allow their certificates of airworthiness to expire so that when we take over, the aircraft are given to us in a condition which is suitable and which will not require the investment of further sums in order to make them flyable or airworthy. Therefore, we have provided this particular amount and this bears relation to the expenditure incurred on obtaining the certificate of airworthiness.

SHRI C. G. K. REDDY: If he will, permit me, Sir. I am sorry to interrupt him but that will save time when I speak.

Even if it is not airworthy, still you are going to take it over on the written down value of the airframe provided you will, within the normal expenditure, be able to make it airworthy. Even in that case, you are going to give Rs. 12,000. The hon. Minister has accepted the principle of taking over the companies on the assets as they stand today. I should like to know, if that is the principle, how this additional Rs. 12,000 is explained?

PANDIT S. S. N. TANKHA (Uttar Pradesh): No, it is based on the book value?

SHRI RAJ BAHADUR: Sir, it is well known that Rs. 40,000 to Rs. 48,000 is spent annually for obtaining a certificate of airworthiness which means overhaul etc. In fact if we do not allow this amount, they would not be under any obligation to get the certificate of airworthiness for any aircraft and we will get aircrafts which will

[Shri Raj Bahadur.] not be in a running or going condition and which, in turn, will mean some obstacle in the path of running that industry by the Corporations resulting in so much of dislocation. Therefore, when this amount is being spent by them periodically, we give them a part of it which bears relation to the unexpired period for which this certificate of airworthiness is valid and, therefore, this amount is specially allowed there.

Is that all?

SHRI C. G. K. REDDY: I am not satisfied but anyway.....

THE MINISTER FOR COMMUNICATIONS (SHRI JAGJIVAN RAM): May I intervene, Sir, and clarify the position? The position is like this: We are providing compensation on the basis of purchase price of an asset minus a certain scale of depreciation and if my hon. friend will read clause 6, para 2 on page 19, the position will be quite clear. "The aggregate written down value of all airframes of aircraft in respect of which there are certificates of airworthiness in force or which can be rendered fit for certificates of airworthiness if the Corporation concerned were to incur expenditure within the normal rates for rendering the airframes airworthy, *plus*—" Now, I will explain why this plus is there. According to this formula, an aircraft whose certificate of airworthiness expires in the month of March may not care to renew the certificate because, according to this formula, that company will get the compensation, purchase price minus depreciation at a prescribed rate. Now, in getting the certificate of airworthiness, the companies have to incur expenditure. The cost varies in the case of Dakota, Skymaster or Constellation. It varies according to the different types of aircraft. Certain percentage of the cost is required for the spares and stores and if the companies were to get the certificate of airworthiness after using their spares and stores for that purpose and if you are not providing anything for that.

there will be no incentive on their part to invest their spares and stores for the renewal of the certificate of airworthiness because they will get compensation for spares and stores in their go-down at the rate of purchase price minus 20% as we have provided in the schedule. But, if they divert some spares and stores into the aircraft for getting the certificate of airworthiness, they will get nothing. Therefore, we have provided here some sort of compensation which will be enough.

SHRI C. G. K. REDDY: Actually if they don't do it even then you are giving them.

MR. DEPUTY CHAIRMAN: I think the clause itself says that.

SHRI RAJ BAHADUR: No; that is what I feel and, therefore, we are providing this bonus so that they will get a part of the cost of the stores.

MR. DEPUTY CHAIRMAN: Please read the next clause.

SHRI RAJ BAHADUR: We are not providing for the labour charges involved in it.

SHRI H. N. KUNZRU: We understand what the hon. Minister has said. Paragraph 2 says that this money is to be given in respect of aircraft for which there are certificates of airworthiness.....

SHRI C. G. K. REDDY: 'or'.

SHRI H. N. KUNZRU:or which can be rendered fit for certificate of airworthiness if the Corporation concerned were to incur expenditure within the normal rates for rendering the airframes fit.

SHRI C. G. K. REDDY: Even if they are not airworthy they are going to pay.

SHRI H. N. KUNZRU: Therefore, it seems from this that this Rs. 12,000 would be paid even if aircrafts for which there was no certificate of airworthiness were taken over.

MR. DEPUTY CHAIRMAN: Please read the next clause. Dr. Kunzru. If you read the next clause it will be clear.

SHRI RAJ BAHADUR: The answer is exactly in the first two or three sentences.

MR. DEPUTY CHAIRMAN: Please read the third line. It begins: "..... where the existing air company had obtained a certificate of airworthiness in respect of it within ninety days immediately preceding the appointed date or if a certificate of airworthiness had not actually been obtained within that period but the existing air company had incurred expenditure within that period for the purpose of rendering that airframe airworthy, the value of the spare parts used for the purpose. *etc.*". So this Rs. 12,000 or Rs. 24,000 will be given only under those conditions.

SHRI RAJ BAHADUR: So far as the matter pointed out by Dr. Kunzru is concerned, we want aircraft which can be rendered fit to run. There may be aircraft which cannot be rendered flyable in spite of your investment. Of course, they will not be counted. Such aircraft as can be rendered fit for flying purposes will be taken.

MR. DEPUTY CHAIRMAN: I think the hon. Minister may proceed to the next point.

SHRI RAJ BAHADUR: There was some doubt expressed about the written down value. On page 22, Explanation A reads as follows: "For the purposes of this Schedule, the written down value in respect of each class of assets means the actual cost to the existing air company of such assets respectively, less the total depreciation calculated at the rates and in the manner following namely:—" so and so. That is the basis on which we have framed our proposals in regard to compensation.

The next point is in regard to the one I have already explained as to how

the Corporation shall be constituted but, I may make some reference about the Air Transport Council. We have provided an Air Transport Council for specific functions which have been laid down in the particular relevant section. We have also provided a Labour Relations Committee in order to advise the Corporations, each one of the two Corporations, on matters pertaining to labour and it will be seen. Sir, that we have tried as best as we can in the circumstances, to associate labour with affairs concerning them and the administration of the Corporations. So, I would submit. Sir, that, as has been mentioned earlier, this is the first venture of its kind which is being taken up by the nation through these Corporations and we wish that with the cooperation and enthusiasm shown on all sides, it will be possible for us to make a complete success of this venture.

MR. DEPUTY CHAIRMAN: Motion moved:

"That the Bill to provide for the establishment of Air Corporations, to facilitate the acquisition by the Air Corporations of undertakings belonging to certain existing air companies and generally to make further and better provisions for the operation of air transport services, as passed by the House of the People, be taken into consideration."

SHRI C. G. K. REDDY: Sir, this is admitted by all sections of this House and the other House as a very important Bill and, ordinarily, a legislation of this sort, taking over from private hands essential transport in the interests of the community would receive congratulations at least from this section of the House. But, Sir, after looking through the provisions of this Bill and also going through the proceedings and also watching the hon. Minister who piloted the Bill speak in the other House as also the opinions expressed by him in the Select Committee, which I have heard of, I don't think that this can, under any stretch of imagination, be called nationalisation at least as far as I understand it.

[Shri C. G. K. Reddy.]

I am aware, Sir, that the Government tries to garb itself with ideas and words, which mean something else so that it can establish its respectability, its progressive nature and it may also say to the world and to the country also that they are about to usher in a socialist State, a welfare State, a cooperative commonwealth and whatever else other phrases may mean. It shall be my endeavour today to attempt to prove that so far as this legislation is concerned, the Government is quite entitled to call it nationalisation but as far as I am concerned I do not think that I shall agree to its taking credit in this manner.

Sir, there are certain principles of nationalisation. By merely calling anything nationalisation it does not become nationalisation. There are certain principles. What are those principles? Firstly you must prevent any private exploiter from exploiting the community for private benefit especially in an industry essential for the very life and well-being of the community. In this case probably that principle does not arise because in most cases these companies are not making profits in the normal sense of the term 'profits'. There are other dubious ways of making profits which most of these company proprietors, company managing agents know of and practise even in these air line companies. I am not referring to them. The other principle is that when you take over you shall not let the community suffer by way of giving more facilities to the companies. That is, if you are taking over something which is more or less derelict and paying something exorbitant at the expense of the community. It is not as if that the hon. Minister or the Government is paying from private funds. It is paying from the country's resources for taking over these companies. Now on the test of that I am afraid nationalisation or any claim to nationalisation, even a most remote claim to nationalisation, must completely fail because I shall prove that the scale of compensation that has been

put in this Bill and which is going to be paid to these air line companies cannot by any means be called fair. Thirdly, Sir, after taking over the companies the set-up of the corporation or other organisation which is going to control and develop that particular industry must be of such a nature that it will really serve the well-being and the good of the community. Even on this test I am afraid we cannot concede the claim of the Government that they are nationalising the air transport industry in the country, because the entire set-up of the Corporation, I believe, does not conform to the principles of nationalisation, as I believe it, as any country which understands nationalisation in the proper sense of the term believes it.

Sir, the hon. the Deputy Minister, when he was introducing this Bill here this morning, told us that there were three alternatives before the Government in so far as the taking over and running of this transport industry is concerned. He said there was the company; there was a department of the Government, as they run the railway department or the post and telegraph department or any other. And of course the third alternative was the Corporation. Now the hon. Minister said that the Corporation had the advantages of almost all these three things and perhaps no disadvantage at all. Therefore they pitched on the idea of a Corporation and they have provided that a Corporation takes over this industry and runs it for the well-being of the community and well-being of the industry itself. Well, I should like to submit, Sir, that even this Corporation idea has been very much caricatured by the hon. Minister through this Bill, because a Corporation in charge of an industry should see that that industry thrives for the good of the country and should also be able to give the facilities that may have been denied hitherto by the private companies. Such a corporation must be differently constituted. It cannot be constituted by an executive fiat, as the hon. Minister

proposes to do through the provisions of this Bill. He might want to be powerful enough to appoint and to remove the members of this Corporation but that does not make a **Corporation**. You may call it a body where you have the power to nominate members of the Corporation or even to remove them but that does not mean that the Corporation will serve the purpose for which the air transport industry is being taken over in the country today.

SHRI RAJ BAHADUR: Why not?

SHRI C. G. K. REDDY: I shall explain the idea of a corporation. As far as I know, Sir, a corporation will run an industry which is essential, as has been made out by the hon. Minister and with which I entirely agree, for the good of the community not only for civil purposes but in times of war also. Such a corporation should be composed of all the three factors that go into the running and towards the growth of any particular industry, and that is the management, the labour and the consumer. In this particular case the consumer cannot be properly defined but the public can certainly have a representative. If he had set up this corporation or proposes to set up this corporation having these three factors and which alone go to the development of an industry, whether it is the air transport industry or any other industry I would have congratulated the hon. Minister. But I cannot congratulate him when he at one stage says that he does not want it to be a department of the ministry because it has obvious disadvantages, and at another stage, when he is indirectly proposing to set up a department under his thumb and under his charge and which will run according to his whims and fancies. Sir, as far as I am concerned, I believe that the well-being of an industry, the development of that industry and the growth of that industry depend to a great extent on the autonomy that it enjoys, so that it will have the freedom and the discretion to lay down policies and execute those policies for the purpose for which or the objective with which it was

brought into being and that objective being

SHRI RAJ BAHADUR: I would like to know how—that freedom or initiative is being fettered through the provisions of this Bill.

SHRI C. G. K. REDDY: To the extent that you have the sole authority to appoint the members of this corporation to that extent surely will the members be ever grateful to you and they will carry out your wishes, be cause you appoint them. I shall not go further into this aspect, (Interruption.)I can only try to explain to hon. Members who understand a little about the corporation idea. But if I am to hold an elementary class on socialism and the corporation idea I am afraid I am not in a position to do so, just at present.

SHRI JAGJIVAN RAM: First try to understand yourself.

SHRI C. G. K. REDDY: And if I did not understand myself I would not be in a position to put forward my ideas at all.

Having said that much I believe that so far as this nationalisation is concerned, I for one am not willing to concede the claim of the government that they are nationalising the air transport industry.

Then two big questions that stare us in the face to which naturally the hon. Minister has given much of his time during his speech are the two-corporation idea and compensation. Why two corporations? And secondly of course, as I have already indicated and which I shall try to explain in more detail, the scale of compensation that is proposed to be paid to the air companies.

Now, regarding the two-corporation idea, we have had two reasons that have been advanced by the hon. Minister. One is the reputation of the Air India International. Secondly he said, I think, that this was how it was being done in other countries. I think in

[Shri C. G. K. Reddy.] the other House he said—or some other Member on his behalf said—that the British Airways, for instance, when they were nationalised, they had one corporation for near services and they had another corporation for distant services. Now, I do not suppose that even the hon. Minister wants to imitate whatever happens in another country regardless of the difference between the conditions that exist in that country and here. I am sure he will not stand on that principle. So far as the British Airways—or wherever else two corporations have been set up—are concerned, the conditions are entirely different. The route mileage is much larger. The volume of traffic which they handle is much more than what we propose to handle now or even ten years later. Well, with all my desire that the Government should expand its air services, I do not think that during the next ten years we will in any way reach up to the figure that is maintained by the B.O.A.C. or the other international corporations. Sir, the conditions there are entirely different. Let us not try to compare the two things.

