

(b) The information is being collected and will be laid on the Table of the Council in due course.

STATEMENT ON THE FOREIGN SITUATION

SHRI C. G. K. REDDY (Mysore): Sir, we have heard that the hon. Prime Minister is going to make a statement on the foreign situation in the other House. I take it that the Government will lay a copy of that statement on the Table of this House. Since are going to break up for 2 months, I should urge that an opportunity may be given to discuss that statement if that is possible I am sure the hon. Members would be willing to sit in an afternoon to discuss that statement.

MR. CHAIRMAN: I will find out.

PAPERS LAID ON THE TABLE

STATEMENT RE. GOVERNMENT ACTION ON ASSURANCES GIVEN DURING COUNCIL SESSIONS.

THE MINISTER FOR PARLIAMENTARY AFFAIRS (SHRI SATYA NARAYAN SINHA): Sir, I beg to lay on the Table the following statements showing the action taken by the Government on various assurances, promises and undertakings given during the sessions shown against each:

- li) Supplementary Statement No. II—Second Session, 1952 of the Council of States. [See Appendix IV, Annexure No. 214.]
- (ii) Supplementary Statement No. I—Third Session, 1953 of the Council of States. [See Appendix IV, Annexure No. 215.]

MB CHAIRMAN: We get back to the discussion on the Air Corporations Bill. 1953.

THE AIR CORPORATIONS BILL. 1953—continued

SHRI H. C. MATHUR (Rajastban):

Sir, this Bill, as it emerges out from the House of the People, leaves very little to be desired for and I think the Government of India have taken the right step in the right direction and also at the right time. In this matter we were at such a stage of our growth that it was most essential in the national interest that the Government took charge of this important national enterprise and develop it on proper lines. The Government and the Select Committee deserve to be congratulated for a thorough objective study of all the aspects and I do feel that a fair treatment has been accorded to all the vested interests and a well-balanced view has been taken. I have only to emphasise one point and that is about the desirability of having two Corporations. I think it is not only desirable but it is necessary, rather expedient to have two Corporations. Anybody who has got a little experience of the integration of services would hold the same view very strongly. We have had some experience in the past about the integration of services. In the Railway Department we have had to integrate the entire Railway staff with the Government of India and it has caused so much of heart-burning and has created so many problems that we naturally feel inclined to take a strong warning. Again, in the States, say in the State of Raiasthan, the integration of services has left us in a complete mess and we have had a very very distressing experience. So I feel that the Government of India has taken just the right course in having two separate Corporations because until and unless we ensure the integration of services on very sound and proper lines we are very likely to run into a great danger but, Sir, in this connection I wish to draw the attention of the Government to one particular fact. So far the companies which were managing the different air lines could afford to give different terms and conditions

[Shri H. C. Mathur.] of services but as soon as all the services are taken over by the Government and the Government becomes one master under whom all the people will have to serve, if any sort of discriminatory treatment continues, that will create a lot of heart-burning and the efficiency of the operations is very likely to be affected. In the integration we have to take into consideration the fact that it should be absolutely fair and just. Even a case of one favour demoralises the whole services and the servants, instead of discharging their duties and responsibilities, begin to run after favours.

The second point that you have to take into consideration is to equalise the terms and conditions of service and we will have to take necessary steps even now to create a sort of confidence in the minds of the people, of the persons, of the servants who are likely to be affected that they will get a fair deal and that they need have no apprehensions whatsoever. Only emphasising this point, I again congratulate the Government *on* taking the right step at the right time. Thank you.

SHRI GOVINDA REDDY (Mysore): Sir, I give my support to this Bill. It is a matter of congratulation that the Government have decided to lay hands on the air transport which is assuming larger and larger importance in not only national affairs but in the international affairs as well. Because of the special feature of this transport that it reduces distances, saves time and energy and money, this means of transport is becoming one of great importance and this was the only transport which Government had not taken full control of. I am glad that the Government have, in these days, although the problem is beset with many difficulties and even in these days of air crashes, decided to take full control of this.

In this connection I wish to refer to the objections taken by my hon. friend

Shri Rath to the nationalising of this industry. While discussing the Industries (Development and Regulation) Amendment Bill, the hon. Member and some of his friends on that side found fault with that Bill and with the Government for not nationalising the industries. Here is a case where the Government have taken full control and have almost nationalised this industry; but now these friends find fault with the Government for nationalising, it. Sir, this is a sorry state of affairs—that the Members of the Opposition do not take a consistent attitude to the actions of the Government. I submit that the Government have almost nationalised this industry. This is evident if you look at the various provisions contained in this Bill.

In the Bill the Government have sought to exercise full control over the affair? of the two Corporations. The two Corporations have to submit to the Government their plans for the year, the lines that they are going to open and the lines that they are going to administer, and the schemes of work that they are planning for the coming year. These have to be submitted to the Government. The Corporations' accounts are audited by the Auditor-General of India and the Corporations have to submit their accounts of expenditure to Government. The powers of the Corporations for expending money are also limited. Again they are subject to the Air Transport Council's supervision. So in every way the Government will be exercising full control over the affairs of the two Corporations.

With regard to the question whether there was any alternative for the Government, other than establishing two Corporations and thus taking control over this industry, I must say that there was at least one alternative before Government which they could have taken. I do not see why the Government did not think of managing this industry just as it is managing the Railways. Maybe this industry is different from the Railways, The Railways afford scope for full control.

at least a much larger measure of control than air transport. Government, in the case of the Railways, can be sure of effective supervision, effective inspection and effective checking. However that may be, I do not see why Government should not have thought of administering this industry as a Department. I know of one instance, at least, where the Government have been running air lines. Air lines are being run by the Ceylon Government. Air Ceylon is being run by that Government. I myself have had experience of it and I have flown thrice by that service and I can say that their air transport is being run very efficiently and it is also administered very efficiently. If a small Government like the Government of Ceylon can do that—and I must here say that they have their international lines also—I do not see why our Government could not administer this industry just as they are administering the Railways.

One difficulty that may be pleaded by Government is the lack of technical personnel; but if Government will feel this difficulty of not getting adequate technical personnel, may I ask how the Corporations will be able to command this personnel? If the Corporations are able to get them, surely Government also will be able to command them and in fact it would have enhanced the prestige of our Government and the efficiency and standard of our air transport would have gone up if the Government had administered this industry themselves.

There is another advantage in Government taking over this department entirely in their own hands and that is economy. By setting up the two Corporations they will be having different establishments.

9 A.M.

THE MINISTER FOR COMMUNICATIONS (SHRI JAOJIVAN RAM): Government too will require additional establishment.

SHRI GOVINDA REDDY: It will be comparatively less. Even now Gov-

ernment have their establishments to supervise and scrutinise the reports that they will be getting. They are to exercise supervisory control over the Air Corporations. So it is not as if the Government have not got to incur any expenditure in this matter. They have to incur some expenditure and they would have incurred a little more expenditure if they had taken it under their entire control.

As regards the question of having two Corporations instead of one, I am not convinced of the advantages of having two Corporations. One argument that is advanced in favour of having two Corporations is that it affords scope for specialisation for improving the efficiency of international transport—of the Air India International and other lines. Well, that is, of course, true. It would afford the field for specialisation, for special work and for specially improving the efficiency of that branch. But as against that advantage there is the disadvantage of want of economy in having two Corporations and I do not think, as a matter of choice, Government should choose the former. I find that this Bill lacks the touch of a business hand. Two Corporations mean dual establishments. There will be two sets of the officers of the Corporations and in the offices the administrative staff also must be double. There must be supervisors for each branch of the administration. Also in the matter of technical personnel there must be double staff, for supervisory staff there must be a double set, ground engineers, there must be two workshops. So it means duality in every branch. As against the disadvantage of spending double, having two establishments in every department of these transport lines, the advantage of specialising in one does not appeal to me. Even if they had only one Corporation I do not see how that would have impeded the process of improving the efficiency of the international lines. On the other hand I should think, that it would afford more advantage if they had one Corporation, because they would have had the experience of both the inter-

I Shri Govinda Reddy.] lines as well as the external lines. They would have gained experience from running the internal lines and they could have made use of it in administering the external lines. The other advantage would have been that the technical personnel would have had the experience in running the internal lines and they would be able fruitfully to use that experience in the external lines. That would afford the training field for the technical staff and that would come in very handy in administering the external lines. In many other ways also it would have been an advantage. Instead of having two Corporations they might have tried one and if in future we had a number of feeder sources developed within the country, then the work of course, would increase and when work increases, they could have thought of bifurcating the internal lines from the external lines. As it is, our lines are few, both national and international, and in these circumstances I do not see that it is a risk step to have two Corporations.

With regard to the Transport Council. I find it is a good device to have supervisory control over the Corporations; but I find that little room or freedom is left for the Corporations. The Transport Council will be everything and little freedom is given to the Corporations to manage their internal affairs. Of course, this is a matter in which rules are to be framed and much depends upon what latitude they give in the matter of framing the rules.

With regard to another point I have to make an observation, Sir. With regard to the present labour that is employed under the present air companies, Government, of course, have provided for the Corporations to absorb them. In this matter, I must say, Sir, that the experience with regard to the agreements that Government have entered into before affords a rather sad commentary. I am sure, Sir, this House remembers the Financial Integration Agreement which the Centre entered into with the States. In that

agreement, a clause was included to provide for the continuance of employment of integrated services of the States on terms not less advantageous than the terms those services were enjoying at the time of integration. It is a sad fact, Sir, to say that this agreement was not respected by the Central Government. In the matter of Defence, Sir, a number of questions were tabled in this House which showed that men and officers of the Defence Services of the States were dispensed with, officers, Sir, who had served the Army for generations from their grand-fathers' times, officers who had meritorious certificates from ex-Commanders-in-Chief of the Indian Army and who had undergone training in the Indian Army institutions—I know fully of the case of Mysore officers—were dispensed with merely on the ground of a technical device. Their sin was that they belonged to the States. In the matter of the other Departments like the Excise and Revenue, this has happened. I am only anxious, Sir, that this should not happen with regard to the employees here.

KHWAJA IN AIT ULLAH (Bihar): You mean for Mysore people?

SHRI GOVINDA REDDY: No, I am talking of all. We have no Mysoreans in Air Transport. I am not particular of Mysore but I am anxious about everybody and I gave Mysore as an instance because I could speak with authority on it. My anxiety is that the labour should not be discouraged in this way. If now, this assurance is not kept up by the Corporations, I wish to plead with the Government to exercise special care in seeing that the labour involved in the present air transport companies is not discharged or is not left out without very good reason for doing so.

In running air transport, I would plead with the Government to recruit technical staff. A lot has to be said for the efficiency of the administration of the air lines now. We have very good technical staff.

Our air lines, when compared with the Continental air lines, are stated to have a very efficient staff. In order to prevent accidents and in order to attract more passengers to our air lines, it would be worth while for the Government to systematise this. In this matter, they should not leave it to the Corporations to have their own standard. It is quite possible that the Corporations, from standards of economy, may not like to maintain a very good standard. The Government, in view particularly of the fact of the international air lines, should see that particular care is taken to have a very highly trained technical staff so that the prestige of the Indian air lines rises high.

With these few words, Sir, I give my support to the Bill.

SHRI H. N. KUNZRU (Uttar Pradesh): Mr. Chairman, I think that the Government have acted wisely in deciding to nationalise the air transport industry. The financial argument alone does not justify this step for, there is hardly any country in the world where air services can be run without a subsidy. In England, even after the nationalisation of the air services, the B.O.A.C, which was a State concern, suffered heavy losses which had to be borne by the State. But, on general grounds, on the ground of public interest and on the importance of the air transport from the point of view of defence, I think that it was desirable to nationalise air transport. As has been pointed out, if other forms of transport except shipping are controlled by the Government of India—virtually nationalised, they are working under some public authority—there is no reason why this form of transport should continue to be in private hands.