The second thing he said was about the reputation of the Air India International in their foreign services. Sir, I may also be allowed to pay my tribute, without any prejudice, to the manner in which the Air India International has satisfied the passengers and has established a name for itself in their routes. But that is not a valid reason why we cannot have one corporation. What prevents the hon. Minister from having one corporation with perhaps two watertight departments? I do not see how the efficiency of the service that is being given by the Air India International can in any way be affected, if you had a wing under one corporation looking after that particular service. It is like two corporations—two different people, if you like, looking after two different routes. There can be two different wings and there can be no argument whatever against this proposition. And so far as the idea

of one corporation for these two services is concerned, I hope the hon. Minister does not expect me to give any reason. The only reason is that we will have economy, a great deal of economy. After all, one of the reasons why today the air companies in India are suffering and have not been able to make any profits at all is because of the great deal of overhead expenditure that they have been made to bear all these years. If that is the main reason why we find the state of the industry in that manner today, what reason is there for us to continue to have two corporations with double the overhead expenditure? I am not able to understand.

SHRI C. P. PARIKH (Bombay): How double?

SHRI C. G. K. REDDY: Yes; two corporations mean double overhead expenditure.

SHRI JAGJIVAN RAM: Simple rule of three.

SHRI C. G. K. REDDY: I said overhead. I did not say about the entire expenditure. It is something like Rs. 6 lakhs, I understand. It may be a small amount for you, but it is a **very** big amount so far as the corporation itself is concerned. As I was saying, that is good enough reason why we should have only one corporation.

I shall try to recount the history of the two-corporation idea. I understand that even the hon. Minister is not in favour of that, but, of course, I do not expect him to say that on the floor of the House. I remember, Sir, sometime in November when first the idea of taking over the air companies was announced, I think the Government wanted only one corporation. But there were comings and goings of one particular personage who is head of a big company between Delhi and Bombay and I remember also the rather interesting statement that he made after visiting the hon. Minister who, I think, at that time was pretty strong

in his idea of having only one corporation. When he went back to Bombay, he said: "I shall have nothing to do with these corporations. I shall not accept the Chairmanship or any other 'ship' and I will have nothing to do with it." But the Government was cowed down by that blackmail. It is only, I charge, because of that reason that you cannot bring in that particular personage unless you had two corporations, that this idea of two corporations came up. The hon. Minister may deny it. but I know that originally Government had decided to set up only one corporation and during the negotiations when the Government was strong on that idea, that particular gentleman refused to have anything to do with that corporation. If that was the attitude of that particular gentleman whatever his capacity known or unknown, I do not see why we should continue to have anything to do with him. Why should his services be so valuable that Rs. 6 lakhs a year should be spent for the mere luxury of having him as the Chairman or the Manager of one of our corporations?

There is also the other difficulty. I can well appreciate that. Now, Sir, you have so many companies, so many General Managers and highly paid officials who, in spite of the fact that the air companies are losing, are being paid huge amounts. When you take over these companies, you are not going to provide jobs for all of them. Even with five corporations it will not be possible. But with one corporation the potentiality of offering jobs to these big guns is very much less. And I also think that Government's decision in this regard has been influenced to some extent by the fact that two or three of the most powerful interests in the air companies today want it that their nominees also have a place in these corporations and I say definitely that Government

SHRI JAGJIVAN RAM: This is all a figment of your imagination.

SHRI C. G. K. REDDY: Figment of *my* imagination, but can the hon. Minister deny that in November he had

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the idea of having only one corporation and can he also deny that after negotiations, Mr. J. R. D. Tata said that he will have nothing to do with the corporations whatever?

SHRI JAGJIVAN RAM: They are all unfounded.

SHRI C. G. K. REDDY: The hon. Minister can say what he likes. But I want to know what were the reasons that changed the mind of Mr. J. R. D. Tata. If I am told that, I am willing to withdraw this assertion of mine. As I said, these are the influences. It may be that the hon. Minister was in a very difficult position and he has my fullest sympathy, but I feel that he should not have surrendered to these influences which meant so much more money being spent by our country on these corporations.

SHRI H. P. SAKSENA (Uttar Pradesh): You mean, succumbed.

SHRI C. G. K. REDDY: Quite right. The hon. Mr. Saksena is always very good at giving the perfect phrase. 'Succumbed' is the right word.

Then, Sir, the question as to who is to run the corporations also arises. Sir, we know the history of the industry during the last five or six years. We also know the gentlemen who have been running this industry. We also know that those who came into the air transport industry did not come in to develop that industry, but to make a lot of money. We know that they came in at a time when aircraft was going cheap, when anybody could get an aircraft for a song from the Disposals. They thought that they would be able to make a lot of money. They had no idea whatever of providing a fine air transport service to this country. They had no intention whatsoever of seeing that the air transport industry in this country is placed on a sound and good basis.

SHRI K. S. HEGDE (Madras): That was not a charitable institution. That was a commercial organisation.

SHRI C. G. K. REDDY: That was not a charitable institution. Certainly not. That is my entire opposition to the present system, which is nurtured and sustained by the Government. I am perfectly aware that it is not a charitable institution. I am only stating facts. I did not expect the great money bags of India to shell out their money in the interests of the people of this country. I did not expect it. I am only stating a fact. I am not arguing against it. I am only saying that these gentlemen came into the industry in that way and they tried to run the companies on that basis. Therefore, Sir, so far as we are concerned, having proved them to be highly incompetent so far as providing an efficient air service in this country is concerned we ask what reason is there.....

SHRI RAJ BAHADUR: It is a matter of opinion.

SHRI C. G. K. REDDY: Of course it is a matter of opinion. I do not think the hon. Minister will agree with what I am going to say, because I say everything against his opinion. Naturally, I do not expect him to agree with me.

SHRI RAJ BAHADUR: I do not agree with any unreasonable opinion.

SHRI C. G. K. REDDY: I have a right to express my opinion. The hon. Minister is not going to agree with what I say. But I have to express it here, so that the country may know that there is an opinion different from the Government's opinion.

Sir, 'what is the good of resurrecting those gentlemen who have proved themselves to be incompetent? The state of the industry—the hon. Minister says that it is a matter of opinion. You have been subsidising the industry. You have been trying to pump life into it during the last six years. In spite of that you have not been able to revive it. You have rushed to its aid time and again. At every cry for help you have gone to its aid. In spite of that, the state of the industry is what it is today. Is it only a matter of opinion, and not a justifiable conclusion; that the gentlemen who have

been at the helm of affairs of these air companies have proved themselves utterly incompetent to run the air services?

SHRI RAJ BAHADUR: Because the hon. Member was referring to it over and over again, I said it was a matter of opinion. It is a matter of opinion, so far as the labour that these people have put in is concerned, so far as the industry that they have put in is concerned, in building up this industry: not so far as the economic aspect of it is concerned.

SHRI C. G. K. REDDY: As far as the building up of the industry is concerned, there must be something to show for all the work they have put in; there must be something standing to show the work that they have put in.

SHRI RAJ BAHADUR: Air India International is a living monument to it.

SHRI C. G. K. REDDY: The building is crumbling. It is in ruins. There are one or two exceptions, as I have already explained. There is one exception, and I have paid a handsome compliment to it. But what is the good of resurrecting all those incompetent people and putting them in the same position to run this industry? When you want to take it up not simply because you want to do so for its own sake but you want to take it up in the national interest, for the good of the country, in order to see that there is a good internal and also a good external service established in the country, you must see that the men who run it run it for the good of the community and not for profit only. I am aware of what the hon. Minister says, that the Corporation shall be run on business lines.....

SHRI RAJ BAHADUR: "As far as may be."

SHRI C. G. K. REDDY: That is why I say that it is not only in the interests of profit that they should be run; it is also in the national interest, in the interest of the community. Therefore,

you must get men who will be able to satisfy those conditions. My contention is that the gentlemen who have been in charge of the industry so far do not come up to the standard and therefore we should not think of employing them—with possible exceptions, again.

Now, Sir, I come to the all-important subject of compensation. The hon. Minister has stated that he is paying compensation according to the value of the assets. I do not know what he means by that. Does he mean by that, the book value of the company? No. He does not, because the Schedule specifies how the value of the assets shall be determined. If it is on the book value I can understand. After all, as we are all aware, these gentlemen, who also belong to a particular community, who have never been anxious to pay the tax due to the Government, have also thought of a very good way of escaping tax through the concerns. You will find in the books of the companies the manner in which they have written down the assets. If the Government have given them relief because of the manner in which they have written down the assets, we must also see that they do not get a double advantage. After all, what is the principle of taking over any company or any business concern? I am not a business man, nor do I understand the various business methods. But when you take over a company, you go into the market and buy up the shares, or you examine the books as they are and see what the company has gained by the maximum depreciation that it is allowed to put down in its books, and you pay that, and you pay something more if it is a going concern. By no stretch of imagination can one say that the air companies in India today are going concerns. So that question does not arise. But you have fixed an arbitrary figure. It may even be conceded that the hon. Minister wants to be kind to these air companies in view of their past services in the building up of this huge—edifice ! which has during the last six years been threatening to crumble at a moment's notice. He can show this kindness. He is entitled to do **that**.

SHRI RAJ BAHADUR: Justness.

SHRI C. G. K. REDDY: What justness? All right; let us concede that even..

Regarding the parts also, on the face of it it does not look very bad. I want to ask the hon. Minister regarding one particular matter. When Members in the other House said that the air companies might try to bring unserviceable parts back to the racks again and try to mulct the Government and the country of money which the companies did not deserve to receive, the hon. Minister said that after all the inspectors were there who had to certify each and every part as serviceable, and, therefore, the Government was not taking any risk, and there, was no question of junk being taken up as serviceable parts and transferred to the racks. Now the hon. Minister holds opinions which we unfortunately do not, and I shall touch on one particular matter to a certain extent in my concluding remarks, so far as an independent inspectorate is concerned. What I mean is this, that the aircraft inspectors are employed by the companies and are licensed by the Government. They are paid by the companies, but licensed by the Government. They are responsible to the Government for safety regulations, and for the manner in which they inspect parts. Now, they may be perfectly honest inspectors, and may not be doing anything against the rules and regulations. Let us take an example. A carburettor, let us say, of an aircraft is good for a thousand hours. The carburettor has been used for 999 hours. It has been lifted out of the engine. The general manager of the company says, "Well, let us take it off this aircraft and put it into the rack; we will use it later on." So it goes on to the rack. It has still one hour left in it. The inspector is bound to certify that it is serviceable, because you do not say it is serviceable for 20 or 30 or 50 hours; you only say that it is serviceable.

SHRI RAJ BAHADUR: I am afraid that is a very lopsided idea of technical inspection.

SHRI M. P. N. SINHA (Bihar): Could it not be found out when it was purchased?

SHRI C. G. K. REDDY: No. It goes on to the racks as serviceable. I will give another example. Some of these engines, as the hon. Minister knows, are sometimes bought from heaps and used for cannibalization. They are purchased for Rs. 300 or Rs. 400 per engine, and even if all the engines are obsolete, some of their parts can be fitted into the new engines of the same make but which have been slightly modified. For instance, if you take a Hurricane engine which used to go into a Beaufighter before, it can be used, some of the parts can be used now in a Viking. I understand some companies have bought engines which are outmoded, for Rs. 300 or Rs. 400, which cannot be used for Vikings, whereas, when the reduction gears are taken out of that very engine, when it is dismantled, the price would be Rs. 5,000. You are going to pay that price in compensation. You are going to pay something like Rs. 10,000 or Rs. 12,000 for an engine which was bought by the company for Rs. 300. That is why I object to the principles of compensation. If you lay down fool-proof principles, I can understand. There are many ways of dodging. What justice is it, I ask, that a company which has paid Rs. 300 for an engine should get for it Rs. 5,000 or Rs. 6,000 when it dismantles it and puts it on the rack? They are perfectly serviceable. It is a fantastic notion. But if the hon. Minister will consult his department, I have no doubt whatever, they will confirm what I am saying today.

SHRI RAJ BAHADUR: I will request the hon. Member to read the Explanation once again. It clearly says that the written down value in respect of each class of assets means the actual cost to the existing air company. The words "actual cost to the air company" are there.

SHRI C. G. K. REDDY: What prevents them from saying that they have purchased (Interruption.) The hon. Minister seems to be so innocent

of the operations of the business people in India. If he thinks that all these people are honest, then I have nothing to say. (Interruption.)

MR. DEPUTY CHAIRMAN: The hon. Minister may reply later on.

SHRI C. G. K. REDDY: So these principles, I say, are unsound, are unjust so far as the people of this country are concerned. They may be very just to those people who are going to profit thereby. But so far as the people of the country are concerned who are being mulcted—the money should not go out of their pockets to be paid as an exorbitant compensation to the air companies—it is not just to them.

Now, Sir, having said this much, I will just take five or six minutes more only. Sir, I was going to say something about the suggestion regarding the Inspectorate. I mean this is a suggestion to which the hon. Minister can give whatever worth he may think fit. It has nothing to do with the Bill as such. Sir, I was rather surprised, when I first went closely into the air transport industry only recently, that the Inspectorate was not an independent authority. Sir, take any other industry. For instance, the ship surveyor is a Government surveyor. He is not paid by the shipping company and thereby he establishes his independence—more so, Sir, in an air transport industry where the slightest mistake or the slightest lack of discretion or too much of discretion on the part of an inspector may mean the loss of many lives. I am rather surprised why we should have a system of Inspectorate whereby the aircraft inspectors are paid by the company and they work according to the regulations of the Government. Perhaps they carry out the regulations. This I think is rather a dangerous thing and I am aware, Sir, that this has been copied more or less from the British system. In other countries, also this is the system. But I should like the hon. Minister to give his attention to this particular aspect of the undesirability of having an inspector working on the

regulations laid down by the Government and on whom depends the entire safety of passengers in the aircraft, but under the pay-roll of the company concerned.

Sir, lastly, before I sit down, I will naturally be interested to know as to how labour is going to be treated after the Corporations come into effect. And in this particular case I may express the gratitude of the employees to the hon. Minister—it has already been expressed and I should like to express it here on the floor of this House—in so far as his assurance is concerned regarding the technical branch of the services. He has said that there will be no retrenchment. Sir, the employees are very grateful to him and the employees would also like the Minister to stretch further that assurance and see that there is no retrenchment at all in any branch whatever. This is, I think, an exaggerated demand; I agree. Because just as the Minister is interested in the finances of this Corporation and the finances of the country indirectly, I am also interested and I should not make any irresponsible claim, but I want the hon. Minister to examine the potentiality of expanding the services and there are chances of expansion of the services within the near future, and see that there is no retrenchment at all. After all, you are taking over the air companies for the good of the country but if the good of the country means throwing out 3,000 or 4,000 people into the streets, that is not going to be a good thing done so far as the country is concerned. So we must exercise our mind to see—and I should like the hon. Minister to see—if we can slightly modify the assurance that he has given in the other House regarding the non-technical branch of the services also, so that they may not look at this even with despair, some of them.

Sir, I have already said that so far as the Corporation is concerned, my idea of the Corporation, as I said, was a Corporation where all the three interests are represented; and it is a recognised principle not merely of Socialists but of others also that wherever possible, a representative of labour should also be in the top autho-

riety. Now this is a principle that should be conceded. I know that the hon. Minister has said that somebody connected with labour and who knows labour affairs very well will be on the Corporation. That assurance he has given. But that is not good enough because if somebody who knows only labour matters is put in charge there, he does not function very well. If a representative of the labour itself is put on the Corporation, it will not only smoothen matters so far as labour-management relations are concerned, but it may also be able to help the Corporation to function more efficiently because it is after all the labour community in the ultimate analysis, which sees that a particular air line functions very well. Therefore, Sir, although this particular Bill does provide for nomination on behalf of labour, I should urge the election of not merely a person who is well-versed in labour affairs but of a person who represents labour. I should like the hon. Minister—if it is not possible for him to do anything about it now—to examine the matter and see that in the near future or as soon as possible this should be done not only in the interests of labour itself, but, I maintain, in the interests of the air transport industry also.

Sir, there is one other thing also about which he has given an undertaking. That is regarding the victimisation. I do not want to go into that because he has already given an undertaking that such of those who have been victimised by previous companies, he will reconsider their cases and try to reinstate them.

Apart from that, Sir, there is the question of standardisation of the scales of wages. Now there is a wide disparity, for instance, between Air India or Airways India or any other company. In some cases the disparity is not much but there is going to be a wide disparity. Now, I should like to know from the hon. Minister in what manner he is going to integrate these services and in what manner he is going to determine the scale of services for the entire Corporation, because you cannot have *two* different

[Shri C. G. K. Reddy.] people doing the same job in one Corporation drawing different salaries. Here again, Sir, I pay a compliment, in spite of the fact that I have said some unkind things about that particular individual and particular company, that so far as Air India is concerned, they are good employers. Their terms of service are very good and the privileges that the staff enjoy are indeed the best in the country as in every branch of the Tata industry. That is of course a cleverer way of maintaining good relations with labour. Sir, it cannot be that that particular scale can be brought down. You cannot bring down that scale for the employees. You can only bring up the other employees to that scale. There a process will have to be put through. You may have to screen people to see whether they fit into particular positions. When I say that Tatas are good employers, I also say that the staff are also very good. In other companies also the staff are good. All of them may not be good, may not be of such a high standard, but some of them are. So I suggest that some screening process may be implemented whereby the staff from other companies may be taken up. First of all you determine the scale on the basis of Tata's Air India and then when absorbing the other staff and putting them in particular positions, you screen them and determine their suitability and adjust them in that particular grade. This is the suggestion, and in any case, I should like the hon. Minister to give his very serious thought to this particular aspect and see that this good thing—in spite of my having said that you are paying too much, and that this particular Corporation idea is not a good thing, but it is still a step in the right direction—is not marred by the fact that some of the labour are thrown out or conditions are put on them which may make their position more uncomfortable than it has been hitherto.

SHRI C. P. PARIKH: Mr. Deputy Chairman, I rise to support this Bill. I have listened with very great atten-

tion to the remarks made by Mr. C. G. K. Reddy and the sweet reasonable arguments that he has advanced for the various points that he has raised in connection with this Bill. He has made his remarks according to his own ideology. I hope my friend Mr. Reddy will learn that remarks and criticisms offered in a sweet reasonable way and not with vehemance will receive consideration from the hon. Minister and also from the other Members here. The ideology of Mr. Reddy is different from the ideology of the party in power. The main difference is that he wants to achieve in a period of one or two years what the party in power wants to achieve in a period of seven or eight years. That is the only difference. If he can come to the way of thinking of the party in power, which is generally approved by a large section of the people of this country, I think he will be rendering a great service to the country.

Before I make my observations on the Bill, I would like to go a little into the history of the development of this air transport industry by private enterprise. When aeroplanes were not known in this country in the year 1932, the firm of Tatas started a service between Bombay and Madras, and that was the first service started in the country by a private individual, by a private firm, by a private entrepreneur, who has done so much for the development of other industries in this country. I do not pay him a compliment on that account. I should also mention the Indian National Airways as the pioneers of the air transport industry in this country. Then in the year 1946, a Licensing Board was instituted by the Government of India, and licensing rules were laid down. A number of planes were sold from Disposals to the 11 companies that came into the picture. These planes were sold at reasonable prices in order that air services may improve in the country. There was also a condition laid down at the same time that the aircraft and spares sold should not be resold outside the country, and that condition still prevails. The aircraft can be bought and sold only within the

country and not outside, even though higher prices can be realised. This restriction was imposed in the general interests of the nation in order that our resources, our limited resources, may not be frittered away.

In the year 1950, the Rajadhyaksha Committee was appointed to go into the working of the nine or ten companies left, as two had gone into liquidation because they could not run. It was found that retrenchment was necessary in the services and also reduction in the operational costs. It must be said that the air transport industry was a new industry in the country and was in its infancy and the pioneering stage for any industry in any country is difficult. Therefore, nothing can be judged from the present state of affairs of the eight or nine companies which exist at present. They may be liquidated, as Mr. Reddy said, tomorrow if the Government do not help them. It is perfectly true, but even if they are liquidated, their assets will realise double the amount which the Government wants to pay. The Government will be paying Rs. 4.8 crores instead of Rs. 10 crores which these assets will realise in the world market.

PROF. G. RANGA (Madras): In our own country?

SHRI C. P. PARIKH: In the world market. It is true that the aeroplanes were obtained at reasonable prices from Disposals. I can understand this argument if advanced, but the point still remains that they will be getting much more in world market than the amount offered by Government, even if this point were taken into consideration. Therefore, it is no use advancing arguments which cannot stand.

Now, in regard to the Government coming into the picture, it is not because private enterprise is unable to develop this industry. Our total savings in the country are limited to Rs. 40 crores and there are so many developmental projects in the country that there is no use private capital going into fields which Government alone can well develop. Government

is coming into this field because this industry cannot be carried on by private enterprise in a fashion that the Government desires. This is a Defence industry which is very important in the event of any emergency or calamities. This industry should be run on the most efficient lines irrespective of the costs that have to be incurred. It is because private enterprise cannot achieve this, Government is entering the field in order that the industry may be run on very sound lines. In two or three years we will be able to expand this Defence industry to such an extent that our neighbours will see that we will be able to meet any emergency. That is the point for nationalisation.

SHRI B. GUPTA (West Bengal): To carry Dulleses.

SHRI C. P. PARIKH: Then I come to the arguments that were advanced as to whether the nationalised industry should be run on Departmental lines or on the lines of a Corporation. If the industry is run on Departmental lines, instructions have to be issued by the administration from day to day, not from one department but probably from five or six departments. I know how Government files move. If somebody wants to do a thing, he has to obtain the sanction of six or seven Departments and sometimes it takes six months and even twelve months. In order to obviate this difficulty a Corporation is created to run the industry. It has to act quickly and without delay. There is no place for red-tapism in such an industry and therefore a Corporation is necessary. The present administration is incapable of shouldering this burden because other burdens have fallen on it. Our resources are limited in technical as well as in skilled personnel. Even in administrative staff we are deficient. Building up of an efficient administrative cadre will take some time, and unless and until we have built up such an administrative cadre, creating a Corporation is a better way of doing it.

SHRI B. GUPTA: There are American experts.

SHRI C. P. PARIKH: Sometimes he wants to drive them away and sometimes he wants to have them. I am unable to understand the hon. Member. I was saying that this industry cannot be run by a Department in the way it should be run. It does not mean that when the Corporation is established, Departmental representatives will not be there. Departmental representatives will be there along with those persons who can contribute their experience, knowledge and ability to the running of this industry.

SHRI B. RATH: It is a matter to be seen.

SHRI C. P. PARIKH Now, Sir, as regards Corporations, you have to find persons who have the administrative and financial experience in this matter. Because when a Corporation has to be run, it has to be run on sound lines and on business lines and you have got to have an efficient cadre for this. In that respect the personnel will count a lot and when you are having the personnel, it must be of a mixed nature. One thing is, he who runs this line and who has developed it—and Mr. Reddy said he has great admiration for Mr. J. R. D. Tata—if he volunteers his services part time, which he will not do for any amount of money, why not take his services?

SHRI B. GUPTA: Because he has bagged enough money.

SHRI C. P. PARIKH: If I have enough time I will be able to reply to his arguments. With regard to Mr. Tata's offer, this firm has built a reputation in the international field and the Air India International is considered equal to any other foreign service which has been established for a number of years. That is the reputation which they have acquired. If the Chairman of that service wants to render his services voluntarily to this Corporation, I think it should not be thrown away. Otherwise you will have to find a full-time man,—who will first think whether by working in this Corporation he would be rendering service to the country more than what he would be able to do from outside

because you may have your own notions but private individuals also are rendering service to the nation in their own way by developing the resources of the country and they are not doing it only for the love of money. As regards this firm of Tatas, they have been managing 17 or 20 big concerns and 93 per cent, of the profits go to charities. That must be appreciated. Patriotism and other sentiments exist in other spheres also. Some people are making their fortune in order that they may have a higher place in the social or financial circle, not because they crave for it. They know capital cannot increase with the present taxation but they know reputation counts more than anything else. Some people because they know they can render service outside in a much better way than by remaining whole-time with Government in one Corporation may not be prepared to come whole-time. Therefore, the hon. Minister, I am quite sure, is unable to find whole-time men with knowledge, experience, ability and people who have spent about 20 years in running such business. It does not mean that we should not have additional persons. They will be found for administration and we have to see that it is no use nominating persons from administration as part-time. Because I have been in various Committees and when administrative officers are there, their attendance is very limited and they don't study the subjects not because they can't study but because they have not the time to do it. They are generally charged with so many duties and they have to attend so many Committees that if they devote more time, they will not be able to do their own work. Therefore if you want to have the I.C.S. or the administrative services, employ them whole-time in order that their loyalty will be to the Corporation and not to the Government because they must be independent and must be able to express opinions and these people are quite capable as any other people in any sphere of life. I can understand that but they have not that experience of taking risks, because they have not

taken risks in their lives. The people [in the business have taken risks in their lives, have known profits and losses. The administrative people should have experience of these matters before they can be fully entrusted with this task. Therefore I understand that the hon. Minister's intention is to have this personnel made of persons who are experienced administrators as well as persons who have the good of the country at heart from the general public as also political and social leaders. I think the personnel will be constituted like that. With regard to representation of labour, I don't know who claim to be the representatives of the labour—the labour unions or the trade union leaders. Because I see such a lot of rivalry and jealousy among the labour leaders and each one is vying with the other and it is difficult to find out who is the real leader of labour. The main consideration is whether the man has the interest of labour at heart. That is the main criterion and I think some employers have the interests of more labour at heart than those who claim to be labour leaders.

HON. MEMBERS: Question.