Sir, we have, at the outset, to consider whether air transport in India should have been placed under the control of one Corporation or two. I have read very carefully the justi-

fication that Government have given for starting two Corporations; but, I find, Sir, that the Planning Commission, in its final Report, envisaged the establishment of one Corporation only. The chapter on Transport in the Planning Commission's Report shows, to my mind, that the Planning Commission had no independent knowledge of transport questions and that it was content to adopt such schemes as were recommended to it by the appropriate Government Department concerned. If, therefore, it was in favour of the establishment of one Corporation, it must have formed this view on the basis of the recommendation made to it by the Communications Ministry. Now, if I am right in thinking so, I should like to ask Government what it is that has made them change their minds. I am well aware of the defence put in by the Minister for Communications in another place; but, when one considers the fact that the Planning Commission, in all probability, was in favour of the establishment of one Corporation on the recommendation of the Ministry of Communications, the explanation given by Government seems to be an afterthought. By itself, Sir, it might have seemed to be convincing but considered in the light of the fact that I have mentioned, the defence put forward by Government seems to be an improvised defence. Now, I should like to ask the hon. Minister in charge of the Bill to take us into his confidence and to tell us exactly why Government came to a conclusion different from that at which they had apparently arrived only a few months ago. When they arrived at that conclusion—that is the conclusion that there will be only one Air Corporation—they must have taken into account all the factors mentioned by Shri Jagjivan Ram in another place. What has happened, then, during the space of say six months to make the Government completely change its mind in this respect? We have been informed, Sir, that the establishment of two Air Corporations would involve an extra expenditure of six lakhs. This is

[Shri H. N. Kunzru.] by no means a small sum. If this money can be saved and utilised for other purposes, for instance for research and development, it will be of great benefit to the country. What I am urging, Sir, is that Government should give much more adequate reasons for the change in their opinion than they have given so far.

Now, Sir, when we come to the constitution of the Corporations we find that though the responsibility of the Corporations notwithstanding the establishment of Air Transport Advisory Councils, will be a heavy one and though the success of the new venture, that is, of the policy of nationalisation will depend on the outlook, ability and business acumen of the members of the Corporations, their appointment has been left entirely in the hands of the Government. It is obvious, Sir, that these people will have to be appointed by the Government. But the Bill should have laid down the qualifications on the basis of which the members of the Air Corporations should be appointed. Sir, when the Finance Commission Act was passed, although the members were all to be appointed by the Government, the qualifications to be possessed by the members of the Commission were laid down in the Act. Again, Sir, when the Electricity Supply Act was passed the same thing was done. The members were to be appointed by the Government but they were to possess certain qualifications. Government was not to have an absolutely free hand. It could only appoint persons who by virtue of their qualifications might be supposed to be fit persons to occupy the position of members of the Electricity Board. Was there any special difficulty in the way of Government in regard to the laying down of qualifications that should be possessed by the members of the Corporations? It seems to me, Sir, that the Bill before us generally follows the lines of the Acts in force in England with regard to the nationalised air concerns. So far as

I know—I have not seen any of the Acts—no qualifications are prescribed for the members of the Corporations in England but is that any reason why we should blindly follow the British precedent instead of taking into account our own experience which has, I believe, proved quite successful? Government, instead of copying the British practice, should have taken into account the lines on which certain Acts have been passed in this country and proceeded to lay down the qualifications of the members of the Corporations.

PROF. G. RANGA (Madras): Have we stipulated any qualifications for commercial purposes?

SHRI H. N. KUNZRU: For commercial purposes too qualifications can be laid down. My hon. friend Prof. Ranga seems to think that in a commercial concern no qualifications are expected.

PROF. G. RANGA: But how can we do that? Have we done it before?

SHRI H. N. KUNZRU: We have had no concern of this kind.

PROF. G. RANGA: That is what I say.

SHRI H. N. KUNZRU: If my hon. friend wants to know whether we have taken any step to nationalise the air transport, the reply is obviously in the negative. But that does not settle the matter. If in other fields we have acquired some experience which, generally speaking, is valuable, there is no reason why that experience should be thrown away when we come to deal with certain other lines of activity unless it can be clearly shown that the experience gained in other fields is not applicable to the new field of activity. I think, Sir, that this omission can still be rectified. Apart from this, certain interests should be represented on the Corporations.

Something has been said, Sir, about the new concerns not conforming to

the ordinary idea of nationalisation. I shall deal with this point very soon, but I should like to say with regard to the membership of the Corporations that it should be comprehensive. It should take into account all the interests that should be represented on these Corporations. I find, Sir, from a book dealing with nationalisation of the air industry in practice in England, Sir, that in some places this principle is borne in mind. The name of the book is 'Nationalisation in Practice' and its author is John Langhurst. Now the author says on page 21 with regard to Air France that under its new constitution which became law in 1948, its four members on its Board of twenty were voted in by the four main categories of staff—one by the flying staff, one by the engineers, one by administrative and office staff and one by the *ouvrier* section for unskilled manual workers. I think this example deserves to be carefully considered. I am not prepared to say that it can be copied in all respects here, but when we consider the desirability of the representation of labour on the Corporations, we should not be satisfied with representation of unskilled manual labour only. It is generally thought that if unskilled labour is represented on any concern, it is a democratic concern or that that concern takes account of labour interests, but, surely, the interests of skilled labour too should also be protected, particularly as skilled workers may make a valuable contribution to the running of an industry on up-to-date economic lines.

Sir, as the Air Transport Enquiry Committee has pointed out, the success of the policy of nationalisation will depend on the care with which members of the Corporations are selected. I hope, therefore, that Government will take advice from appropriate quarters with regard to the personnel of the Corporations before finally it makes up its mind. Recommendations will no doubt be made by the Director-General of Civil Aviation, but I think it may

well be an advantage to the Government if it follows unorthodox methods and takes advice from competent non-officials too in this matter. It is more likely, in such a case, to make a proper selection than if it depends on the judgment of the Minister himself or of the Directorate-General of Civil Aviation. This is not, Sir, to cast any aspersion on the Director-General of Civil Aviation or on the Minister himself. I wish only to point out that in view of the character of the organisation that is being set up and the importance of selecting men of the right type, it is desirable that advice should be taken from all those quarters from which useful suggestions can come. I should like here, Sir, to put a question to get some information from the hon. Minister in charge of the Bill. So far as I can see, the Chairman and members of the Corporation are to be whole-time men. Is that correct, or may there be a Chairman or a member who may give only a part of his time to the Corporation?

SHRI JAGJIVAN RAM: It may be both.

SHRI H. N. KUNZRU: That is what I wanted to be clear about. Because if the same man may be the Chairman of both the Corporations and the same members may represent both the Corporations, it is obvious

SHRI JAGJIVAN RAM: I may make it quite clear. At present there is no intention of having a common Chairman, but members may be.

SHRI H. N. KUNZRU: To complete what I was saying, it is obvious that members and Chairman may in theory be the same for both the Corporations, neither the Chairman nor the members can give all their time to one concern. Now, my hon. friend the Minister has said that he has no intention of having a common Chairman. I personally was going to suggest that, whether the other members of the Corporations were

[Shri H. N. Kunzru.] the same or not, the Chairman should be common to both the Corporations. It is because of the extent to which the direction of the Corporations will depend on the Chairman that it is desirable, if a common policy is to be pursued by the Corporations, that the Chairman of both of them should be the same. But if the members are the same, but the Chairmen are different, there may easily be a conflict between the Chairman and members. I know that the Bill provides for the discussion of matters of common interest by the two Corporations.

SHRI JAGJIVAN RAM: I may clarify the point. The Chairman of one Corporation shall be member of the other Corporation.

SHRI H. N. KUNZRU: I did not know this. It is something that the Chairman of one Corporation may be a member or will be

SHRI JAGJIVAN RAM: Will be.

SHRI H. N. KUNZRU: will be a member of the other Corporation. But if there are two Chairmen, they might easily have different points of view and though the two Corporations are required to consider jointly matters of common interest and are empowered to refer them to the Air Transport Council where no agreement is arrived at or where both of them consider that the individual judgment of the Air Transport Advisory Council will give more satisfaction than any other method, yet, I feel that it is on the whole desirable that the same Chairman should manage both the Corporations.

PROF. G. RANGA: But that is not ruled out.

SHRI H. N. KUNZRU: The Bill does not rule it out, but my

SHRI JAGJIVAN RAM: It is not ruled out, but as I have said, that is not the intention at present.

SHRI H. N. KUNZRU:hon. friend the Minister has very frankly told us how his mind was working. I greatly appreciate his frankness. He might have kept quiet about this and left us to know what his policy was only after the appointment of the Corporations. I am glad that he has given us an opportunity to make observations on his point of view. So I venture to press strongly on him the desirability of having one Chairman for both the Corporations. But perhaps the practical circumstances that have compelled him to have two Corporations instead of one may also compel him to have two Chairmen for the two Corporations instead of having one Chairman for both of them.

Just a word about the Inspectorate. At the present time, Sir, the Inspectors under the Director-General of Civil Aviation inspect aircrafts owned by independent air companies. In future, however, they will be called upon to perform this duty with regard to nationalised concerns, *i.e.*, concerns which will be owned by Government. Their position as Government servants will therefore be a very difficult one. This difficulty arose in the case of the Railways too where the Inspectorate was formerly under the control of the Railway Board. The duty of this Inspectorate is to carry out general inspection, to inquire into accidents, to allow locomotives of certain designs to be used, etc. Now, these are all duties connected with the Transport Ministry, but on the recommendation of the specific Locomotive Committee it was decided, in 1941, in order to secure independence of the Inspectorate, to place it under the control of the Communications Ministry. I suggest, therefore, that the Government should similarly, in order to ensure the independence of the Air Inspectorate, place it under the control of the Transport Ministry. There will be no anomaly in the Transport Ministry controlling all forms of transport to a limited extent. I hope that this suggestion

will receive the favourable consideration of the Government.

About the Air Transport Council, here again I have to utter the complaint that the Government have laid down no qualifications that should be expected of the members of this Council. In England, qualifications for these people are laid down. I do not want to take more time of the House than is necessary, but I should like to point out that these qualifications are laid down in the case of the Chairman and of two out of the possibly four members of the Air Transport Council. I know that it is stated in the Bill that there will be at least two members possessing specialized experience, one man having experience of financial matters and another of labour relations. But considering the number of members of the Air Transport Council, this is not enough. Apart from this, no qualifications are laid down for the Chairman. I think this a matter of considerable importance, as the Air Transport Council will be the general adviser of the Government on important questions relating to air transport. Here too I think there is room for improvement and I hope the Government will take this matter into account.

With regard to the membership of the Air Transport Council I should like to bring one other factor to the notice of the Government. The flying clubs and the Aero Club of India are in touch at present with at least some of the air lines, and receive financial assistance from some of them. What will be their position when air transport is nationalised and two Corporations are established? I suggest that the flying clubs should be looked upon as the training ground for pilots and technicians of all kinds; they should be looked upon as allies by the Communications Ministry and should be encouraged in every way to develop. It would be very appropriate if the Government, in order to encourage these flying clubs and encourage the establishment of an agency which

will take a hand in the development of civil aviation, were to appoint a member of the Aero Club of India on the Air Transport Council. This will have two advantages. It will secure representation for the flying clubs through the Aero Club of India; and it will also secure representation to a certain extent for the non-official point of view.

Lastly, Sir, I should like to refer to the question of employees. It has been referred to already. I shall not repeat what other Members have said, but I just want to say two things very briefly. The Bill lays down that the officers and employees of all the air companies employed up to the 30th June 1952, will be taken over *in toto* by the Corporations. I have nothing to say against the propriety of this step. But with regard to the date that has been fixed I should like to say one word. It is quite possible that a man who was receiving an inadequate salary in one air company may have been trying to obtain a better job in another company. He may not have been trying to curry favour with the directors of any company. He may legitimately have been trying to improve his prospects by securing a job in another company. Now, if such a man is so unfortunate as to secure employment in the new company only after the 30th June 1952, he will be regarded as a new employee. I hope, in view of this, that Government will use their power in such a way as to cause no undue hardship.