SHRI C. P. PARIKH: That is proved by the cordial relations that some of the employers had with the labour till the labour leaders came and spoiled it. That was existing in India before and that was spoiled by the labour leaders for political purposes. That cannot be denied.

SHRI H. P. SAKSENA: May I know whether Tatas will be rendering this service voluntarily as you said as well as freely?

SHRI C. P. PARIKH: He will be rendering so and he has rendered freely and voluntarily so many times.

SHRI H. P. SAKSENA: Will it be free also?

SHRI C. P. PARIKH: Voluntary and free.

SHRI B. GUPTA: So much eloquence for Tatas.

SHRI C. P. PARIKH: They have given so much for charities. I want to make it clear that some charity is still left in some people and that sentiment has not disappeared from this country.

SHRI B. GUPTA: The voice of the Tatas.

SHRI C. P. PARIKH: Now I will come to the question of two Corporations which is being made so much of by Mr. Reddy. He asked why have two Corporations. There will be a saving of Rs. 6 lakhs if there is one. The hon. Minister has stated that there is no objection to one Corporation after he is satisfied with the experiment of running these 2 Corporations. Why are Government having two Corporations? That can be very easily understood. The two Corporations are necessary in order to integrate the services that are existing at present because there are 9,000 people, technical and non-technical working in these 9 or 10 lines. Each has different experience, has different salaries and grades. All these have to be integrated and if the Corporation is made one, then the progress of the external service will be jeopardised and will be delayed because attention will be focussed in the first 2 years to the integration of the internal services. This is a real problem and this will have to be solved to the satisfaction of employees—technical and non-technical. With regard to retrenchment in those cases those persons will not be retrenched if they are technical people because the hon. Minister is quite aware that he is taking this industry in order to expand it and develop it by putting it on proper footing. Another thing is that the repair workshops will be made more upto-date, more modernised and the Hindustan Aircraft Factory will also be producing more spare parts and will be trying to manufacture engines also in this country. These are the intentions of our Minister and these cannot be done in a day. I am quite sure that all technical persons will be fully employed in one direction or the other by the Government.

SHRI B. GUPTA: What about others?

SHRI C. P. PARIKH: It is covered by the labour policy which he himself formulated formerly and which is approved by the Planning Commission that no man even though non-technical will be thrown on the street. Employment will be found in alternative undertakings and I think that rationalisation will be done gradually. All these are to be done and our internal sector has to be kept different from our external sector. Another reason why our internal sector and external sector should be different is that our external sector of services has to compete with other companies of foreign nations which established long ago and which have lot of resources at their hands. We have also to compete with the freights and rates of the shipping companies which compete with the external services. Regarding internal

tor it is a monopoly and nobody can compete with us. We have simply to see whether the people can bear this burden. The only competition is that of Railways which is also a Government concern. The internal sector has a different set of circumstances to regulate fares and rates. The hon. Minister has said that our fares and freights should be reasonable and should be within the reach of the people. I quite see that the Government is alive to it. To talk of reasonable fares and also of employing surplus labour is a contradiction in terms. You cannot reduce the freights and fares if you are going to employ surplus labour. You can run the service on economic lines only if you employ the labour that is required. And this will be done according to the labour policy of the Government, and not in a haphazard way. That is the answer to this question about retrenchment.

With regard to the Corporation which is operating on the external world-market, there the freights and fares are regulated by the capacity of other companies and of foreign passengers who have different capacity owing to different standards of living from our

own. In India we can pay a certain amount or certain freight and fare, but foreigners can pay more. There are nations in the world which can pay a much higher rate. When we compete with foreign companies, when we see foreign companies operating on the foreign routes, we shall see how they are developing and we shall take care not to miss the passenger traffic market which we have developed to the extent of Rs. 2 crores annually. That is the advantage that we have got and we should try to increase it every year. If we get money from outside, then the drain on our own resources will be less.

Now, with regard to having two Corporations, it has been argued that other countries do not have them. But I may point out a few countries like the United Kingdom, France and Australia where they have two separate Corporations and they are still running them separately.

SHRI C. G. K. REDDY: Nobody said that it is not so.

SHRI C. P. PARIKH: The hon. Member, though he did not say so, advanced arguments as to how.....

SHRI C. G. K. REDDY: The conditions are different.

SHRI C. P. PARIKH: The conditions may be different. He said that the passenger traffic there is more. But it is our ambition to have more and more volume of service, more and more frequent services from year to year and that we shall do according to our own resources and according to our own standard of living.

SHRI B. GUPTA: Which is falling.

SHRI C. P. PARIKH: As regards co-ordination between the two Corporations, it has been expressly laid down in the Bill that there may be common directors and also a common chairman. This means that the activities of the two corporations will be co-ordinated and they will be working in close cooperation. There is also the Transport

Advisory Council which will be co-ordinating all these services and these Corporations will also be working under the direction of the Government and the Transport Advisory Council will guide them whenever questions of policy are referred to that Council. Therefore, there need be no fear that in the matter of running the two Corporations we shall be running any risk. As regards the question of technical training, which may be of a general importance if there is only one corporation, I may say that those who are found competent will be sent on probation from one corporation to another because though they are two corporations, both of them are under the control of one Government and as long as that is the case, technical training will be given to those who deserve it, and questions of promotions, grades etc. will not come in the way.

Now, I come to the problem of compensation to be paid. This is mentioned in para 2 of the Schedule and my hon. friend Shri Reddy spent about ten minutes of this House in trying to get a clarification of that paragraph which would not have been necessary at all, if only he had read that section a little more carefully. There is first of all.....

SHRI C. G. K. REDDY: The hon. Member need not spend another ten minutes in explaining it now.

SHRI C. P. PARIKH: It has to be explained and understood, because such an occurrence should not happen in the future.

It is clearly stated here that if the aircraft is certified as airworthy the compensation shall be so much. The second paragraph says that a certificate of airworthiness may be obtained within ninety days immediately preceding the appointed date. The certificate of 90 days will be there and there is nothing wrong in this provision of 'plus'. As regards spare parts and all that, there is a proviso on page 20 in the note:

"Stores shall be deemed to be serviceable if they are such as to satisfy the requirements laid down in Section E of Schedule III to the Indian Aircraft Rules, 1937."

The Indian Aircraft Rules govern all these matters, that is the serviceability of the aircraft etc. and I think a technical person will easily understand it. I can assure Mr. Reddy that Government will be paying much less than what is due to the concerns. These concerns will be getting less than what is due to them, because this technical scrutiny is to be done by technical persons and these technical persons are to be appointed by Government.

As regards the scrap, it gets only 1 per cent, of the book value. Explanation A gives the different rates of depreciation for aircraft, air engine etc. Depreciation is not to be calculated according to the Income-tax law, because according to that, the initial depreciation is 20 per cent, which Government is ignoring in this respect. Income-tax rules provide for generous initial rates because the value fluctuates from year to year. But these air concerns have been established only during the last five years or so and therefore the difficulty is greater in assessing the values and so this method of satisfying all interests has been adopted and the new formula of depreciation is a very reasonable one, in my opinion.

With regard to compensation it may be asked, "Why not pay the share value or the market value of the shares?" But the market value in many cases may be deceptive and I can quote hundreds of shares in the market which do not bear the right perspective or right position as to the assets or the winding up or break-up value, what the shareholder receives when it is wound up. Also some of the shares are hot quoted. So the method of taking into account the market value of the assets is not a proper method or procedure for assessing compensation. I may also point out that the present method applicable

[Shri C. P. Parikh.] to this industry which is being nationalised—the second after the road transport industry in the country—will not be a precedent to any nationalisation that may have to be carried out in the future. This industry was built up about five years back by the air companies which acquired these assets from the Disposals. The standards to be applied will have to be different and the replacement value minus the written down value will have to be taken into consideration.

AN HON. MEMBER: Why?

SHRI C. P. PARIKH: Because the replacement value is the best criterion of the market value.

PROF. G. RANGA: How many times will it be what the Government now propose to pay?

SHRI C. P. PARIKH: It may be more or less as it depends on the market value of the assets which have to be substituted and assets will have to be substituted one day or other.

KHWAJA INAIT ULLAH (Bihar): Where is the market for these things?

SHRI C. P. PARIKH: This my hon. friend may study by coming into commerce and industry; it cannot be learnt from here. There is a market for everything.

PROP. G. RANGA: Some of these machines are not being produced here.

SHRI C. P. PARIKH: I am not talking of this industry because it is new and it has no competitive market. Its market is internal and restricted but when it has a world market, the situation would be different.

Now, Sir, I am coming to the other clause, 28A which contains certain directions. This clause was not originally existing and it has now been put in. Now, Sir, it is very necessary to explain that Government is making a great departure in putting this clause. There are ordinary share

holders, preference shareholders and debenture shareholders. Now, Sir, preference shareholders and debenture shareholders are those who consider that their investment is gilt-edged and secure and even if the ordinary shareholders do not get anything they get their due. That is known even to the ordinary shareholders. The investors of these preference and debenture shares are the insurance companies, the banking companies and trusts and those who are responsible to the public at large. When, Sir, you are trying to abrogate the right of these preference and debenture shareholders, Government is making a great departure and a revolutionary step which will

SHRI C. G. K. REDDY: In which direction?

SHRI C. P. PARIKH:retard capital formation in this country because capital is formed and subscribed by the upper and lower middle classes and many do not want to risk their money. When he invests in ordinary share he knows that he is taking a risk; he may make greater profits or greater loss; when he subscribes 100 rupees for ordinary shares he may know that his share will go to Rs. 1,000 or zero but when a man invests in preference shares he knows that it will remain Rs. 100 only and if the concern is not faring well, then only it will go down and in that case the ordinary shareholder will not get any thing. Those rights which are sacred rights of the investing public in this country are sought to be jeopardised by the insertion of this clause at a late stage. because of certain arguments. Out of the nine companies, seven companies have ordinary shareholders and two companies were having preference shares also. One company, the Bharat Airways had Rs. 50 lakhs of ordinary and Rs. 30 lakhs worth of preference shares and, unfortunately, these preference shares worth Rs. 30 lakhs were held by six persons only and, therefore, Government thought that when compensation is given to the Bharat Airways, the ordinary shareholders will not get anything and, to protect those ordinary

shareholders and in order that only those preference shareholders who may be monied persons may slightly suffer on that account, they inserted this clause. When you are making such a departure from the Indian Companies' Act on the investment policy of the country. Sir, I think we have to wait and consider and not run. to decisions which may run prejudicial to the capital formation or the sanctity of those public concerns, insurance companies, trusts and the banks which are responsible for public investments. These securities are called gilt-edged.

SHRI B. GUPTA: Then yours is a mixed speech, partly Government and partly non-Government.

SHRI C. P. PARIKH: Sir, Government consists of representatives of the masses and the masses are the investors in insurance companies and it is to protect them, these upper and lower middle class people that I am saying and if he is not supporting them, then he may have a different ideology.

It is good that the hon. Minister has come. Even at this late stage, I may repeat it. It may be right to abrogate the rights of those six preference shareholders who hold Rs. 30 lakhs; I have no sympathy for those but the principle which is enunciated in this Bill is wrong and I think there will be serious repercussion if this clause is upheld in the manner in which it is sought to be enacted. The Indian National Airways has got a capital of Rs. 90 lakhs of which Rs. 5 lakhs is preference. It does not matter because the amount is small. Because the ordinary shareholders of the Bharat Airways had to suffer, this thing has been put in but I wish the Government had come in with a different piece of legislation and should not have brought this change in this Bill. This goes against the sanctity which is established for preference and debenture shareholders and this change will retard capital formation- If one concern were to have been penalised, it should have been penalised through a different Bill just as was done in the case of the Shola-pur Mills.

PROF. G. RANGA: YOU want a separate Bill?

SHRI C. P. PARIKH: This is expropriation and it creates a bad precedent. I think it is not a healthy precedent in the larger interests of capital formation.

SHRI C. G. K. REDDY: What are the merits and justice of the case? I would like the hon. Member to let us know the merits and justice of the case.

SHRI C. P. PARIKH: The justice is this: In the Bharat Airways, ordinary shares are for Rs. 50 lakhs and preference shares are for Rs. 30 lakhs which are held by six people. These Rs. 30 lakhs worth of preference shares are in the hands of six people; they are rich people and they can afford to lose. I quite understand that, Sir, but when they take in that power, it will create a precedent and such precedent should not be created.

SHRI B. GUPTA: So that we cannot take yours also.

PROF. G. RANGA: Why is it not a good precedent?

SHRI C. P. PARIKH: This thing should have been done by a separate Bill and not incorporated in this Bill. By this incorporation you have created a legitimate fear in the minds of the public that the rights of preference shareholders may at any time be in danger.

(Interruptions by Shri B. Gupta.)

MR. DEPUTY CHAIRMAN: Order, order, Mr. Gupta.

SHRI B. GUPTA: A little interruption will enliven the speech, Sir.

SHRI C. P. PARIKH: Sir, the various companies are operating on these lines according to the route that is assigned to each. Some routes which have been taken by the pioneer concerns are prosperous and some routes are not prosperous where the passenger traffic is not so good as to make those concerns earn. Therefore, it is no use

[Shri C. P. Parikh.] painting the picture that these concerns have failed. I say, Sir, there are certain concerns which are not good and not paying, and it is in the larger interests of the country that only such concerns are taken over.

Lastly, Sir, I wish to come to the case of control of management. These corporations are entirely controlled by the State. First of all, there is power to give directives. So, these corporations cannot go on their own way. Then, Sir, there is the submission of annual report and so, Sir, on what lines these concerns are working will all be controlled by the Government. Then, Sir, the programme has also to be submitted of major expenses to be made in future. The next year's programme will be fully scrutinised and I hope, Sir, it will be also under the scrutiny of the two Houses of Parliament. Then, Sir, the rule making powers of Government are there. The Corporations are going to act in mutual consultations with the Transport Advisory Council. There is the Labour Relations Committee and the hon. Mr. Reddy may feel assured that the labour interests will be safeguarded because there is a labour representative in the Transport Advisory Council.

SHRI C. G. K. REDDY: Not what I want.

SHRI C. P. PARIKH: You want all the labour representatives and those who are shouting loud on their political ideology. They will not be there, Sir, I can assure him. Now, Sir, with regard to the last point of non-scheduled services, the non-scheduled services are at present left free and there is a valid reason for that. Government cannot take all the burden in one or two years and develop all the air routes in the country. If private enterprise or private companies want to operate the non-scheduled services they are quite free to do so, although there is no bar for Government taking them over at any stage. These non-scheduled services will be operated in

the larger interests of the country having a parallel position with the Corporation in developing the routes unexplored so far and the routes which the corporation will not like to take over. It will be a healthy feature in the matter of encouraging private enterprise in the country and in the field where Government is unwilling? or unprepared to tread or take too many routes over themselves.

These are the main observations that I have to make on the Bill and I think, Sir, that the House will receive it with all the applause that is due to it because for the first time we are nationalising the air lines, next to road transport.

SHRI B. RATH: Mr. Deputy Chairman, while I was listening to the speech of the hon. Mr. Parikh I thought as if the Minister for Communications was speaking and he was speaking more efficiently than the Minister could have done it. He has put the case better than the Minister could have done it. Not only that. He tried to teach us some amount of patriotism, the type of patriotism which is understood by them. For them I know, patriotism is the patriotism of slavery for the majority of the community except a few individuals like Mr. Parikh. According to him if the whole nation is to be termed as patriotic then, all should labour and sweat and mint money for a few friends like Mr. Parikh and his friend and inspirer Mr. J. R. D. Tata. Then the nation can be turned into patriotic; otherwise not. However we have seen through his argument the point of view of the industrialist and the way they look to this Bill for nationalisation or hybridisation of transport services.

We know, Sir, Mr. Parikh gave us a history of the air transport services but he left certain things which I will simply add. I will not go into details. I will simply remind this House how this Bill originated, was passed in the other House and has come before this House. We know that the air transport industry developed in this country

during the war years and the few individual monopolists who had minted huge money during the war years through legitimate and illegitimate means, through means which were then condemned by these very Congress leaders, invested that money after the war in further developing the air transport industry. The Disposal stores were there, and what were to be disposed of were available to them at very cheap rates. That is why those persons who had to their credit huge amounts could invest this money in multipurpose industry. In order to add to their profits further they invested also in air transport industry because during the war years they had found that it was a profitable line of business and they hoped that it would continue to give them further profits. Then in 1947 the question arose whether the transport industry as such should be nationalised or not because the then Congress Government had not then wedded itself to complete denationalisation of industrial undertakings; when this question arose, except the representative of the Government of Bombay and Messrs J.R.D. Tata and Birlas, all the State Governments including the representatives of the Central Government wanted that the air transport industry should be nationalised. I hope the hon. Minister will agree with me on this point at least.

PROF. G. RANGA: Does he?

SHRI B. RATH: There Government served whose interests, let the House understand.

PROF. G. RANGA: How many years ago?

SHRI B. RATH: It was years past but their heyday was soon over and since 1948 the crisis started. In the air transport industry the number of companies started multiplying because the materials of the Disposals were there. To get licence they purchased all possible materials including store that were available with the Disposals.

nee the whole air transport industry, as in other countries, was affected at that time it was a good argument for these speculative investors to approach the Government to give them aid, and aid came forth quickly, aid in the shape of petrol rebate, subsidised postal rates, &c. but still these could not solve the problem of those gentlemen of whom our great Mr. Parikh speaks so eloquently as being the brain of the industrial world and being acclimatized to losses and profits, although in this case the losses and profits did not vary from year to year, and it was a continuous loss. So, in 1950 Government was forced to a position when they had to appoint the A.T.I.C. The A.T.I.C. sat, deliberated and produced a voluminous report only to be kept in cold storage. Its recommendations were never revolutionary. The report suggested, "reduce the number of operating companies. Your crisis will not be over unless about 70 per cent. of the money you spend on certain particular heads, three or four heads is reduced to a great extent." But what happened to the report and how the Government acted, we would like to know. We find that while the Air Transport Enquiry Committee was deliberating, new professional licences were issued to operators who were non-scheduled and who became scheduled. While Government was waiting for the recommendations, temporary licences were issued as to Kaling Airways and thus came in 9 scheduled operators into the Indian scene. Then what happened? The recommendations of that committee were kept in cold storage, for whose interest, I cannot say. But we find that the recommendations of that committee have not been implemented even in respect of a single item. Years passed by. Government supported, helped and harboured these speculative operators till they felt that they could no longer do it, till they could not but come before the House, when they needed huge amounts to be invested, when new aircrafts had to be purchased. The Planning Commission said in its Report that unless new aircrafts were added, the present crafts would not be in a position to do the

[Shri B. Rath.] operations that are required of them. This necessity to purchase new crafts made the Government think twice and also made the Planning Commission to think. How can they approach the legislature unless they come in a modified form, in a camouflaged form, to get it out of the tax-payer's money. That is the history of the present Bill.

It is not the Planning Commission, I submit, which made bold recommendations. It had put in alternatives. Take it over from one Corporation; distribute share on a pro rata basis. If they do not agree, then you will be bound to take it over and you will have to invest so much. That is the recommendation. But what guided my friend—not our friend who is there but his predecessor—not to accept nationalisation in 1947 and what forced our friend to accept that in 1953. It was Mr. J. R. D. Tata who lured him through his two speeches at the Annual General Meetings of the Air India International and Air India. In one of those speeches, he said that if Government was not coming forward to help them with as much amount as they required, they should nationalise it and give them fair compensation. At the other meeting he said, "Gentlemen, employees of the Air India International, you will have to suffer, because what can I do? The circumstances are not favourable." Sir, it would be better if I quote him, because I cannot express as he has done it. I cannot state his case as efficiently as he has done. Here is his speech. He says: "The fact that the Company was operating at a substantial profit while Air-India was operating at a loss, was raising a difficult problem in the field of administration and personnel relations. Except for a very small number, mainly employed abroad, the employees working in Air-India International, were all on the pay roll of Air-India. The two Companies were in effect integrated and operated as one. Because Air-India worked at a loss, they had been compelled to suspend the annual increments which they would have otherwise

granted to their employees under the Company's incremental wage scales. This suspension had naturally applied to all including those who worked, wholly or partly for Air-India International." Because there was loss in Air-India, they had to stop the increments of the wages of the employees. And since they were stopped in one wing, so they had to stop that in the other wing also. Why a few should have the benefit of getting increments? This was the argument. Therefore, Sir, these are the two speeches that must be looked into to appreciate the background of this Bill. It is not in national interests as is paraded here, because the nation, as it is placed today, can never enjoy the privilege of having at least a joy ride in the aeroplane, unless you have some money to spare. And in these days when prices are soaring high, when the average income of the individual is going down and down, to think of a joy ride even for five minutes would be aspiring for Heaven.

Now, Sir, let us be very clear about it that it is not national interest which has goaded our Government to come forward with this Bill but it is to safeguard the interests of those leaders of industries about whom our Government is very eloquent. It is to save them from utter ruin and to give them more money so that they can have that money invested in other concerns. Of course, the hon. Minister will come with an argument that we are not giving them all the money, but we are giving them only 10 per cent, in cash now and the rest in bonds. There I have to submit that it is here that another factor that must be looked into. I ask, why this bond business. These gentlemen carried on this air transport industry after the war for the last five or six years. They did not earn a single pie as profit. Now what does the Government want to do? It wants to guarantee them a return of at least 31 per cent, interest for five years to come and if these gentlemen agree not to withdraw the money within six months after the five year period is over, they are guaranteeing interest at

the rate of 3J per cent. So this 3J per cent, divided on an amount which is much more than the market rate of the share values of these companies. Let this be understood clearly and let it be seen in that light.

Now, Sir, the Congress party is the majority party. I know many friends may not be liking the idea of their being compensated so much. I know that many people would be ready to question the idea of nationalisation under this method. But they cannot question it, for it is the Democracy of the Parliamentary Party that works and the whip directs them how to vote I have every sympathy for them, but I would request them to see the Bill as it stands and the motives behind the Bill. And I have to warn them that in spite of the fact that these corporations will be coming into being, the situation is not going to improve. Why? Because today, if the 'ATEC Report is correct, perhaps the total amount that is spent on fuel and oil comes to about 37 to 40 per cent, on spares it comes to about 20 per cent, and on insurance charges it comes to about 7i to 9£ per cent. That means on these three heads, an amount varying from 64£ to 69J per cent, is spent. So unless expenditure under these heads are curtailed, there is no possibility—I declare it now, though the hon. Minister may say anything—of this industry, whether you start one corporation or two corporations or whatever you may do, bringing in any profit or even meeting its own cost. It will be going into a loss every year and a large amount of money will be spent on subsidies. So it is high time that not only we should look into how the corporation functions but also we should see what steps have been taken to reduce this expenditure of 70 per cent, at least to a certain extent. I am not going to take up too much of the time of the House. I simply suggest that if the Government can revise its policy even today and does not depend on the monopolists for purchasing their planes, purchasing their spares, purchasing their oil and fuel, etc., but tries to explore the world

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market and invites tenders from all the countries, they will find that the expenditure could be reduced by 35 to 40 per cent. We know that the Italian Breda is quite good and it is cheaper than the American machine constellation. Of course, if I refer to another machine, if I refer to another country, my hon. friends Messrs. Hegde and Pattabiraman's nostrils will shrink. But I may tell them that Mexico negotiated with Russia and bought the machine at a price of 40 per cent, of what an American proto type machine would have cost.

SHRI GOVINDA REDDY: YOU are provoking the hon. Members!

SHRI B. RATH: I am glad that at least in this matter my hon. friends have behaved normally. (*Interruption.*) It is time that we considered and decided where we are going to purchase our new planes. We have the curtis Commandos lying idle at Panagarh. They are not being put to any use. The number of planes in service is so much that it can be reduced by 25 per cent. Not only that. We have many aircrafts lying idle without repairs. After a short time they will all be junk. Let me tell the hon. Minister that Commandos are being used as freighter planes in Brazil. While they are considered good as freighter planes in one country, they are considered useless in this country.

SHRI RAJ BAHADUR: Are they being used in Russia?

SHRI B. RATH: There they have their own planes. They do not depend like us, on the mercy of the monopolists.

SHRI T. S. PATTABIRAMAN (Madras): Since 1917? Since the days of the Revolution?

SHRI B. RATH: I can tell the hon. Member that they were not particularly attached to one country. And let us remember that they do not go in for luxury travel.

SHRI T. S. PATTABIRAMAN: Till 1936 they were dependent on America.

SHRI B. RATH: Now my hon. friend wants to get into his characteristic habits. So let me tell him that at least the Russians were sensible enough not to take to these luxurious methods of air travel as long as they did not produce the aircraft, and imported only a few craft, whereas we have taken this luxury perhaps from our predecessors who wanted to give us the idea that it is a necessary appendage of national development.

SHRI K. S. HEGDE: More than the physical slavery, the mental slavery is there.

SHRI RAJ BAHADUR: May I interrupt the hon. Member? I would like to be quite clear on one point. Does the hon. Member want to tell us that he considers civil aviation industry only as a luxury travel and nothing more?

SHRI B. RATH: It may not be only luxury travel; it might be doing some service, and in war time it did enough service, and my friends may say that in Assam, after the earthquake, it did tremendous service in air-lift operations.