PROF. G. BANG A: Will not previous service be taken into consideration?

SHRI H. N. KUNZRU: I do not understand that part of the Bill very well, I confess. I therefore place this point before the hon. Minister for his consideration. I express also the hope that the Government will use the power that they have taken to order the reinstatement of persons who in their opinion may have been dismissed on inadequate grounds on or after the 30th June 1952.

SHRI J AG JI VAN RAM: That is provided in the Bill.

SHRI H. N. KUNZRU: I know that is laid down in the Bill. I hope Government will use this power in order to remove injustice.

Lastly, with regard to this point, I should say that while no one can ask that all the staff should be retained as it is in all circumstances and that the services of inefficient men should not be dispensed with, yet Government may be asked, in deciding the fate of the non-technical staff, to bear in mind the possibility of developing air transport to such an extent in the course of two or three years as to absorb such staff as may appear surplus in the immediate present. Perhaps the hon. Minister has this aspect in view. He is an ex-Minister of Labour, and as Minister of Labour he gave ample proof of his sympathy with labour interests. I take it, therefore, that he will consider this matter too.

SHRI AKHTAR HUSAIN (Uttar Pradesh): Mr. Chairman, it must be a source of satisfaction to the Communications Minister that the Bill is receiving support on the main principles of the Bill from all sections of the House.

SHRI C. G. K. REDDY (Mysore): Question.

SHRI AKHTAR HUSAIN: There can be no doubt that the measure under discussion which provides for bringing all the air companies under the control of the new Corporation is a step in the right direction. Air services under two Corporations—one for inland services and the other for services outside our country. That would prevent competition between the various companies and Government would be able to exercise full and efficient control and make air travel as well-managed as it is in other advanced countries.

There does not seem to be any need for any substantial improve-

ment in the provisions of the Bill. We have had some criticism that the compensation sought to be paid will be excessive. I do not agree. I think it is only fair and reasonable that adequate compensation for the properties acquired should be paid by Government in respect of the air-craft and other equipment that the air companies, which are being nationalised, have in their possession at present. Now, in order to determine what compensation would be really adequate we have to consider the amount of compensation or the price that the air companies would have obtained in the open market, the proper test to be applied, would be to determine for what value the assets would be sold if the companies had transferred their assets. Supposing they had sold it to a foreigner or to a Corporation working in foreign countries, what price would they have obtained? There cannot be two opinions that they would have obtained a higher price. Now if they would have obtained a higher price, the amount that is being paid as compensation to them by the Government is lower than what the air companies would have obtained from other sources and we should not grudge the air companies this compensation, because I remember that only about five years ago when an occasion of national emergency arose, the air companies, in a very patriotic manner, placed all their aircraft for transporting our troops to the scene of military action. And therefore, although this compensation may be looked upon with jealousy, for instance, by the zamindars of Uttar Pradesh to whom the compensation had been paid on a much lower scale, yet having regard to the services rendered by the companies, having regard to the pioneering work done by the air companies, I do not think this House should grudge the amount of compensation that is proposed to be paid. Of course, the Air Corporation when it comes into being will have to see and scrutinise that it is only in respect of genuine aircraft and other equipment that

the compensation provided for in the [Schedule is actually paid at rates specified therein. It would be the function of the Corporation to see that the officers it employs for the assessment of compensation and for the actual payment of compensation will be people who will do their duty with honesty and in a manner that would not cause undue loss to the Government. I have every reason to think that the Administrative Department of the Communications Ministry under charge of the Secretary will see that the utmost care is exercised in the assessment and payment of compensation.

Now there are only one or two other points that deserve consideration. One of them is about the suggestion made that the qualifications of the members of the Corporation should be prescribed. I do not agree there also. Supposing some strict rules are prescribed for the selection of persons who may be eligible to be members of the Corporation, it is possible that one person may have certain high qualifications, but he may be lacking in other qualifications which are requisite to enable him to be appointed by the Government. Most of these directors of the existing air companies may have had no academic qualifications at all but they may have been extremely successful as businessmen. It may not be possible for the Government to select them for appointment to the Air Corporation because they may not come up to the high standard that is expected of persons who would be made responsible for the discharge of Government duties and the high responsibilities that the work of the Corporation entails. Therefore, Sir, I think that the present arrangement in the Bill to the effect that no particular qualifications should be prescribed should be maintained.

Now, Sir, the last thing about which I would like to take up a few minutes of your valuable time is the question of making a provision for the subsidiary air lines which would

not be worked by the Corporation itself. It is possible to think of cases in which there may be feeder air lines which may have to be provided for. Of course there is a provision in clause 7, but what I think to be proper at the moment is that the Bill should make some provision for private agencies to provide for air transport on the routes which are not worked by the Corporation itself. For instance, in my State of Uttar Pradesh, the road transport has been nationalised. But for the lines on which the U.P. Roadways do not provide for the transport, licences are given to private companies or private individuals for the purpose of running those lines so that the travelling public may not be put to any inconvenience. There may be occasions on which it may not be possible for the Air Corporation to provide all the necessary equipment and aircraft for running all the routes that may be necessary or on which the traffic may necessitate the starting of an air line. Therefore, for those routes, for those lines, on which the Corporation is not itself in a position to run the services, there should be adequate provision. I find there is some provision in clause 7(2) (a) which reads as follows:

"(a) to operate any air transport service, or any flight by aircraft for a commercial or other purpose, and to carry out all forms of aerial work;"

But there should be something in addition to this like "by itself or through another" and then I think this difficulty that I apprehend would be removed. However, I do not think that this is a matter of any great urgency. But if there is at any stage any practical difficulty in making other companies to run subsidiary services, the requisite amendment should be duly considered to avoid inconvenience to the travelling public.

Then, Sir, lastly, before I close, I would like to place before the House

[Shri Akhtar Husain.] one consideration about the Air Transport Council. It is provided that the Council will be appointed and I have no reason to think that all persons having the requisite qualifications would not be appointed to this Council. But it would be expedient that a sufficient number of the—shall I say—flying public should be included in that Council, that is to say, the representatives of the people who usually take to travel by air should be members of this Council because only when they are members of the Council would they be in a position to help the Council by placing before them the difficulties that they may have experienced, the inconveniences that may have been caused to them; and by comparison with other air companies they might be in a position to make constructive suggestions for the improvement of the actual working of the services.

With these words, Sir, I commend the Bill for the acceptance of the House.

SHRI KISHEN CHAND (Hyder abad) : Mr. Chairman, I wholeheartedly welcome the idea of nationalisation, but as pointed out by Mr. C. G. K. Reddy, this is not actually nationalisation but State capitalisation. In so far as this is only State capitalisation.....

PROF. G. RANGA: What is the difference between the two?

SHRI KISHEN CHAND: Wait for one moment, and I am going to elucidate that point. We welcome any attempt at nationalisation made by Government, because our ideal is complete nationalisation of all key industries, but what we mean by nationalisation is a joint effort where the capital is owned by the State but the management of the industry or the undertaking is entrusted to a body composed of representatives of Government, representatives of labour and representatives of consumers or the travelling public in this case.

That is our idea of nationalisation, and in so far as this Bill does not provide for a management in which due representation is given to labour and to the travelling public, we would oppose it. But otherwise, with the idea of nationalisation and State ownership, nobody can have any difference of opinion. We want the nationalisation of this industry, in particular, that by a common co-ordination, the travelling public may be able to get not only more regular and more frequent services but also lower rates for air journeys. By the co-ordination of this service, there is bound to be some surplus staff, and as was pointed out by several members, there should be no retrenchment of staff. The natural consequence will be that new lines will have to be started. The other day, the hon. Minister for Railways pointed out that the journey to Gauhati by rail was a very long one. Will it not be possible for the Air Corporation to have more regular services to Gauhati and many other places like that?

One hon. Member said that we should start a tourist class by saving the space that is taken by these luxurious chairs. In the night air mail services, as hon. Members know, there are no seats and the travellers have to sit down. Similarly if we remove these chairs, will it not be possible to have a tourist class in which, instead of 24 persons, about 36 persons may be carried? Naturally the fare will be reduced proportionately. If these steps are taken, air services can be made very popular and the additional lines that will be opened can provide full employment to any staff which may be found to be surplus.

Coming to the question of having one Corporation or two Corporations or departmental management, I beg to submit that I fully agree that the Air India International should be run as a Corporation. That is very very essential. It should be a separate Corporation because that Corporation will have offices in all

the important countries and foreign- f ers will be travelling in its services. Therefore, no Government I should take the responsibility for any j sort of legal complications that may arise in future. We do not want the Corporation to be encumbered with heavy insurance liabilities and therefore I would suggest that this Corporation should have a small share capital and the rest of the funds should be obtained as overdrafts or loans so that the entire assets are always at the mercy of the lending body.

10 A.M.

Regarding the other Corporation, I would suggest that it would be far better if the internal air lines are entrusted to the Railway Ministry, instead of having any Corporation. Hon. Members know that the Rail way Ministry is responsible not only for the railways but also for the entire shipping, and air traffic will be only a third wing to it. I do not see any reason for having a separate Corporation for the internal air lines. The Railway Ministry has got a very large number of employees and any staff which may be surplus may be easily transferred to the other sections.....

PROF. G. RANGA: What prevents them from doing it even now?

SHRI KISHEN CHAND:so that there is no question of retrenchment. The Railways have got workshops all over the country. I realise that these workshops may not be fully equipped for repairing aircraft but with suitable additions and alterations, it may be possible to utilise these workshops for the maintenance of aircraft. There will be a great saving if these internal air lines are placed under the Railway Ministry and made part of that Ministry.

Regarding the question of compensation, this is the first step in nationalisation. Later on we are going to nationalise many other industries. So we have to be very

careful in laying down certain principles so that later on, this example may not be quoted as a precedent, and here I submit that the best principle will be "the book value *minus* the standard depreciation or the market value whichever is less." This will safeguard the Government from two types of possible excessive payments. One is that certain concerns may have a very high or overcapitalised value of their assets. In this case, the market value will keep down the compensation. The other class of cases is where certain concerns had book values which were fairly low before the war but high market value. Here, by paying the original book value *minus* the depreciation, we may be able to get better terms. The underlying idea of the formula is to safeguard the interests of Government in any case of fraud. We should lay down that the book value *minus* the standard depreciation or the market value whichever is lower, should be the principle for compensation paid. From the figures supplied to us by the hon. Minister in charge of this Bill, I find that the total capital invested in these companies is about Rs. 7 crores, that these companies have external liabilities to the tune of about Rs. 2J crores, that the compensation which is going to be paid will be about Rs. 4£ crores and that if out of the compensation the amount of liabilities is subtracted, it will leave about Rs. 2J crores to be distributed among the shareholders, whose share value is about Rs. 7 crores. This is only very slightly more than the market value of these shares and therefore I submit that it will not be in the interest of our country to introduce a clause or insist upon the principle that only market value should be paid. Because if we insist—and we might make a small saving in this case—it will establish a precedent and later on when other industries are nationalised we may have to pay much more. There are certain companies in the market whose share value is at least 3 times their face value and therefore if we insist now that only the present market value

[Shri Kishen Chand.] be paid, later on we will be in much greater difficulties and we will have to pay a higher compensation. Therefore when we find in this case that the market value of the share and eventually the compensation that the shareholders are going to get is more or less the same, we should not raise that question at all here.