12 NOON. SHRI RAJ BAHADUR: Thank you.

SHRI B. RATH: But now we see what for God's sake associate labour and make happens. There are planes running between Calcutta and Bombay with only two or three passengers. Sometimes of course the aircraft is loaded to full capacity, but for a number of days it runs with only 10 to 15 per cent of capacity. That is how the service is being run today. Therefore I suggest that you should think twice before you go in for new planes. Before we go in for new planes, we must see that all the existing planes are used to full capacity and that they are put to full use. There are risks no doubt. That is why I have to sound a note of warning not to be tempted by our friends like Mr. Parikh and others who

talk in terms of rationalisation and so on. The planes have been put to use over a number of years; so they have outlived their life. That is why they require considerable attention and care, like good old men of the family, and that is why it is necessary that, instead of thinking in terms of retrenchment or rationalisation, Government should take steps to create among the workers the feeling that the planes are their own, and that the air corporation is their national industry. They should even give them encouragement by way of bonus, and they should create in them a sense of competition to see that the planes maintained by them are more efficient and run better. The planes are becoming old, and this aspect must be understood, that they need better care than new planes. That is why the question of retrenchment does not arise. That is why the question of removing personnel does not arise. Government may come forward with any explanation in case of accidents; but one of the reasons for accidents is because we are using old planes. Therefore they need constant care. That is why I suggest that you should attempt to associate labour with this industry by creating a feeling among them that they are part of the industry and that it does not belong to Mr. Parikh or to Tatas who are the old bosses and who also dominate today. Labour should be associated in all stages even in the corporations that you are setting up. I will allow you to carry out the experiment, but they also are responsible for seeing that the industry does not suffer a bad name. They can be associated through representatives in the Advisory Council, and in all stages they can be consulted as to how the planes that are now running can be improved and can be better utilised, how further services can be developed, and so on. If that is done, much of the present difficulty will vanish. There were seven operators, and now we are reducing them to two. This may be plain arithmetic, but it takes us no further.

Then, with regard to compensation, / Sir. we find that while calculating the ! compensation, the depreciation charges which ought to play a significant role, are being varied. Sir. my friend Mr. Parikh said that they should be varied, it is equitable. For the purposes of in- I come-tax this depreciation is calculated at a particular rate. Why? Supposing J have earned Rs. 1,000 gross income, i certain items must So out before the | net income is calculated and the in-come-tax levied. So depreciation is the amount that must be deducted from the gross income. And for that purpose the Income-tax Law has fixed a certain amount. Whether it is just or unjust, whether it should be reduced or not, my friend has not to consider that. The net income is reduced and the amount of income-tax that is to be levied is also reduced. For that particular purpose it is just but for this purpose it is not just. If the rate of depreciation that is given in the Income-tax Law is taken into account here, then the net asset will be reduced greatly and as such the amount of compensation will also be reduced. A very queer argument! A new type of definition of 'justice'!! What is just there for the purposes of calculation of income-tax is being considered unjust here when calculating the compensation that is to be given for taking over the aircraft. I would submit here, Sir, that the Government has fallen a prey to the few industrial magnates who have influenced the Government to such an extent that the principles of justice, equity and fairplay and what not, as enunciated by them, are also being denounced. I submit, Sir. the Income-tax Act, 1922 says that for the aircraft frames 25 per cent, should be the depreciation charge, for new engines 334 per cent, and for other photographic apparatus etc. it should be 20 per cent. Here the air-engines are being given the 1/3 depreciation. That means it is expected that in three years the value of air-engines will be reduced to 1. And we know that the value of most of the Dakotas has been reduced to one by now. If my friend wants, I will read out to you a circular issued by Air India in the year 1952. Now this is a circular

issued by the Air India, Limited, on 6th May 1952:

"The company's policy in connection with our existing type of aircraft has been to provide adequate depreciation and gradually write down the book value of the aircraft. Accordingly our D.C.3 Dakotas have been written down to Re. 1 each by the end of the year 1951. The Viking aircrafts are being depreciated so that it will stand at the value of Re. 1 each at the end of the year 1954 "

So, Sir, after taking all the money that has been invested, that means the purchase of the Dakotas, the Government is very considerate enough to give them so much. That is why the depreciation amount here is being reduced. But the Company Law said that the A.T.E.C. in its recommendation had also calculated another rate of depreciation. It said that Dakotas could have a life of four years. So the depreciation that ought to be taken into consideration would be Rs. 40,000 every year, for Vikings Rs. 98,000 odd, and Rs. 1,53,300 per year for Sky-masters and the total value will be recovered in six years, whereas in the case of Vikings it will be recovered in eight years because they were new crafts. And now the Government thinks that the findings of the A.T.E.C. are wrong, the Company Law is wrong and unjust and our just Ministers now come out with a new formula. Justice to whom? That is the question. And that new formula makes a mess of everything. It wants to calculate separately for the airframe and the air-engine; not the craft as a whole, but separate things. And then here the maximum for the airframe comes to 18 per cent, in the case of Dakotas and Vikings and in the case of engines it comes to 24 per cent. And in the case of Constellation and Skymaster it comes to about 15 per cent, in the case of frames and 40 per cent, in the case of engines, the average being 17 5 per cent. Whereas according to our Income-tax Act the average comes to about 29 per cent, or something like that. That

[Shri B. Rath.] is a thing which should be very carefully considered and it should be decided whether this depreciation, the scale of depreciation, as has been suggested here, is to be accepted by this House or not. I submit that all sections of this House should at least try to convince themselves, if not vote, that this is an unjust proposition that has been advanced by the Government.

Then, with regard to the question of spares

MR. DEPUTY CHAIRMAN: You have taken 45 minutes. You are preventing others from speaking. The time is very limited.

SHRI B. RATH: With 'spares' I shall finish. I will take 5 minutes.

MR. DEPUTY CHAIRMAN: I think you will have to conclude now.

SHRI B. RATH: Yes, Sir. I will finish soon.

Now with regard to the spares, I wanted to focus the attention of the hon. Minister on two or three aspects. Had there been time, I could have shown that most of the spares for the Dakotas which were purchased from the Disposals were piled up within the premises for a number of yeavs. The book entries were made in the year 1948. The prices were fixed as prices of new parts for the year 1949. That entry is still there. Now are we going to accept that entry or are we going to see whether the prices that were paid in the Disposals market will be the value of the spares? If a searching enquiry is made as to the price at which these spares were purchased, it will be found that most of the book entries are wrong. And that should be the first consideration with regard to the calculation of assets.

Now we find that for five companies the amount of spares for which compensation is being paid comes to about Rs. 1*31 crores. That means that according to the Government rate we are

going to pay compensation to the extent of over Rs. 1 crore to five companies only, not to speak of all. Are you going to accept that position? That is the question. I have not much time now and so I will deal in detail with the question of compensation for spares when the amendments are taken up, but here I have to give a warning. The warning is that you are not going to nationalise industries because you are wedded to the proposition of not nationalising any industry since the year 1948 which the hon. Minister yesterday so categorically and clearly reiterated. So, I do not expect you to nationalise industries.

Coming to the Corporation, the question whether there should be one Corporation or two Corporations has been much debated. We know that Government has no defence for setting up two Corporations except to accommodate some friends who do not want to *come* in unless they are completely kept in power in one Corporation which is earning profit today. They do not want to take any responsibility for the Internal Corporation which will run into loss. They are so insistent on this, because the Government is looking only to these industrial leaders as the saviours of the country, as the brains of industry. Thirty-six crores of people are considered just urchins. There is a dearth of talent and that is why we are in search of industrial leaders for whom all types of adjectives are being used to placate them. Even if you set up a Corporation, the first essential is to reduce the cost of operation to the maximum extent possible and not to cut down the 20 per cent, of the expenditure which goes to labour. Try to cut the 80 per cent, which you are spending on other factors. That is my submission.

SHRI RAMA RAO (Madras): Mr. Deputy Chairman, I had least expect ed.....

MR. DEPUTY CHAIRMAN: I suggest that the hon. Member should not take more than 15 minutes, because there are a number of speakers.

SHRI RAMA RAO: I had least expected the Communist Party to be so unrealistic about a measure which is obviously intended to carry forward the principle and the process of nationalisation.

SHRI K. S. REGDE: As if they had any principles.

SHRI RAMA RAO: No interruptions from this side. I will answer interruptions only from that side.

I would look at the subject from another angle. England has de-nationalised transport—Churchill's Conservative England. Jawaharlal Nehru's India is proceeding with nationalisation of transport at one of the most difficult times facing the world. Are you not proud of this?

What happens is this: Whenever there is a chance to hit, our Communist friends hit, whatever the target. Without intellectual rectitude, debates lose their value, sweetness and vitality.

SHRI B. GUPTA: Our targets are only attacking the Dalmias this time.

SHRI RAMA RAO: We must practise and promote the democracy of locomotion; we must make transport as abundant and cheap as possible, and that will not be possible unless it is completely nationalised. I even look forward to the day when transport ownership will have been inter-nationalised governmentally, even as it is, in effect today to some extent, though under private auspices. I would like new routes to be opened up in this country. National air defence will have to be strengthened by civil aviation. Everyone will agree that the conditions are ideal here for its progress.

Sir, the astonishing thing is that this Mixed Economy is crumbling. I am happy about it. I am sorry that Mr. Parikh is not here, otherwise I would have got a great measure of inspiration from his presence. What is happening? The Dalmias, the Bmas and the Tatas, who have been in the

civil aviation field have gone to pieces. The State has had to take it over. That is a conclusive proof of the arguments some of us have been advancing that it will be impossible to go on with this queer and quixotic Mixed Economy. Capital formation! Mr. Parikh was speaking a lot about it. Capital formation is as dead as Queen Anne, as dead as the door nail. We are heading towards a fullfledged Socialist Economy in spite of ourselves. How long it will take for us to fulfil that process is the question before us. The Companies Act is to be amended because we find that our capitalists are not to be trusted.

My friend Mr. C. C. K. Reddy, in his very valuable contribution to the debate asked the question whether this is genuine nationalisation. I don't know what he means. He is a Socialist, not a Communist. Otherwise he would have understood that in Soviet Russia there is the Commissary system. I claim that the proposition that is embodied in this Bill about this Corporation system governed by certain statutes and subject to Parliamentary control, would be a moral equivalent, if not a political or economic equivalent, of the Commissary system in Soviet Russia. Here our experts are being asked to look after national air transport and Parliament has supreme control over it. An Air Transport Council is coming into existence and there are ever so many other measures to be taken so strictly to control the financial operations as to make it almost impossible for it to look anything but a State controlled organisation. What is wrong with it? Look at clauses 33, 34, 35 and 36, All these deal with amount of control the Government will have over the new set up.

The question has been asked why, there should be two corporations. I am for two, for the simple reason that I don't want a good boy and a bad boy to get mixed up. The resulting average may be good, but it will be unfortunate. Anyone who has travelled by Air India International vessels would be proud of them. I only hope that the internal services of this country will be equally efficient.

[Shri Rama Rao.]

Sir, the question of compensation has been proving somewhat ticklish. I utterly ignore the remarks that have fallen from the Communist benches, but I could not ignore the remarks of my friend. Mr. Reddy, made in his sensible and suave manner. This question has got to be looked into in the most conscientious and the most scrupulous manner, because under the Constitution the quantum of compensation is to be determined by the Legislature, the principle of expropriation being well embodied in it. A great battle on the question of compensation was led by Pandit Govinda Ballabh Pant in the Constituent Assembly which accepted his point of view, namely, that compensation is a matter to be decided by the Legislature and not by the judiciary. Accordingly we are going to set up a tribunal. Why does my friend Mr. Reddy, gratuitously assume that this tribunal will contain men who do not understand finance or the national interests?

I am confident, Mr. Deputy Chairman, that actually while the demand of the owning classes with regard to air vessels, assets and all that comes to about Rs. 10 crores, we shall be offering them ultimately less than Rs. 5 crores. I wonder whether it would not be really a cheap bargain. I wonder why we should make any bones about it. Why should we at any rate, be premature with our criticism? In this connection, I am glad that the Opposition in the Lower House brought up the question of justice being done to the ordinary shareholders, as compared with the other class of privileged shareholders, who have got a thuggish way of doing things under the present company law set up. We owe thanks to Dr. Syama Prasad Mookerjee and Mr. N. C. Chatterji for the way they managed this question. I wished the initiative had come from the Congress itself. It is time also. Mr. Deputy Chairman, that we fixed up a general scheme of the principles of compensation under our State policy.

SHRI RAJ BAHADUR: I may, for the information of the hon. Member inform that the formula was evolved by the Government and it was mutually agreed upon between the parties and was allowed to be moved by Shri N. C. Chatterjee.

SHRI RAMA RAO: I am happy to hear it, but the big noise was made by the Opposition and not by the Congress.

Sir, it is time, as I was saying, that we fixed the principles of compensation as a subsidiary to the one that we have got under the powers given to legislature by Constitution. May I make a few suggestions with regard to the improvement of our services? Outmoded aircraft must be dismantled. One of my relatives died in an outmoded aircraft but unfortunately we could not prove it.

Then, Sir, the staff has got to be trained down to the last ounce. If we can have delightful air hostesses as in the Trans-Atlantic Lines, I would be happy and we shall travel almost everyday, funds permitting.

The question of labour has been brought in. In regard to this, Parliament will protect the rights of labour. If there is going to be any trouble, Government will be pulled up and we are here for it.