Regarding the mode of compensation, I submit that the shareholders should get the bonds directly in their names, and that these companies should be asked to complete their liquidation proceedings within about 6 months so that they know the exact amount which is going to be paid to the shareholders on a *pro-rata* basis. Instead of issuing one bond to every company I think bonds of small denominations should be issued in favour of the shareholders who are actually going to get this money. We don't want these liquidation proceedings to be kept on going for the next 5 years because after all there will be some expenditure involved and the poor shareholders' money will be frittered away in the maintenance of these directors or future liquidators. Therefore the Corporation should insist that within 6 months the liquidation proceedings should be completed and the exact share amount of each shareholder be calculated in terms of bonds and the bonds issued to him.

Regarding the question of Company Law as pointed out by Mr. Parikh, I agree that we should have some regard for the sanctity of our laws. We should not arbitrarily change them. It may be a hardship in this case that in one company the preference shareholders hold the lion's share and if compensation is paid to them for preference shares, it may be unfair to the ordinary shareholders. This is a special case and for one special case we should not really establish a wrong precedent of changing the law. The Company Law provides for all eventualities and we should not arbitrarily change

the law just to suit one particular-condition.

Regarding the Inspectorate, I submit that when Civil Aviation comes under the Government Department, there should be an independent Inspectorate. It is very easy to accomplish. The directorship of Civil Inspection may be a guaranteed post not under the administration but under the Central Government directly. Their emoluments and service conditions may be guaranteed by the Central Government so that the inspection work is done on an independent basis.

PROF. G. RANGA: Are they under the Corporation now?

SHRI KISHEN CHAND: According to my suggestion the question of two Corporations will not arise and therefore there is no question of a common Chairman. Sir, I fully support this Air Corporations Bill.

SHRI S. C. KARAYALAR (Travancore-Cochin): Sir, I rise to support the motion for consideration of this Bill. While moving the motion, the Minister in charge stated briefly the case for nationalisation of the air transport industry. *I do not propose therefore to go over the ground once again. The only question that came to be debated upon on the floor of this House was the question as to how the air transport service should be operated and how it should be managed. The Minister examined three alternatives and he said that of all the three alternatives mentioned by him, the establishment of a Statutory Corporation like the one contemplated in the Bill is the most feasible one. I am in entire agreement with what he stated. He gave very valid reasons for selecting the third alternative, *viz.*, running this transport service as a Statutory Corporation. The first alternative was the establishment of a company incorporated under the Indian Companies Act. That would not give much scope for Government to

exercise adequate control over the operations of the company. So that alternative was ruled out. The second alternative is to run the transport service as a Government controlled Department. That also will not leave much scope for exercise of discretion by the Department. So we are left with the third alternative of running it as a Statutory Corporation.

Now, I shall just examine one or two provisions in the Bill. I will refer first to clause (7) which lays down the functions of the Corporation. I refer to it because it contains provisions relating to the interests of the travelling public. It lays down that it shall be the function of each of the Corporations to provide safe, efficient, adequate, economical and properly co-ordinated air transport services and later on it provides that such services shall be provided at reasonable charges. I am referring to this for the purpose of emphasising that such services should be rendered at reasonable charges but a mere provision like this will not carry us very far. There ought to be something to indicate exactly the scope of what is meant by 'reasonable charges'. I am referring in this connection to the scope of Section 9 which lays down that in carrying out any of the duties vested in it by this Act, each of the Corporations shall act so far as may be on business principles. We have to read both these sections together in interpreting what is meant by 'reasonable charges'. I am inclined to think that the Corporation that will be set up will be swayed by considerations of commercial principles in fixing these charges. I am therefore suggesting for the serious consideration of the Minister that the scope of the word 'reasonable charge' should be defined by taking power for Government to prescribe the maximum and minimum rates of fares and freights to be charged by the Corporation otherwise I fear that the Corporation will be carried away by commercial considerations.

THE DEPUTY MINISTER FOR COMMUNICATIONS (SHRI RAJ BAHADUR): At present the A. T. L. Board does it.

SHRI S. C. KARAYALAR: My suggestion is this. When this Act comes into operation, the A. T. L. Board will cease to have power to lay down the rates of fares. They will have nothing to do with the laying down of rates.

SHRI RAJ BAHADUR: The Air Transport Council which is contemplated shall look after this thing.

SHRI S. C. KARAYALAR: I want this power to be exercised by Government independently of the Air Transport Authority.

SHRI RAJ BAHADUR: The Council is to advise the Government.

SHRI S. C. KARAYALAR: This power should be taken by Government, and should be included in the power to frame rules. It is only if the Government exercises these powers to regulate the rates and fares that Parliament will have some powers of control over these rates. Otherwise the Government will be inclined to treat the recommendations of the Corporation as sacrosanct because it is liable to be interpreted as an autonomous Corporation and Government will not be inclined to override the recommendations of the Air Transport Council. That is why I say there should be provisions analogous to those contained in the Railways Act for Government to prescribe the maximum and minimum rates and the Air Transport Council may operate within the limits of that maximum and minimum. That is in regard to the interests of the travelling public.

Now that I am on clause 7 I wish to refer to sub-clause (e), and there it is stated that without prejudice to the generality of the powers con-

[Shri S. C. Karayalar.] I erred by sub-section (1) the Corporation shall have power—

"to repair, overhaul, reconstruct, assemble or recondition aircraft, vehicles or other machines and parts etc. etc."

This clause, according to me, is redundant. Obviously the Corporations are empowered to provide safe efficient services and I underline the word "efficient". They are empowered to provide efficient, adequate and co-ordinated service and the power to render such an air transport service carries with it these minor powers to overhaul things, recondition the machinery and such other matters. Therefore, it seems to me that this sub-clause is redundant. I may also refer to sub-clause (1) where it is stated that they have the power—

"to take all such steps as may be necessary or convenient for, or may be incidental to the exercise of any power, or the discharge of any function or duty conferred or imposed on it by this Act."

This provision, I submit, is an all-comprehensive one and it makes sub-clause (e) redundant and unnecessary. I think that that sub-clause may very safely be omitted.

^m Another point which I want to bring to the notice of the hon. Minister is that this Bill does not contain any provision relating to the relationship between the Civil Aviation Department and the Corporations. I feel that that relationship should be denned because, when this Bill becomes law it will be more or less a self-contained enactment and so if this relationship is not defined

SHRI RAJ BAHADUR: There are rules already on the subject and the Corporations will be stepping into the shoes of the companies, collectively speaking.

SHRI S. C. KARAYALAR: But the relationship should be exactly defin-

ed so that there may not be any chances of conflicts arising between them.

SHRI RAJ BAHADUR: It is already there.

SHRI S. C. KARAYALAR: If there is no room for any conflict, then it is all right.

Another point that I want to stress is that the Civil Aviation Department should not in any way be associated with the administration of this Act, because they will have to function independently even after this Act comes into force.

Now, I come to the question of compensation. There has been a wide divergence of opinion expressed on the floor of the House regarding the payment of compensation. In the very nature of things, there cannot be unanimity of opinion on a question of this sort. There are various interests involved and there must be divergence of opinion; but all that this House has to consider, is whether this Bill contains provisions which will secure a fair compensation to the parties concerned and whether there is a substantial measure of agreement behind the proposals contained in this Bill relating to the question of compensation. That is all that this House should consider. It is not possible for this House to lay down and operate independently of the provisions in the Bill other principles guiding the payment of compensation. We have to see if there is substantial agreement behind the provisions relating to the payment of compensation and also whether the compensation offered is fair or not. After all, there must be some kind of finality about compensation. I am inclined to think that the principles laid down in the Schedule contain principles for fair compensation to be paid to the companies. I am in perfect agreement with those principles.

When on this question, I would like to refer to the new clause—

clause 28A—which has been incorporated by the House of the People. That clause, according to me, goes one step further than merely deciding the question of compensation. It includes provisions for the apportionment of the total compensation awarded under the Act, among the various shareholders. That Sir, is not quite strictly within the scope of this Bill. All that this Bill can do is to adjudge the compensation payable to the parties concerned and the parties concerned are the operating companies and the shareholders holding shares in the various companies are not parties who can be recognised by the Corporation. Therefore, I am of opinion that this is going a little too far. But even then, the provision seems to be by way of taking an equitable view of the matter and on this ground, I am prepared to support this clause 28A which has now been incorporated into this Bill.

Another point which I wish to bring to the notice of the hon. Minister is that this Bill does not contain any emergency provisions. For instance, suppose a service has got to be suspended in an emergency. Well, this Bill does not contain any provisions for suspension.

SHRI JAGJIVAN RAM: There are the Indian Aircraft Rules.

SHRI S. C. KARAYALAR: Beg your pardon?

SHRI RAJ BAHADUR: The Indian Aircraft Rules are there for the purpose.

SHRI S. C. KARAYALAR: I do not know whether these rules will be binding on the Corporations.

SHRI RAJ BAHADUR: They are made under the Indian Aircraft Act.

SHRI S. C. KARAYALAR: Sir, these are all the suggestions that I wanted to make. With these observations, I support the Bill.

SHRI S. P. DAVE (Bombay): Sir, I compliment the Government of India on having brought forward this Bill for the nationalisation of air transport. We have been yearning for a long time for the nationalisation of some of our primary industries. Now, after road transport, air transport comes into this field and it is a welcome feature. I wish the Government were in a position to enlarge the scope and the ambit of these activities and bring into them more industries. I wish more of our important industries were nationalised. But I know the inherent difficulties and therefore I would not force the pace. I do not believe in nationalisation at any cost. To my mind nationalisation would be justified only when it means efficient service to the public, cheaper service to the public and more service to the public and so long as we do not have the personnel to run the particular industry in that manner and so long as the management has not the skill required, and the technique, till then, I would prefer to wait rather than force the pace of nationalisation and render it unsuccessful.

Therefore, Sir, while welcoming this Bill I also would recommend to the Government of India to make preparations to see that within the target period certain industries are gradually taken over by Government.

There are one or two features, Sir, in the Bill which require clarification to my mind and that is the only excuse for my standing up. Sir, I would not take up the time of the House with regard to the amount of compensation being adequate or otherwise. I have not studied the question in that manner and I am not a financial expert but I would certainly broadly lay down certain propositions for the study of the Government since this is a Bill which may make a precedent. We do not want to pay anything more than what is due to the pioneers of the industry whose assets we are purchasing. We do not want to pay any premium. We do not want them to lose also and, therefore, let not the-

[Shri S. P. Dave.] deal be characterised as something in which the Government of India may be said to have been cheated. Let not - any man in posterity say that we have paid much more than was due for the material which we have secured. Similarly also, I do not want those who started the industry, made it popular, made it efficient, to lose because, after all, it is the shareholders' money. I know, Sir, balance sheets can be dressed up and very well dressed up and it requires expert skill to find out the hidden profits and, sometimes where the company is not working well it is difficult to find. But exactly what losses are actually there because the balance sheets do not show everything. I do not know and not being an expert I am not in a position to guide the Government but Government have certainly accountants and auditors who can really find out what is really due to these companies.

Then, secondly, Sir, how are these Air Transport Corporations to function in future? Will profit be the main motive? Certainly not. Then that would be something which is not in the scheme of nationalisation. It is, after all, to avoid profiteering.....

PROF. G. RANGA: It is a public utility.

SHRI S. P. DAVE:.....that we nationalise a concern and, therefore, Sir, I commend to the Government that they may formulate their services in such a manner as to be most serviceable to the country and not as yielding the highest amount of freight and fare. In a vast country like India, there are certain corners which are inaccessible today even by rail or road and by other means of communication. Let the Ministry take care that the utmost facilities are given to the travelling public without undue cost to the services, which may ruin them so that we can look upon this service as a matter of pride and a real matter of a popular national service.