Sir, new routes should be opened. The other day a question was put why Vijayawada was not a halting place and the answer was that the traffic that offered was not much, and it would not pay. Now, you cannot have two or three kinds of opinion in this matter. Don't say that traffic pays or does not pay; either it is a public utility concern or it is a commercial concern. New routes should be opened for air traffic in the same way as new routes were opened for railways. The North Western Railway did not pay for a long time. Did not the British carry it on for purposes of defence and for keeping political stability there?

Sir, I shall, now refer to another matter and that is the necessity of the State nationalising air travel insurance. I think it would be a profitable source of revenue. When I get into the plane here and get down in Madras safe and sound and And that I have been swindled to the extent of Rs. 10, I ask myself why this Rs. 10 should not go as go-dan or bhoodan to the State and why private people should take that away.

I would very much wish, Mr. Deputy Chairman, if it were possible to have a transport museum in the country as they have got in others. The romance of opening up a country is always fascinating. Canada has been opened up by air transport more than even by rail traffic. I want that to happen in this vast country also. It helps exploration. In this connection, I was reading the other day, a passage in Emerson, in which occurs this sentence: "The thirst for adventure is the vent which destiny offers, a war, a crusade, a gold mine, a new country, speak to the imagination and offer swing and play to the confined powers."

SHRI B. M. GUPTE (Bombay):....

Sir, in view of the limited time available for Members, I do not wish to enter into the detailed discussion of the provisions of the Bill but shall confine myself to making general observations on the principles underlying this measure. We are for nationalisation and I am glad that one more industry is being nationalised. But the question arises whether we have any definite plan of priority in the matter or whether we are merely drifting into discussion with regard to particular industries in an uncharted and un-coordinated manner.

We are told again and again that we do not have adequate resources both in men and money to establish a generally nationalised economy. That means that we must make a selection, that we must draw up a list of priorities, that we must evolve some definite test or principle by which the priorities may be determined. Now, I do

not think the Government has made such a priority list.

SHRI K. S. HEGDE: Why, you have the Five-Year Plan and there you have got a definite plan for air transport. In that report you have got a definite plan of action.

SHRI B. M. GUPTE: I know; I am coming to that. Of course the Five-Year Plan has recommended the formation of one corporation. But my point is that there is no definite plan showing how, with our present resources we shall be nationalising one industry after another. We cannot nationalise them all. So the question arises: What should be the test which should be applied in selecting the industry to be nationalised? I submit that that test or principle should be that the direct benefit of a given measure should accrue to the common man or at least to a very large section of the population. I am here referring to the direct benefits and not to the indirect benefits. Nationalisation, eliminating as it does private profit is expected to be beneficial to the population in general. But that will be in the long run and that is indirect. So I advisedly use the words "direct benefits". The need for giving immediate relief to the common man is imperative; therefore direct benefit must go to the common man or at least, a large portion of the population should derive it. If we apply this test, I am afraid the air transport does not qualify itself for the first place in the list. I submit that today only one-fifth of one per cent, of the population avail of this facility for travel. It is not like road or rail transport which the common man uses. Even if this nationalisation of the air transport industry is successful,—and then the cost must come down a good deal,—even then, how many will take advantage of it? Not more than one per cent., I should think. I submit, therefore, judged by this test, this air transport industry does not merit the top place in the list of industries to be nationalised.

[Shri B. M. Gupte.]

This does not, however, mean that I minimise the importance of this- industry in the economy of our country or that I try to belittle its position as the second line of defence of our country. I do appreciate its importance in these respects. If the industry is going to pieces, the Government must intervene. There is no doubt about that. What is open to doubt is whether the industry could not be saved except by this measure or whether the private industry could not be aided, as has been recommended by the Rajadhyaksha Committee in other ways than mere rebate on petrol. Or whether as recommended by the Planning Commission the private industrialists could not be allowed to participate in the corporation set up for the purpose so that at least Rs. 3 crores might have been saved—and that is not a small sum when we consider it in the light of the present financial stringency. If this sum of Rs. 3 crores were given to the provincialised road transport concerns, they could cater better to the needs of the common man. Therefore, I submit that if this test were applied, then the air transport industry would not have come in except on the ground that it was going to pieces. Of course some of the companies were not doing well, but regarding one of the companies which had all along been doing very badly, namely, the Bharat Company, I find from the newspapers that this year it has made some profit and it has distributed dividends. However I am not contesting the decision that has been taken; my concern is more for the future than for the past. I do not wish to oppose the Bill. My plea is not for the abandonment of this measure, but for a plan for the future. My plea is that we should have planned progress instead of haphazard progress and above all *my* plea is that direct benefit to the common man should be the guiding factor in such matters.

Subject to these remarks I support the Bill.

SHRI RAJENDRA PRATAP SINHA
(Bihar): Mr. Deputy Chairman, I am

grateful to you for giving me an opportunity to express my views on this Bill. Sir, so far as the aim of this Bill is concerned, that is to say, nationalisation of the air transport service, we are at one with the Government. As a matter of fact, Sir, I think that such a step ought to have been taken even earlier not only because our transport service is a key industry and the second line of defence but also because private enterprise has been ruining this industry. Sir, private enterprise claims that they have a monopoly of wisdom and capacity for managing any industrial undertaking, and that they also have a monopoly of foresight and insight to plan the different industries. But, Sir, the air transport industry is a sad commentary on their achievements in spite of all the praise and the credit that may be due to Tatas for the great reputation that they have built up for themselves. I do not deny it, Sir, and I am prepared to acknowledge efficiency and work that may be anywhere. As a matter of fact, Sir, we are proud of our Air India International and of our countrymen, men and women, including Mr. Tata, who have built up that reputation for us in the field of international aviation. Sir, taking Indian aviation as a whole I say that, it is inefficient mismanagement and lack of foresight on the part of private enterprise. Their scramble for money making and their race in starting more and more air companies betray an utter lack of business acumen, and when they were disillusioned they lost all interest in building this industry on sound and scientific lines. Their failure in this industry, Sir, has established an invincible case for nationalising all the key industries.

Sir, a word about the question of compensation. We have to be very careful on this point. We have to keep in view that in future we have to nationalise many of our key industries. This is our first attempt at nationalisation and whatever we do today will be a precedent for tomorrow. We know the time is fast approaching when we shall have to take further steps in this

direction. Whenever we decide this principle of compensation we have got to keep this in view. After a good deal of consideration, Sir, I have come to the conclusion that it will be a dangerous policy to accept the principle of giving compensation at the market value of shares. It may be that at the present moment we shall gain but we have to keep the future in view. We have to nationalise most of our key industries. Maybe, most of them which are in the hands of foreigners, have very high share values in the market and if we accept this principle, we shall have to pay through the nose.

Then, Sir, the other principle which has been enunciated by my hon. friend Mr Parikh—payment of compensation on replacement value—will be another dangerous principle to accept, and I can assure the House that if we accept this principle, we shall never achieve nationalisation because then it will go beyond our means altogether. Therefore, Sir, by a process of elimination, I consider that the principle of accepting the book value *minus* the depreciation should be the correct criterion for giving compensation. Sir, some of our friends have started revaluation of the industries. We should not accept the revalued values of the industrial concerns. We should take and consider, for purposes of compensation, the old purchase values at the time when the industry was put up and deduct the depreciations and then arrive at the book value.

Now, Sir, I am very happy that my hon. friend Shri Jagjivan Ram, for whose sense of practical wisdom I have great regard, had been kind enough to appreciate the weight of our argument in support of one Corporation, although he has not found it convenient for the present to accept our suggestion of having only one Corporation. His main point in having two Corporations is that he does not want the efficiency of the Air India International services to go down. We do not object to his objective. Sir, it is a challenge to the

nationalised industry. The entire reputation of the Government of India's managerial capacity is at stake. We cannot allow the efficiency of our international services to go down; instead we should improve them and attract more traffic. But, Sir, with your permission, I may here warn the Government of India that if they do not pursue hard-boiled business principles, they will come to grief. They should not indulge in their fads and they should not experiment with them. Can I have an assurance, Sir, from the hon. Deputy Minister that he will show guts and withstand all suggestions and pressure, and see that the efficiency of our services is not lowered?

Sir, we should continue to provide all the amenities that we have been providing on these services. Our friends sitting on the opposite side have extended the principle of prohibition to our railways and to our foreign Embassies. It is for the Railway Minister and for our foreign Ambassadors to say how this principle of prohibition has affected their services. But I can say without any fear of contradiction that if they indulge in preaching the good sermon of prohibition on board the air ships, however laudable a teaching it may be, it will bring ruin to our international traffic.

SHRI RAJ BAHADUR: It will minimise accidents—that seems to be the popular opinion.

SHRI GOVINDA REDDY: Even on foreign lines.

SHRI RAJENDRA PRATAP SINHA: No, it cannot. Sir, 50 per cent, of our foreign traffic is from foreigners, and if we do not provide these amenities which they want, we shall lose their patronage.

Sir, the hon. Minister has assured us that after the air services are nationalised and after integration of the personnel has been completed, and after the two Corporations have been placed on a sound footing, he would consider the question of the amalgamation of the two Corporations. Let us accept

[Shri Rajendra Pratap Sinha.] this for the time being. But I would request him to keep this always in view while working out the details of these two Corporations. A time may come when we may have to amalgamate the two Corporations. Therefore, let him proceed in such a manner that it will help and smoothen the way of amalgamation and not hinder it. To my mind, the two decisions that he will take at the present moment will go a long way in affecting the future course of amalgamation. Firstly, it is the composition of the Board. He has already said in the other House that the members of both the Boards may be common. I would earnestly urge upon him to see to it that the majority of the members, other than those representing the different Ministries, are common persons on the two Boards. Then, as regards the Chairman, my esteemed friend said that it might not be possible to have a common Chairman at the present moment. May I plead with him that he will not only strengthen the foundations of amalgamation, which he also agrees may be desirable at a future date, but that a common Chairman will assure a common outlook, a common approach, an integrated development, and a coordinated policy? It may be argued, Sir, that during the formative stages the burden of administration may be too much for one Chairman to shoulder. But I submit, Sir, that the burden of management should be borne by the General Managers and the Chairman should concern himself only with formulating broad policies for the two Corporations. Then a common Chairman may be assisted by two Deputy Chairmen for each of the Boards.

Then, Sir, his second decision which will very much help in an eventual incorporation of the two Corporations will be the status and the terms of employment of the staff of the two Corporations. I would earnestly plead with him that the persons employed in the same category in the two Corporations should receive the same scale of pay and same emoluments. And those

of them who serve abroad may draw overseas allowance as is the practice at the present moment in the Tata Services. Sir, in order to allay all suspicion and to give assurance to the employees of the different air companies operating inside India, I shall request the hon. Minister that he should consider the question of an early appointment of the Integration Committee, and I would support my hon. colleague Mr. Reddy, that he should, if possible, direct this Integration Committee to adopt the scales of salaries and emoluments at the present moment prevailing in the Tatas.

(The Vice-Chairman, Shri K. S. Hegde, in the Chair.)

Then, Sir, coming to the question of the criterion of the selection of the members of the Board and of the General Managers, I have to make one observation. Sir, the success of a commercial or industrial undertaking depends upon the inspiration, ability, experience and drive of the man at the top. I would plead that the General Managers of our two Corporations should satisfy this criterion. They should be men of experience, particularly of this industry, rather than inexperienced enthusiasts. The men, Sir, who are at the top and who are expected to run the day-to-day affairs and take technical and commercial decisions, must be men who have their roots in the business. Then alone will their technical subordinates accept their orders with respect.

As regards the Chairman, Sir

THE VICE-CHAIRMAN: Mr. Sinha, I think you will be able to finish in another two minutes.

SHRI RAJENDRA PRATAP SINHA: Yes, Sir, within about five minutes.

THE VICE-CHAIRMAN: Just try to finish in two minutes.

SHRI RAJENDRA PRATAP SINHA: Yes, Sir, I will make one or two points.

Then, as regards the members of the Board and the Chairman I would suggest that they should be men of wide commercial experience and not merely civil servants. And, Sir, the members who will be on the Board of the Air India International should have experience of international commerce) and, if possible, of international shipping. Then, Sir, it must be impressed upon the Board that they have to pay their way.

Now, Sir, within the short time that you have given me, I will make one or two suggestions. Sir, we should consider the possibilities of having improved varieties of aircraft in our internal services and in order to avoid capital expenditure we should make every effort for full utilisation of the aircraft that we have in our internal services. Then, Sir, as the B.O.A.C. and B.E.A. have done, we should introduce tourist traffic at reduced rates. Their experience in U.K. has been, Sir, that they have increased their air traffic so much that this loss by reduction in fare has been offset by the increased revenue. Then, Sir, I would like that we should give up altogether luxury travel in our internal air lines and we should redesign and refit our aircraft in such a way that it will suit both the passenger and the goods traffic.

Then, Sir, one more point has come to my notice, *viz.*, that we are not having aviation fuel of low octane value which is about 10 per cent, cheaper. I am also told that the rates charged by the foreign oil concerns are about 35 per cent, higher than those charged by them from our competitors. The Government should investigate this point and assure this House that we shall be able to get fuel at the same prices as our competitors are getting.

One point more and I shall resume my seat. We are spending about Rs. 14J lakhs per annum on our Training School at Allahabad. The School is training different categories of personnel. So far as the training of pilots

is concerned, I understand that they have capacity to train 45 pilots per year. In the year 1950-51 they trained 20 pilots. In the year 1951-52 they trained 13 pilots. In the year 1952-53 they trained one pilot. In the year 1953 they have four pupils undergoing training for B licence, *i.e.*, commercial pilot's licence. I am talking only of commercial pilots. This deplorable state of affairs is there because we do not guarantee employment to those who are trained in our Training School. I have made out this point exhaustively at other times in this House. Out of 493B pilots, only 373 are employed, and 120 pilots holding B licence are still unemployed, and about 200 pilots who had held B licences at one time have not renewed their licences. Now that we are nationalising this industry, the Civil Aviation Department should see to it that all the pilots trained at Allahabad are employed and that the full capacity of the training centre is utilised. I would further suggest that all appointments in every category should be first reserved for those who are trained at the Allahabad Centre both in the Civil Aviation Department and in these two Corporations, and then alone others should be employed.

SHRI T. S. PATTABIRAMAN: Mr. Vice-Chairman, the Communications Ministry deserves our congratulations for having decided on the nationalisation of air transport, and it has also done a good thing in having brought this up here in this session so that there will not be any further delay. Conflicting opinions were expressed on the principle of nationalisation, but whether nationalisation is good or not, all progressive countries in the world have decided on nationalisation, especially the means of communication and India has only done what every progressive State does, in having decided on the nationalisation of air transport. What worries our minds, what is disturbing to us is the procedure of compensation that has been decided upon by the Government. In 1950 the report of the Rajadhyaksha Committee said that, if the Government decided on the nationalisation of

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airlines, the amount of compensation would only be about Rs. 2J to Rs. 3 crores. Today we have found that the hon. Minister has confessed that it may be Rs. 4-80 crores. I am sure this estimate of 4-8 crores also will not be correct and when the final accounts are prepared, they will find that they are compelled to pay Rs. 7 to 8 crores. I wanted to know what is the fundamental principle on which compensation is being paid. To my great astonishment and disappointment I And it is not a principle that is laid down but it is a process that is complicated and that is to the advantage of the airline companies. Sir, the dice are heavily overloaded in favour of the companies. I regret to say that in every clause I see the dice is in favour of the airline owners. There is bound to be nationalisation of other concerns also. Let not the Communications Minister think that this is the last thing that is being nationalised. Today they are setting up a precedent and this is bound to be taken up for future nationalisations. You are giving a lion's share, a share that is much more than they deserve and so if this the principle of nationalisation, then every business concern that is going to be nationalised will insist on a similar principle being applied as in this case. There is a feeling in this country, rightly or wrongly, that the nationalisation of air transport is not only applauded by the people but more applauded by the companies because of this heavy compensation. The air companies have been making very bad losses all these years. I may remind hon. Members of the speech or statement issued by Seth Dalmia last year wherein he gave an assurance to the shareholders that "Even if we wind up the company now, I will purchase the Rs. 10 share for Rs. 3 or Rs. 3-6-0". I ask the hon. Minister whether they surveyed the share market. I want to know whether in the past 3 or 4 years these shares fetched even par value. Why should there be nationalisation? Rs. 2i crores were considered sufficient ac-

ording to Justice Rajadhyaksha. Wow it is Rs. 4-8 crores and finally it may become Rs. 7 or 8 crores. The hon. Minister was kind enough to mention, of justice and fair-play to the shareholders. I am for justice and fair-play to the shareholders but what about justice and fair-play to the tax-payers, when they want to take away so much from the public exchequer to give to the big industrialists.

There is another obnoxious feature about the compensation to be paid. Compensation will be paid for not only what is there but also for the profit they would have made if they had continued and what is the profit they have made. Sir, the air companies have been spoon-fed all these years. Everybody knows that all these years the air companies have been given rebates after rebates, subsidies after subsidies and still they are able to show only some profits. But at whose cost was that profit made? We have paid the subsidies and rebates and with all these they show profits and when we are coming to compensation, this profit will be the basis of compensation to be paid to them. Is it proper for the Government to do it? Is it justifiable? And what is the compensation and who is to decide it? Clause 25 says that these Air Corporations shall decide the compensation. It is a very strange procedure. There have been precedents when the Reserve Bank of India was nationalised, they said that they would take the then market value of the shares on a particular date. When the Bombay Road Transport was taken over by Government principles of compensation were laid down. In Madras when the M.E.S.T. concern was taken over by Government, they appointed an expert evaluator from England. He is a technical man and after working with his technical team, he fixed the amount and that was accepted by Government. Today neither a technical expert, nor a financial expert, not even a commercial expert or an aviation expert is to decide the issue. It is the corporation that is to decide it.

SHRI B. GUPTA: Most likely the Tatas.

SHRI T. S. PATTABIEAMAN: And on this Corporation there will be the Government nominees. These Government nominees will be a few officials of the Government of India, and a few owners of the air transport lines. And if these join in a happy and unholy combination and fix enormous sums, who is going to pay all that? Where is the guarantee that they will not come to such an unholy alliance and make the country suffer? Sir, we have had the ghee scandal. We have had the fertilizer scandal and should we not profit by them? If we have not, then I am afraid there may be an air transport corporation scandal also coming up.

SHRI B. GUPTA: The scandal has already started.

SHRI T. S. PATTABIRAMAN: We must be on the guard. I am not opposing this Bill; I am only mentioning the troubles that are likely to arise. There is no use hauling up officers: when you give them the widest discretion to do things. Why don't you fix up the compensation by asking an evaluating expert to do it for you? Let technical men give an opinion on it and we will be bound by it. The market value is not taken into consideration. The book value is not taken into consideration.

Now, where did the airways get the money from for all their stores? They got them as mere scrap for Re. 1 or Rs. 2 and now for all that junk we are to pay fabulous amounts. I have reliable information, Sir, that junk is being collected by these companies in order to get a lot of money. Why do you allow junk to be paid for by Government, for this so-called spare-parts. Whether they are useful to the company or not, we are going to pay for it all, we are going to pay for it on an irrational basis and they will profit by it.

Sir, I want to deal with this, clause by clause, so that the hon. Minister may know what we feel about it.

Then we come to compensation. We give them gilt-edged security and also 31 per cent, interest. Sir, is there any other instance where gilt-edged security with 34 per cent, interest was offered, in the annals of this country? Even the Madras Government when it was in dire need of money was refused permission for a three per cent, loan by the Reserve Bank of India. And today, to placate these airline owners you give them 3½ per cent, and also gilt-edged security which can be negotiated and which is as good as currency.

SHRI B. GUPTA: We call it gilt-edged nationalisation.

THE VICE-CHAIRMAN: Let us not make an exhibition, Mr. Gupta.

SHRI T. S. PATTABIRAMAN: Government would do well to ponder over this and think whether this 3½ per cent, interest is not coming from the taxpayer's money and whether we are right in doing this.

Then there is this Schedule about the compensation, and the Schedule is really a wonderful and complicated thing. It is all to the advantage of the air-line owners. There you And a provision to the effect that the owners will be paid "the aggregate actual cost to the existing air company of all lands other than lease-holds." Well, the air company might have purchased the land in 1944 when the costs were 300 per cent, higher, than the market value today. But the prices have now come down and as you know, Sir, land prices have actually come down as much as 50 per cent, and even 100 per cent, below what they were in 1946. So, should we not take the ruling price, the price ruling in the market into consideration when we take over this land? Why should we pay them the price at which they purchased the land? They might have paid fancy

[Shri T. S. Pattabiraman.] prices. Should we pay them this actual cost? It is not fair either. Even in courts of law the market value is decreed to be paid and it is ascertained by examining the fields nearby and all that. It is never done like this—paying the purchase price.

Then there is the entry—(g) "the price paid by the existing air company for any trustee security held by it."

The Trustee security might have been very valuable in 1946 but the present market price might have gone down very rapidly. It might have gone down 50 per cent, or 100 per cent. Why don't you have the market price as the basis and fix the compensation? Sir, it must be the market price that must be the guiding factor; it cannot be the rising prices.

SHRI RAJ BAHADUR: For the information of the hon. Member, I may state that the market price to which he is referring would be much more "fabulous" than the "fabulous price" that he is complaining of.

SHRI T. S. PATTABIRAMAN: I am thankful for the hon. Minister for the information but I will ask why it is not provided in clause (2)? In sub clause (i), it is provided that "the market value on the appointed date or the purchase price whichever is less....." Sir, I would like

THE VICE-CHAIRMAN: Mr. Pattabiraman, 'whichever is less' that is important there.

SHRI T. S. PATTABIRAMAN: If he is prepared to put it in sub-clause (i) why not in (g) and why not in (d)? If it is in the best interests of the public to put this 'whichever is less' in clause (i) why should not that be added in clauses (g) and (d)? That is my point, Sir, and I am sure the hon. Minister will give a satisfactory explanation for that so that

SHRI C. G. K. REDDY: He cannot give a satisfactory reply; he has not been able to do so, so far.

SHRI T. S. PATTABIRAMAN: Then, Sir, comes sub-clause (n) in respect of loss in future of profit. It is not food. Sir, this is a very really embarrassing clause for all of us. What it may lead to is a thing which nobody can say. The Corporation and the official sitting may come to a decision that the air lines might have earned Rs. 25 crores and are you going to accept it? Sir, we know that the Air companies do not make any profits. For this, it would have been better if the principle had been accepted that the average profit of the past five years from 1946 to 1952 should be taken into account and on that basis compensation should be paid. If that had been done, Sir, it would have been better and, under the principles now laid down everything goes to the advantage of the air lines.

We feel that too much of money is being given and that if this is the sort of nationalisation that is going to be done, I think there will not be any agitation on the part of Communists or Socialists or left-wing Congressmen for nationalisation of industry but it will be the proprietors and the rich mill-owners who will want nationalisation. They will ask for nationalisation because they will get much more.

THE VICE-CHAIRMAN: You have only two minutes more, Mr. Pattabiraman.

SHRI T. S. PATTABIRAMAN: I did not take even twelve minutes. The Chair may kindly give me five minutes more.

THE VICE-CHAIRMAN: You have got only three minutes more for adjournment.

SHRI T. S. PATTABIRAMAN: I will continue tomorrow.

SHRI B. GUPTA: He may continue tomorrow, Sir.

SHRI T. S. PATTABIRAMAN: I would be thankful to the Government if they give an explanation for clause 12 of the Bill: "Each of the Corporations may keep in current account with any scheduled bank as defined in

section 2 of the Reserve Bank of India Act, 1934 or in any other bank op-proved by the Central Government in this behalf.....". Sir, why should the Air Corporation invest the money in a separate individual private bank? It must be kept with the Reserve Bank or the Imperial Bank or with the Scheduled Banks. Sir, suppose money is invested in a non-scheduled private bank and the whole money goes away, who is responsible for that? So, I think that is not proper thing to be done.

DR. P. C. MITRA (Bihar): Time is up.

SHRI C. G. K. REDDY: He should get two or three minutes more, Sir.

THE VICE-CHAIRMAN: He is embarrassed by his friends.

SHRI T. S. PATTABIRAMAN: I come to clause 34(c) with regard to disposal of property. Powers given under this to the Corporations may prove dangerous. Clause 34(c) reads as follows: "in any manner dispose of any property, right or privilege having an original or book value exceeding rupees ten lakhs". Sir, they are able to show a heavy depreciation account and, for instance, it is now said that the planes are worth in book value only Re. 1 which were originally worth Rs. 3 or Rs. 5 lakhs and if those are sold, there is likely to be racketing and wrong use of these powers. We will have to face many enquiries and questions and answers, and I am sure that it is not late for the Government to consider this dispassionately and not as something coming from a critic who is opposed, or from a person who is consistently opposing Government or

from a person who has no sympathy for the Government but from a person who feels that the compensation is too much, it is not on a rational basis, that the Corporation has been given wider powers than the Government itself which will be undesirable. I am sure, Sir, this will be remedied and in that view, Sir, I fully support the Bill.

THE VICE-CHAIRMAN: Secretary to read a message.

MESSAGE FROM THE HOUSE OF THE PEOPLE

THE VINDHYA PRADESH LEGISLATIVE ASSEMBLY (PREVENTION OF DISQUALIFICATION) BILL, 1953.

SECRETARY: I have to report to the Council the following message received from the House of the People, signed by the Secretary to the House:

"In accordance with the provisions of Rule 115 of the Rules of Procedure and Conduct of Business in the House of the People, I am directed to enclose herewith a copy of the Vindhya Pradesh Legislative Assembly (Prevention of Disqualification) Bill, 1953, which has been passed by the House at its sitting held on the 13th May 1953."

Sir, I lay the Bill on the Table.

THE VICE-CHAIRMAN: The House stands adjourned till to-morrow 8-15 A.M.

The Council then adjourned till a quarter past eight of the clock on Thursday, the 14th May 1953.