There are two clauses, clause 29 and clause 40, to which I draw the attention of the hon. Minister. One is in regard to the composition of the Corporation. I do not agree with the learned Dr. Kunzru as to why definitions are not there as to who shall be the personnel of the Corporation. Government will take care enough to see that suitable persons are there to run and man the Corporation, and, therefore, any amount of flexibility that is given to the Ministry is, to my mind, welcome. But, there is the inclusion of a representative of labour there. I do not understand, Sir, why certain changes have been made in the Select Committee. Not being there, I am not in a position to understand, but the Bill as it has emerged out of the Select Committee contains these words in the proviso to clause 29— "provided that amongst the Members to be appointed there shall at least be one person with experience in financial matters and one person who is an employee of either of the Corporations with experience in labour matters". Now, Sir, just as a person not knowing financial matters is not qualified, naturally they cannot find from amongst the employees a person having high financial knowledge and therefore, they may have to import from outside a financial expert, I have no quarrel with them. But, they further say— "who is an employee of either of the Corporations". Employee is a very vague word. Sir, Down from a chaprasi to the seniormost Pilot all can be included in the word employee. The word employee is not defined anywhere in the Bill. If we go by the court definitions, the Labour Appellate Tribunal has demarcated the worker upto a particular stage, those who are generally manual workers. In Banks, accountants, cashiers and certain other type of workers are not called workers. The word employee is a broader word. An employee is everyone who is employed except those who are dealing with administration and management. Sir, I would prefer that there should be more enlightenment on the subject before I can

vote for it. I am not opposing but I want clarification so that I can assure the people that everyone has a voice in the running of the nationalised industry. I want to assure myself of it. If the financial side is safeguarded and the Government have taken care to see that they are financially well advised, let me assure them that however eminent financial advisers they may secure from the country, unless, on the other side, they have advisers of labour, the concern will not fare well. We have experience of that and, especially, the hon. Minister in charge of the Bill has enough experience of labour and, therefore, I think this mere hint to him will suffice.

Sir, being a trade unionist, I would go a step further. I do not think that an employee himself can discharge certain functions faithfully, truly and without fear or favour, say, a Labour Officer: or, in these planes there are those caterers known by certain names, those ladies.....

PROF. G. RANGA: Hostesses.

SHRI S. P. DAVE: Yes, these hostesses—can they be chosen to represent labour? They are employees all right. The Labour Officer is an employee but, ask any rank and file worker and he would hate to be represented by a Labour Officer because, unfortunately, that particular officer in India has not been behaving in a manner in which he ought to behave; that is the fault of the employer and not his. So, Sir, I want this to be changed a little and to say "representative of labour", which means any trade unionist, any person outside the employment of the Corporation just as the financial man is from outside the Corporation. I would not quarrel with the personnel, if their qualifications and other things are not mentioned; I believe the Ministry has enough discretion to put in enough persons who can be of real help.

Then, Sir, I come to section 40, Advisory and Labour Relations Com-

mittee. I am very thankful to the Minister, Sir, for having incorporated, for the first time, in a Bill of this nature, a Labour Relations Committee. He has, in fact, anticipated the new Bill. I don't know at what stage the Labour Relations Bill is, which the ex-Labour Minister was to father but which he has given in legacy to the new Minister and which we are still trying to see the shape of. In practice, of course, he has already put the Labour Relations Committee. I also welcome the composition of this Committee but, I am making it very clear that in the advisory committee 'consisting of such Members or persons as it may think

fit for purpose of 'advising.....' the labour wing should not be restricted merely to those who are in employment; it may be from trade unionist not in employment. Sir, with regard to the Schedule, I once again repeat that though I am not an expert in financial matters the Government should assure us, while this Bill is being passed, that this Schedule has been worked out in a manner in which the operating companies are not going to profit at the *cost* of this poor country and secondly that the materials which we are going to acquire, namely the Dakotas, Vikings, the stores, the accessories and other things are valued by proper authority so that we may not be cheated and so many questions may not be asked about Government being cheated as they do not make happy reading. Let us not bring about a repetition of it and let us acquire the worth of the money that we are going to put into it. Sir, I shall not take more time of the House. I wish this new experiment success but I also feel that success can be assured only if at least in the initial stage there is no labour trouble. My hon. friend Mr. Kishen Chand showed how to utilise the surplus labour. There are many other ways of trying to absorb surplus labour. The Government of India run numerous departments; let new recruitment be stopped in all allied departments only for three or six months and by so doing those who are found as surplus

[Shri S. P. Dave.] in this activity can easily be absorbed in the other activity.

Let those persons who are to voluntarily retire be induced by payment of 10 or 20 per cent, more gratuity to do so so that they might take the lump sum of money and try to start a shop in their own native town. In the case of others who may have just begun their service they can be diverted to some other channels. But we do not want to be told at the very initial stage that the Government of India was responsible for the retrenchment of so many thousands of persons or even say hundreds of persons. Therefore, Sir, I wish that there be no sort of any retrenchment connected with the operation of this new Bill. Sir, there are many misgivings in the country to-day with regard to the prospects of nationalising the concerns and therefore I think it my humble duty to issue a Warning. We see in England to-day that the Churchill Government is trying to undo what the Labour Government did, by denationalising certain nationalised concerns. I do not know whether in India, after having nationalised any industry, we may have to reverse the process and go over and handover things to the industrialists who would then be very proud and vain and they would then say, "We alone can run the industry." We are out to see, Sir, that we eliminate all middlemen and profiteers. That alone, to my mind, is going to bring us nearer our aim, when disparities in income are abolished. To-day we are in a country where there is no sort of equality between man and man. We suffer from it simply because a few hundreds possess millions and millions and do not care for or do any good to the ill-placed in life. I know, Sir, that the Estate Duty Bill will help them to some extent, but the only other way is gradually to nationalise more and more concerns, and thus do away with the profiteers. In this connection I would appeal to the industrialists also that they

should put themselves in line with the new times and try to help us and therefore in the new corporations that are to be born you may utilise their skill and talents if they do voluntarily come forward with a good spirit and with a spirit of comradeship and sportsmanship. But let us beware of those who are, in their attitude, against nationalisation. At any cost let us not invite them and enter them as members of this Corporation. Therefore, Sir, I would pay greater attention to their faith in nationalisation than to their talents and intelligence. This little advice from a small man may possibly not be heeded to but I repeat, Sir, that it is worth while in the formation of the first Air Corporation to see that the members thereof are born lovers of the scheme of nationalisation. Otherwise this is going to be sabotaged and sometime we will rue the day if we appointed a person who was intelligent but a hidden enemy of nationalisation.

Sir, I have nothing more to add and I merely request the hon. Minister to clarify clauses 29 and 40.

SHRI B. V. KAKKILAYA (Madras): Mr. Deputy Chairman, the hon. Mr. Rama Rao whom I do not find here just now, yesterday started his speech by expressing his surprise at the lack of enthusiasm on the part of the Communists towards nationalisation of air transport. I am sorry the hon. Member does not know that Communists are not so very gullible. Communists do not take in anything and everything as nationalisation, simply because it is declared to be so by the hon. Minister or a Bill is claimed to be for that.

It is a matter of common knowledge that air transport in our country, ever since the war was over, was gliding down an inclined plane and year after year air transport companies were incurring heavy losses. But immediately after the war the "leaders of the industry"—as the hon. Minister chose to call them—still

hoped that they could make profit just as during the war. They went in a rush, they went against each other. They set intense competition going on. They purchased as many planes as possible. They cornered as much of spares as possible. Because of this, huge capital was locked up. Today so many planes are lying idle. So many spare parts are lying idle. The industry is finding itself in a crisis. When the Government proposed to nationalise the industry in 1947 these very same leaders of the industry opposed it and to-day when the same leaders of the Industry want the Government to take over the concerns and to run the air transport, then the Government obligingly comes forward with this measure to take over the concerns and run them.

We know, Sir, from the very beginning of the air transport industry in our country, it has been developed with the taxpayer's money. The hon. Minister was pleased to pay glowing tributes to Mr. Tata and the other leaders of the industry but he has not a single word to say about the work done by the technicians, by the workers and the sacrifice made by the common people to run and develop this industry.

SHRI JAGJIVAN RAM: It is a complete misrepresentation of my speech.

SHRI B. V. KAKKILAYA: I am referring to the speech of the hon. the Deputy Minister delivered yesterday here. He had not a single word to say about the taxpayer whose money has been spent to maintain this industry, even to keep this industry alive. In this connection I will refer, Sir, to the speech made by the then hon. Minister for Communications, Mr. Raft Ahmed Kidwai who said, "What is the history of this Airline?" (That is the Airline which was managed by Mr. Tata). "I was told that the Company was started as a Dri-vate concern of Tatas in 1932 or 1933. No accounts are available for those years but from the fact that they had three planes costing Rs. 20,000 each and may have set aside a lakh

for running expenses, it may be presumed that the capital they invested was Rs. two lakhs. We have got the accounts of the huge amounts that were paid to them for postal carriage at the rate of Rs. 5 a pound. Later on in 1944 they submitted their accounts for the first time to the Director-General of Civil Aviation because they intended to convert the concern into public limited liability. At that time the capital was shown to be a little over Rs. 10 lakhs. In 1944 and 1945 they earned a profit of Rs. 12 lakhs."

Sir, from the very beginning these air transport companies were running here not on the basis of the earnings they made from commercial services, but on the basis of the freight en mails they were carrying, the war efforts they were rendering the subsidy that the Government was giving them and the rebate on petrol duty and all the other things like that based on the exchequer. The Government spent lakhs and lakhs of rupees to help these air companies and today the Government comes forward to pay huge compensation also to these companies. If at all there is anyone who is to be compensated, it is the tax-payer, for the huge loss he has sustained. The money that the tax-payer has paid to keep these companies alive has been wasted. Not a single pie has been used properly and the common man has not received any benefit out of these air companies.

Now, Sir, I won't dwell on that point any further because the time at my disposal is very short. But I will come to one point which has been missed during the course of this debate in these two days. The measures that the Government proposes to take under this Bill will not help to solve the crisis of the air transport in our country, because, as everyone knows, the crisis in the air transport industry is not due primarily to inefficiency of management or to the amount they spend for maintaining staff and their employees. The primary cause for this crisis is the huge drain of the

[Shri B. V. Kakkilaya.] resources of these companies—the revenue they earn—for buying fuel and oil. for insurance charges, for spares and for other items which go out of our country. Unless the Government take steps to reduce these items of expenditure, no amount of Government control over this industry will solve the crisis. The Government does not propose to do anything in the matter. I would have welcomed any step proposed by the Government for reducing the cost of fuel. You know, Sir, here in India—it was said yesterday also—that 37 per cent, of the cost of operation is accounted for by the cost of fuel. Now the British and American concerns which supply us fuel and oil are being given various concessions in our country. The Government has entered into several agreements with these companies for establishing oil refineries and so many other things, but the Government does not think it fit to force these companies to get fair terms from them in order that we may get oil and fuel from these companies at cheap rates. Even according to the figures given by the Air Transport Enquiry Committee's Report, the price that we pay for fuel is Re. 1-7-3 per gallon whereas in Australia it is Re. 1-4-6. To this we have to add transport charges—for transporting this aviation fuel from Calcutta and Bombay to interior aerodromes—and that comes to eight annas per gallon. Then we have to pay customs duty which is about fifteen annas per gallon, whereas the customs duty in Australia is only eight annas. On the whole the price that the operators have to pay here—the net price—comes to Rs. 2-14-0, while in Australia it is Re. 1-12-6. Now the only measure that Government took all these years to help the operators was to give them a rebate on the import duty on petrol. What does this mean? The Government, instead of trying to persuade the supplying concerns to reduce the price here and to bring it to the same level at least as it is in Australia, is trying to give the operators

some sort of help by way of rebate. This means that the Government is allowing the foreign concerns to drain away huge sums from our country by allowing them to charge as high prices as possible from our operators, and at the same time meeting a part of it from the tax-payer's money. So what I suggest is that Government must take immediate steps to reduce the price of aviation fuel and oil.

Another thing is the question of spares. Spares also, we are not manufacturing in our country. According to the Report of the Air Transport Enquiry Committee it is said that the Hindustan Aircraft Factory was at one time manufacturing certain spares for their own use. But even today we are importing even such ordinary spare parts as split pins from abroad and these operating companies have acquired so much of extra spares parts that their capital is also locked up there. Huge amounts are also being drained out of our country in purchasing these spares. Even if the Government runs this air transport industry without trying to manufacture these spares in our country—in the Hindustan Aircraft Factory or in any other factory wherever it, is possible—unless Government takes immediate steps to manufacture spares in our country, the corporations are not going to make any headway.

Another item which involves huge expenditure is Insurance. These insurance companies charge high rates. The incidence comes to 7i to 9J per cent, of cost of operation. Once the planes are insured with the Indian companies, they re-insure them with world Insurance companies and huge amounts are drained out of our country by way of premium for this insurance. Most of our Indian companies, for example, the Bharat Airways and the Tatas, have their own insurance companies—their sister companies. These monopolists in our country have a number of branches of different industries and commercial concerns. They have insurance

companies also and they can insure these aircrafts and other machinery and they can pool the insurance business and share the risk involved in that, instead of allowing the foreign concerns to drain away our money to their countries. Thus we can prevent that drain by pooling the insurance business and dividing the risk among the insurance companies in our own country.

Another thing I want to say in this connection is this. In our country—and it is mentioned in the Air Transport Enquiry Committee Report also—the foreign airlines enjoy the right to pick up passengers for intermediate countries. According to international conventions, the third and fourth freedoms that are enjoyed by all the concerns throughout the world are that traffic is allowed only to those planes which belong either to the country of origin or to the country of destination. Now, American planes today pick up passengers from India—to say, Hong Kong. These American planes neither belong to the country of origin nor to the country of destination, but our Government allows this freedom to foreign air companies. This fifth freedom which is allowed to these companies also accounts for a huge drain on our national resources and it is a big loss to our own companies. So in the Air Transport Enquiry Committee Report also reference was made to this and the attention of the Government was drawn to this aspect of the crisis in the air transport industry. Unless the Government takes steps to prevent this huge drain of our money abroad and to make this money available for the development of the industry in our country, this Bill is not going to help the industry in any way, nor is it going to develop air transport, in our country.

I want to make one more point only. Much has been said here about the treatment that would be meted out to the employees of the air transport companies who will be now transferred to these corporations. The

hon. Minister was pleased to assure the other House that he would take steps to see that retrenchment would not be there to any large extent, but at the same time he failed to give a categorical assurance to that effect. Now, Sir, these air transports companies have been carrying on retrenchment ever since 1947-48. Air India, for example, retrenched 646 workers between 1948 and 1951. Air Services of India also retrenched nearly 300 workers during the same period. Not only did they retrench workers, but they also withheld the increments of salaries of the employees.

PROF. G. RANGA: One set of workers were retrenched, and another set of workers were recruited?

SHRI B. V. KAKKILAYA: No. I am giving the net result. Some workers have been retrenched, and some have been taken. But the net result is that 646 have been thrown out in one company, and 300 in another. These men lost their jobs. Not only that, but even those who were kept in employment were refused increments in wages which were due to them even according to conditions of employment. The reason given, of course, was that the companies did not make any profits. Now, Tatas are managing two concerns—Air India, which runs internal services, and Air India International, which runs international services. Air India International makes profits, while Air India runs at a loss. But they are two concerns. The profits earned by one company will not be available, naturally, to the company which is running at a loss. So, the company which is running at a loss is withholding increments and is carrying out retrenchment of workers. Taking this as an example, they are doing the same thing in the other company also. And now, when the hon. Minister proposes to establish two Corporations, we are afraid the same example will be followed by the hon. Minister in regard to increments, in regard to continuity of service, and in regard to other benefits

[Shri B. V. Kakkilaya.] that naturally should go to the workers.

(Time bell rings.)

With these words, I should say that we are not at all enthusiastic about this Bill, though we welcome the step taken by the Government to control the air transport industry. We are not at all enthusiastic about this Bill, because this Bill does not propose to take any step to solve the basic problem, the basic causes which are responsible for the crisis in the air transport industry.

SHRI B. RATH (Orissa): After the house has been burnt down, the fire brigade arrives!

PROF. G. RANG A: Sir, I wish to express appreciation of the contribution made to the development of this industry, and a very essential one too, by private enterprise and their leaders and also by the staff as well as by the general public and the Government. For a very long time in the past it used to be said that Indian enterprise was not really enterprising. Generally speaking, that was a justifiable criticism. But fortunately in this regard in India our big capitalists, for various reasons, began to compete one with the other, possibly because they felt that to own an air service was a kind of compliment to their ability. They came into this field and risked their money in this enterprise, and they certainly made a very good contribution. It is true

that our workers also, the 11 A.M. managerial staff and also the pilots and other workers, skilled engineers, and all those people, do deserve credit and congratulations from our country, because it is the riskiest possible employment, and yet India has really cause for pride that several thousands of her young men came forward and placed themselves at the disposal of the nation in this field and in that way helped us in developing this field.

It has been stated by my hon. friend from the other side to my right that

the capitalists had made very great profits. But private enterprise is there to make profits and also to serve the people incidentally, or rather, by serving the nation, to make profits. If they have made any profits we need not be surprised. If they had failed to make profits, we should have been shocked, because they would be failing in their duty, according to their own standards.

Sir, I am certainly in favour of these two Corporations, for this reason. I do not know whether it has been advanced by any of the advocates of the Government case, but it strikes me in this way. We keep two separate accounts for posts and telegraphs. On telegraphs we lose heavily; on posts we gain, and on telephones we gain. Nevertheless, all these are being managed by the same department. At one time it used to be contended that all three should be amalgamated into one department and into one account alone, but Government did not agree, and the Public Accounts Committee did not agree; and for very good reasons. Similarly, it is quite possible that on the international line we may be able to make profits today. It is equally possible that in years to come we may not be able to make any profits at all. How are we going to judge whether we are going to make profits or not? If that particular aspect of it is not kept apart from our internal services, then is it necessary to have two companies? Is it not enough to keep separate accounts for these two? It was stated by several friends that there were practical reasons. The managing director of one of these services, the only Indian international service, was not willing to place himself at the disposal of Government if he was going to be asked to be the chairman of both the companies. It may be so. I have no objection to Government acceding to that gentleman's wishes if Government is really convinced that that would be serving the national interests best. My hon. friend has just now said that Air India International is a paying con-

cern. Whoever had known that it was going to be a paying concern until it was launched? There was this gentleman and this concern, who had the foresight as well as the enterprise to come forward and make this experiment, and we are all glad to find that this experiment has become a success. If after this that gentleman were to insist that he would not like to be saddled with two responsibilities at one and the same time, but at the same time if he was to be asked to place his services at the disposal of the Government, then I do not see any reason why we should not accede to what he says, if we want his services. We want his services. Let me assure the House that in England, when the Labour Government was in power and it went ahead with many of its proposals for nationalisation, it did not try to avoid utilizing the services of the erstwhile managing directors and the leaders of the industries which were being nationalised. They had the specialised knowledge and in England they were not able to develop a separate economic civil service with sufficient equipment by way of experience and so on. Therefore, they wanted to take advantage of these people who had already gained some experience and they did appoint them. For the same reason, I do not mind the Government inviting this gentleman to come and place his services at its disposal if he is willing and if the conditions that he has insisted upon are found to be not opposed to the interests of the nation. But at the same time, Sir, I would like the Government really to explore the possibility even now at this late hour of having the same Chairman for both. If that is not possible, Government should make it clear to this House, that as soon as this particular necessity goes, it might be possible for them to think of having the same Chairman for both the companies.

Thirdly, in regard to these two companies, when we come to the

■ staff, I would like the same scale of salaries to be adopted, but at the same time to allow separate allowances to be paid to those who will be employed on the international services, so that the total amount of salaries and emoluments that those people would be getting would compare favourably with those that are being paid to similarly placed people in other international services. And at the same time, if at any time, it becomes necessary for the Government or for the Corporations to transfer these employees from one air service to another, from one air company to another, it would not be so very difficult, because they would all be paid the same basic salaries.

Sir, I am inclined to agree with Dr. Kunzru in the suggestion that he has made that our Government might study the precedent already established by the French Government in providing representation for different cadres of the employees of the air services. It may not be a good thing indeed to confine our representation merely to those who can come to be treated as employees and not to give the same kind of representation and weight to the opinions and also the contributions that can be made by the managerial staff, by the engineering staff and various other operators, whose advice and assistance and contributions would be found valuable and useful.

One very important point was raised by my hon. friend Mr. Karayalar in regard to the need for the Government to arm itself with power to fix minimum and maximum freight rates as well as fares to be charged by these Corporations. Now, I find that there is enough provision already made in several of the clauses of this particular Bill. I wish to refer him to clause 30, sub-clause (2) of the Bill wherein you will find a similar power. And in addition to that this Air Transport Council itself is given the power to make recommendations to the Government in regard to the fares and freight rates or other charges levied by either Corporation

[Prof. G. Ranga.] in respect of any service or facility provided by the Corporation. And Government also may consult them. It is put like this:

"At the request of the Central Government, the Air Transport Council shall investigate any matter relating to the fares, freight rates or other charges levied by either Corporation in respect of any service or facility provided by the Corporation.....".

And if and when they find it necessary to suggest the fixation of a minimum rate or a maximum rate, it should be possible for them to do so.

Then, Sir, it was also suggested by one of our friends—and I happen to agree with him—that Government should keep in mind the strategic development of the Airways in different parts of India. Already Assam's case was mentioned. As a starting point, I would like the Government to keep in mind the need for having air services connected with all the headquarters or what you call the capitals of all the States—and not necessarily from Delhi.....

SHRI RAJ BAHADUR: Decide your own capital first.

PROF. G. RANGA:..... but some suitable place from which it would be possible for them to reach others. I have in mind not only Andhra, but also Andamans, Sir, for instance. Now there is Orissa. Cuttack has got to be reached. Gwalior has got to be reached. Otherwise we would be running a very great risk indeed. And what do we find today in regard to Indore and Gwalior? When the Princes were there, we had the air services. Today we are not able to have the same facility. The same thing has happened to Bhopal. At Jodhpur we used to have a splendid aerodrome indeed and I do not know whether it is sought to be connected today. I can go on giving instances but the most important thing is that consideration has got to be kept in mind by the Government, not *on much*

by the Corporation. And when the Government keep that point of view in their mind, they would see to it that these Corporations develop the necessary services—even skeleton services, once a week,—that does not matter—so that if and when it becomes necessary for you, it will be easy for you to run your own services for several times a day and you can see to it that you can provide strategic strength for your Local Governments.

Sir, a suggestion was made by one of our friends that this inspectorate should not be under the direction of the Communications Ministry.

SHRI C. G. K. REDDY (Mysore): It is the other way round. They should not be in the pay-roll of the companies.

PROF. G. RANGA: I speak subject to correction. I do not know whether they are to be under the payroll of the Corporation.

SHRI RAJ BAHADUR: There are two suggestions made. My hon. friend Mr. Reddy suggests that these inspectors, who are in the employ of the company should not be on the payroll of the company and that they should be brought over to the pay-roll of the Government. Then there was another suggestion made by my hon. friend Mr. Kunzru who said that the inspectorate as such should be under a different Ministry.

PROF. G. RANGA: Sir, I want all these inspectors to be directly placed under the direction of the Government itself, and within the Government also I do not want any *confusion* to be created by placing these people under the authority of the Railways. It is most necessary, Sir, that these people should be placed under the control of the Government in its Communications Ministry and they should not be dependent upon the Corporation and I am sure the Government would also be in agreement with that suggestion.

My hon. friend to my right had suggested, Sir, that manufacture of

spare parts should be developed in our country. We would like to agree with it and we would like the Government of course to take early steps in stepping up our production in this regard. But I could not understand what he meant when he said: "You should immediately insist upon all these various international companies to supply fuel etc. at a much lower rate" and so on. Have we got that power? I would like to know that. We do not have it. But we can certainly negotiate. There is nothing to prevent us from doing so and getting fuel at a lower rate. According to the figures, the difference between the supply price at which it is being supplied in Australia and at which it is being supplied to us is not very much. But that does not mean that I agree with what is being done by the Government. We would certainly like the Government to negotiate with these people and achieve lower prices. But that alone ought not to be a criticism in order to condemn the Government.

Sir, several of our friends said that this is not nationalisation but this is State capitalisation or something like that. Now so many of my friends have already answered it and I also wish to express my own view that according to me it is nationalisation. But nationalisation can be achieved in different ways. This is one of those ways. Even our own Government has already made two experiments. One is by joint stock companies. Our Visakhapatnam Shipyard Company is being developed that way. Another experiment is in the shape of our Housing Factory here. That is the second kind of experiment. Now in regard to the matter of D.V.C. our experience has not been very happy and that is why I think my hon. friend has taken sufficient authority, sufficient power, for the Central Government in order to ensure that these people who are going to be placed in charge of these Corporations will do their duty well. Therefore, Sir, I wish to congratulate my hon. friend for having incorporated sufficient provisions here so that

the Budgets will be placed on the Table of the House and the Budgets would "first of all be scrutinised by my hon. friend, and in the appointment of their superior officers also the Central Government will have a very important say and in that manner we certainly have tried, as far as I can see, to learn from the experience of the experiments that we have already made. If this method cannot be called nationalisation as some of my friends on the other side have said, I would like them to study the various experiments made in this direction in Soviet Russia itself. They will find that our experiments compare very favourably with theirs.

Somebody suggested that qualifications should be prescribed for the members of the Corporation. It is practically impossible. We have to leave at least that much discretion to the Government. But in regard to one point I would like to join issue with the Government and that is, when they want the Corporations to consult them in making their big appointments and so on. they themselves wish to get away without taking the advice of anybody. As Pandit Kunzru has said, they should allow themselves to be advised by somebody. They have got the Advisory Council and I would like the Government to consult them in regard to a panel of names that may be found suitable by the Corporations themselves.

Before I conclude, there is one point which was made by Mr. Reddy. I am ignorant with regard to the technical side of this machinery and all that, but he made out the point that it is quite possible that the managers may hoodwink the Government by passing as at great value things which are not actually of much value and thus get greater compensation. I would like the Government to study that matter very carefully. There is some sort of provision in the Schedule in sub-clause (b) of the note to clause (c), "without prejudice to the clause immediately preceding, stores (other than general stores) and spare parts shall also be deemed to

[Prof. G. Ranga.] be serviceable if by incurring expenditure of an amount not exceeding half the cost of purchase of such stores and spare parts, they can be rendered suitable for use in respect of the aircraft or power plants". I would like the Government to study this thing in the light of these remarks and if there is reason to take note of the suggestion made by my hon. friend, Mr. Reddy, I would like the Government to consider it very carefully indeed.

I am also in favour of representation being given on these Corporations for Aero Clubs and also Members of Parliament. Lastly, in regard to insurance, the suggestion has been made which I would like to be examined. I am told that at present, so far as the government concerns, are concerned, they are being put into a sort of pool by the insurance companies and that the Insurance Companies are not able to handle this business and take the big risks involved also. I would like the Government to study this further.

SHRI JAGJIVAN RAM* Mr. Deputy Chairman, I am really grateful to the House for the enthusiastic support given to this Bill. I will not try to give a reply to all the points that have been raised—most of which have been replied to by other members, but I will take three or four important points and will try to deal with them.

So far as the question of nationalisation is concerned. I think there are no two opinions in the House, but some of my friends opposite have questioned whether this is nationalisation. Members from this side have complained that there has been lack of enthusiasm on their part i.e. on the part of the opposition Members, but I myself am not surprised. It is in keeping with their tradition not to demonstrate any enthusiasm for this measure. I have no complaint on that score because I had no misgivings on that point. Sir, if this is not nationalisation, there cannot be any rationalisation.

SHRI H. P. SAKSENA (Uttar Pradesh) : It is a sort of Managing Agency system.

SHRI JAGJIVAN RAM: Managing Agency system? My hon. friend has not cared to go through this Bill at all. What is nationalisation, Sir? Nationalisation envisages the elimination of the motive for private profit. Is there any single clause or provision in this Bill which ensures any profit to any private party?

SHRI K. S. HEGDE (Madras): They are mistaking nationalisation for Sovietisation.

SHRI JAGJIVAN RAM: They have not understood the whole thing. They have got a tradition which they follow. If they have to keep up their tradition, they cannot demonstrate any enthusiasm for this measure. There are some persons in this world who ignore their own defects and always feel that they are the only right persons in the world and that the entire world is defective. We cannot help it! There is only one remedy for that.

KHWAJA INAIT ULLAH: To ignore them.

SHRI JAGJIVAN RAM: I say that this is nationalisation. It is complete nationalisation. It is 100 per cent, nationalisation. So long as there is not the slightest element of private profit in this, it is nationalisation. Now, there are three systems of management of a nationalised undertaking, to run it departmentally or run it through a private limited company in which there is no private capital or to run it through a Corporation such as is proposed in this Bill. I do not propose to go into the details of the advantages or the disadvantages of these three systems. The Deputy Minister, while moving the motion, has dealt with those points sufficiently. Running such undertakings departmentally certainly presents obvious difficulties, and that is why gradually we are coming to the conclusion that all State enterprises should be run by more or less autonomous Corporations subject to adequate control and direction by the Government. We have had experience of

these three systems. We are running a big undertaking like the Railways departmentally. We are running the Telephone Factory and the Hindustan Aircraft Factory as private limited companies in which there is no private capital. We are having the experiment of an autonomous Corporation in the Damodar Valley Corporation. As has been said by my friend, Prof. Ranga, in the light of the experience of the Damodar Valley Corporation, we have taken enough precautions in this Bill to see that the Corporations function efficiently and are subject to adequate control and direction by the Government.

Then I come to the question of why there should be two Corporations. Much has been said about the recommendations of the Planning Commission regarding the setting up of only one Corporation for running both the internal and external services. I do admit that at one stage the Ministry of Communications itself was in favour of one Corporation. There is no denying that fact, and it is true that we made that recommendation to the Planning Commission and the Planning Commission included that recommendation in its report. After that, we went into greater details. When we examined this question in greater details, we found that the balance of advantage was in favour of two Corporations. I will immediately indicate briefly what those balance of advantages are. We discussed this question with the Members of the Planning Commission again and then decided that it would be better to have two Corporations. I am afraid I will be repeating many of the arguments advanced here. There is no doubt that by having two Corporations our overhead expenditure will increase to the tune of Rs. 6 lakhs. It may be between Rs. 5 or 6 lakhs. That is true but the risk of impairing the goodwill of the Air India International or affecting its efficiency in the slightest measure may affect its revenue which will be much more than Rs. 6 lakhs. So on economic point also we considered whether Rs. 6 lakh extra amount is worth

spending on these two Corporations or not, and the consideration was that if the goodwill of the Air India International is affected, even to the tune of 10 per cent, we will be losing much more than Rs. 6 lakhs. We should not forget that the integration of 9 or 10 companies which are today operating the internal airlines is going to be a tremendous work. Members have raised the question of standardisation of wages, fixing of scales of salaries and allowances, fitting them (the employees) at appropriate levels in the integrated Corporation. All these are going to be a very complicated affair and there may be a certain amount of dislocation. Again I repeat this. I am not afraid. I have never had any apprehension that there is going to be any stoppage of the services. No, but in spite of that there is going to be a certain amount of dislocation when we have to integrate a large number of employees numbering between 8,000 or 9,000. At one particular station we may find that the technical and other staff is 75 per cent, surplus to the requirements of that particular station. We may have to, with a view to absorbing them, with a view to avoiding retrenchment, transfer them to other stations. You know, in these days whenever there is any question of transfer there is resistance from the staff and that is quite understandable. The shortage of accommodation, the variation in the prices of necessities of life at different centres don't induce employees easily to agree to transfers. All these considerations, taken together led us to decide that it would be better to leave our international services intact at present and not to mix them up with the turmoil which we would have in the initial stages during the process of integration of the services of the internal lines. There are other considerations also. But I have never made it a secret. I have always said that this is the one main consideration which led me to decide in favour of two Corporations. As I said already, in the initial stages I myself was in

favour of one Corporation. Motives have been imputed

SHRI C. G. K. REDDY: No motive was imputed to the hon. Minister, i only narrated the possible circumstances.

SHRI JAGJIVAN RAM: I will say that is also another tactics and I never made a grievance of it. But let me assure this House that I am strong enough not to succumb to any pressure, and if my hon. friends will take the trouble to go into some of the legislations of the Government of India, they will be convinced that we can resist any force whenever ne-cessary. There is no question of succumbing to the pressure of anybody howsoever great he may be. But I am never reluctant to admit that if the Government is convinced that by requisitioning the services of a particular person the State is going to gain, the Government will not hesitate in requisitioning the services of that person.

SHRI B. GUPTA (West Bengal): The Minister seems to be very eloquent about that person.

SHRI JAGJIVAN RAM: I am.

SHRI RAJ BAHADUR: The hon. Members opposite are very much afraid of him.

SHRI JAGJIVAN RAM: I don't believe in stammering. I believe in eloquence

SHRI B. GUPTA: When it comes to that particular gentleman, there is so much of eloquence!

SHRI JAGJIVAN RAM: Even for that particular gentleman because I know that the gentleman is better than the person who stammers. If my friend will care to go into some chapters of the history of Soviet Russia, he will be perhaps a better person. So, I am never afraid of admitting that fact that today if I see that by utilizing the experience of entrepreneurs of industry we can manage the affairs of our industrial undertakings better, we will never hesitate in appointing them and taking help from them. We have to nationalise and we have not to talk of theories

or talk of abstract things. We have to show some practical achievements and practical achievements are gained on practical considerations. They are never done on slogans. Those who are carried away only by slogans, I know, they can achieve nothing by slogans, and this Government does not believe only in slogans. We believe in concrete achievements and we have some concrete achievements to our credit of which the country can be proud.

Therefore on these practical considerations we decided that there should be two Corporations but we are not dogmatic about that. The moment we And that we have integrated our services, that we have integrated our routes in the internal sector and that the two Corporations can be safely amalgamated to run both the services — internal and external—we will consider whether the time has not come when we can have only one Corporation instead of two. So this decision has been taken entirely on practical considerations. There is no question of any principle involved in it.

Dr. Kunzru has raised, the point that it would be better to lay down certain qualifications for the Members of the Corporations. It would have been a very desirable thing but it is. very difficult at the same time. We have not to lay down certain academic qualifications alone. It may be that in certain cases, and I have no doubt Dr. Kunzru will agree, we may And a person quite suitable for the job but it will be very difficult to prescribe the qualifications which will entirely fit in with the achievements of that person. So we left this flexible so that we can appoint suitable persons to the Corporation.

Then about the labour representative on the Corporation I want to assure the House again that I will see that a person well known for his work among the working classes in this country is one of the Members of the Corporation.

To have a common Chairman at this state will not be possible on

practical considerations. The Chairman of the internal Corporation will hardly find any time at least for the initial 9 months or may be even one year, to devote any attention except to his own work of integration and putting the internal Corporation on a sound basis and that is why we had decided that there should be separate chairmen for the two Corporations, but there should be ample scope for co-ordination between the activities of the two Corporations and if the hon. Members will go through the provisions of this Bill, they will find that we have taken sufficient precaution to see that there is enough cooperation between the two Corporations. My idea as I have already indicated is to have the Chairman of the Internal Corporation as a member of the External Corporation and *vice versa* and most of the members will be common members of the two Corporations so that there will be enough co-ordination between the activities of the two Corporations.

Similarly I have not laid down details about the composition and qualifications of the members of the Transport Council. At one stage.....

KHWAJA INAIT ULLAH: Will these members get remuneration or some kind of allowance for working on these Corporations?

SHRI JAGJIVAN RAM: If my hon. friend will go through the Bill he will find that both are possible, that it is all left to the Corporations.

KHWAJA INAIT ULLAH: When one member is the member for both the Corporation, will he get double remuneration?

SHRI JAGJIVAN RAM: That is a matter of detail and it can be suitably determined. After all, when he attends this Corporation he will get payment from this Corporation; and when he attends that Corporation, that Corporation will pay him. I don't think that is a matter to be provided in the Bill itself; it is so simple a matter.

Well, as I was saying, about the Transport Council, at one stage—and I am not divulging any secret—my advisers and technical officers who drafted the Bill drafted the provisions in very great detail, and it covered, practically every conceivable detail, about the constitution, qualifications, working and functioning of this Council, and I felt that that would be tying down our hands too much. If after the experience of two or three months we find that some slight modification is necessary, we will have to come to Parliament to effect that modification. So I thought it would be better to keep* this also flexible and to have rules in this connection for the functioning of this Council. I will certainly bear the suggestions of Dr. Kunzru in my mind. I am myself very anxious to encourage these flying clubs and to see that they are established on sound footing. I will keep all these suggestions in view while nominating members to this Council.

The next point which I would like to deal with before I come to the important question of compensation is regarding the employees of these companies. Sir, we have got in the employ of these air companies a staff of technical and non-technical persons of whom any country can be proud. They are a brilliant set of young men who have proved their ability in the field in which they have gone to work. And it will not be out of place if I express my appreciation of the worth and the work of these young men. Sir, I may inform the House that I am receiving very valuable suggestions from these people, and the promise of co-operation which I have received from them has, no doubt, encouraged me in my resolve to take up this undertaking. I am sure that their zeal and their enthusiasm and their patriotism will impel them to extend their full co-operation and support to the undertaking which the Government is going to take over and I count much upon their help and co-operation.

We have made provisions in this Bill to safeguard the rights and interests of these men.

We have taken J precaution to protect even those em-

[Shri Jagjivan Ram.] ployees who were in the employ of the companies before June 1952 and who might have been discharged or ■dismissed after that date and before the date on which we took over. We will go into their cases, examine them and do justice to them. Prof. Ranga raised the point—and some other friends also raised it—that there may be people who might have been appointed after June 1952. That is true, though there was no occasion for any large-scale recruitment after that date .on which the companies came to know that their companies were going to be taken over by Government. Some of the companies came to me and enquired of me, if they badly required some recruitment, what the position of the employees would be. I told them that I was prepared to go into the case. of every bona *fide* recruitment, whether it was done after June 1952 or just one week before we actually took over. If it is a bona *fide* case of recruitment and employment, certainly we will examine it on merit and see that the employee is not thrown on the street simply because he was recruited after June 1952. We will have to look into every case on its merit. But there has been some misuse also.

SHRI B. GUPTA: There it is.

SHRI JAGJIVAN RAM: There has "been misuse by some companies knowing full well that they will have to pass on these employees to Government, they employed people in places which they did not deserve and might have been giving them salaries which they did not deserve on any consideration. I am sure the House will not wish me to take over these employees and pay them those salaries.

Whenever we integrate industries or industrial units, whenever rationalisation takes place, it is found that a certain number of the staff is surplus to the actual requirements of the rationalised industry. If the Government is to run these industrial undertakings economically, if they are to

run them efficiently, if the rates of freights and fares are to be reasona-Dle, the House will not, I am sure, want Government to carry on with this staff which is found surplus to the requirements.

SHRI B. GUPTA: We understand that.....

SHRI JAGJIVAN RAM: If only my hon. friend will be a little patient he will And that there is no necessity for his question. Then the only alter native in such a contingency is either we carry on with the surplus staff or we retrench them. But then there is another alternative too, and that al ternative is to expand the activities of Corporations and to absorb as many of the hands as we can; or if we find that that is not possible even after reasonable expansion or all possible expansion of our activities, to try to absorb them, these surplus hands, in other governmental enterprises. That is what I can assure the House at This moment. We will have to extend the activities of the Corporations. As Prof. Ranga rightly said, we will have to start services at least for every State headquarter. That is my idea too; but I go a step further than that and I want, to connect important district headquarters by feeder services to the trunk routes. This will take some time. The Corporations will have to work out their schemes and I think with the expansion in the routes and in the internal services we will be able to absorb a fair proportion of the employees who may be found to be surplus to the requirements of the Corporations.

The question was raised that we should manufacture spares and stores in our own workshops. We have got a fine workshop at Bangalore: some of the existing companies have also got their workshops and some of them are well equipped. It is my intention to utilise those workshops and to manufacture as many parts and spares as we can consistent with our technical skill and, in those workshops, we will able to absorb quite a number of technical hands. So, I can

give this assurance that every possible effort will be made to absorb all technical staff as well as the nontechnical staff also. The difficulty in *relation to* non-technical staff is great. All the companies have not got their workshops. It may not be so difficult to absorb all the technical staff but in absorbing the non-technical staff the difficulty is great, but as I have explained, Sir, we will make all possible efforts, try all avenues that are open to us, by expansion of our activities in running the lines, by extending our activities in the workshops or by diverting surplus staff to other Government undertakings, and absorb them.

We will have to effect as much economy as we can in running these services. I have been thinking about insurance and I have already given a hint to our financial advisers as to whether the Corporation, in due course, cannot develop its own insurance fund instead of insuring with private companies, whether Indian or foreign, so that, if there is any damage to any plane we can spend out of that Fund of the Corporation and need not insure these planes. Thereby we will be saving a large amount. All these schemes will take some time, but I am thankful to the Members for making these valuable suggestions and I will keep them in mind and pass them on to the Corporations as soon as they are constituted.

About freedom of traffic, I can assure *my* hon. friend that we are not allowing foreign planes to carry passengers between any two points in the country. But, a question of freedom has been taken up and even at the moment representatives of the American Government are negotiating with the representatives of the Communications Ministry.

SHRI B. RATH: Two years have passed.

SHRI JAGJIVAN RAM: A question has been raised about actual employees

representing their own interests and, then, how the labour will be represented on the Labour Relations Committee. Well, Sir, I hold very strong views in this matter. I do concede that labour has been immensely helped in this country by labour leaders but I do feel that work among labour should be done in such a way that it should not be necessary for all times to come to keep the workers in a position that they have to lean always on labour leaders and not stand on their own legs. So, whenever I hear that actual workers cannot represent their own case, well whom to blame? So long as the leaders make themselves indispensable for the workers, the workers cannot stand on their own legs and....

(Interruptions by Shri Govinda Reddy.)

..... so, Sir, I was very much pained when it was suggested that the representative of workers should be rather an outsider than a worker himself, I will rather put the case just the other way. It should be the effort of all and more so, of labour leaders themselves.....

SHRI K. S. HEGDE: You are throwing out of employment those leaders.-

SHRI JAGJIVAN RAM: Yes, the cat is out of the bag.

I do not say that of all labour leaders. As I have said, the working class of this country should be very much grateful to labour leaders. Of course, exceptions there are everywhere.

SHRI B. GUPTA: Exception is standing somewhere in the House.

SHRI K. S. HEGDE: How does the cap fits you, Sir? •

SHRI JAGJIVAN RAM: Unless it fits him why should he protest.

SHRI B. GUPTA: I entirely agree.

SHRI JAGJIVAN RAM: I have never claimed to be a labour leader in that sense.

[Shri Jagjivan Ram.] (*Interruption by Shri B. Rath.*)

MR. DEPUTY CHAIRMAN: Order, order.

SHRI JAGJIVAN RAM: I was rather surprised and pained.

SHRI B. GUPTA: Also pained?

SHRI JAGJIVAN RAM: It should be the effort of all genuine trade unionists to work among the workers with this view that in course of time they have to train the workers to stand on their own legs and not that they should lean on the leaders and not stand on their own legs.

PANDIT S. DUBE (Madhya Pradesh) : What about political leaders?

SHRI JAGJIVAN RAM: They are indispensable.

So, Sir, there should be no apprehension. If we find that among the employees of the Corporation itself there are good people who can represent labour we take them. I have no doubt that among the employees we have educated, brilliant people who can take care of their interest, who can represent their case better than the outsiders and I have seen on occasions in various industries that I have dealt with that an employee has been in a better position to put his claims, with more clarity and emphasis, than a person who has been briefed by him. I have no misapprehension at all and I am surprised when this suggestion is made in all seriousness. It becomes as if vested interest is at stake. "Why riot the outside leaders, why, only employees?" I will put it, "Why not only employees and why outside leaders?" I do not want to conceal this, Sir, that I will see that if employees who, from all aspects and angles, suitable for this are available, I will not look at the outsiders. Similarly in the Labour Relations Committee also. This applies there too; but, my idea is that on the Labour Relations Committee the wor-

kers will elect their own representatives and if they feel that their interest will be better protected by outsiders, they will elect outsiders as their representatives; but, personally, I would like that they elect from among themselves, qualified persons, suitable persons, strong persons, who will take care of their interests and know where the shoe pinches and that they have not explain to somebody else that the shoe is pinching here and will you go and plead for me? I personally like this, Sir, but the unfortunate development in this country has been that the trade union movement has no doubt been for the benefit of the working class but it has not been a movement of the working class itself. I wish the working class movement in this country becomes the movement of the working class which it is not at present. (*Interruption.*)

I would not enter into the question of parties. I am looking at the trade union movement and if any hon. Member feels affected by it I cannot help it.

Sir, I may assure my hon. friends that they need have no misgivings regarding the Transport Council. It will be an employee of the Corporation who will be nominated. He may be an engineer; he may be a pilot. Well, if a pilot happens to be the Secretary of one of the trade unions he will be represented on the Transport Council. In that case I will not bother whether I should have some jother leader of all-India fame on this Transport Council. I will prefer the secretary of the union to any leader of all-India fame. I am very frank in this matter. Similarly on the Labour Relations Committee the employee will have to elect, their own representatives, and if they so choose they can elect outsiders also. But if I find, in regard to the Transport Council, that the labour problem is not being amply safeguarded, there is nothing in this Bill to (prevent us from nominating some person who is known for his all-India reputation as a labour worker or as

a labour leader. That scope is there. So there should be no apprehension on that score.

I think I have dealt with minor points. Now I shall come to the question of compensation. Before I go to that I will just say this to my friend Mr. Parikh who raised only one point about a new provision made in the House of the People with a view to safeguard the interests of the ordinary share-holders—I mean the amendment to clauses 28 and 28A. He is very much apprehensive that this is going to be a very bad precedent which will upset the entire investment market. I do not think the consequence of this clause is going to be so alarming. He said further that people may not invest even in debentures. I do not think that the apprehension is borne out by any of these provisions. He says that we have taken care, by this clause, only of two companies out of all the existing air companies and that is because only in two air companies we have got the preference shares, namely in the I.N.A. and the Bharat Airways. If to take care of the Sholapur mill we could have an Ordinance and a Bill, I do not think that there can be any objection to "these provisions taking care of these two companies I cannot understand how this is going to be a precedent and how it is going to affect the investment market and those who want to invest in debentures.—more so when we will take action for the winding up only when majority of the shareholders apply to the Government. If the majority of the ordinary shareholders feel that their interest is at stake and they apply to the Government for the winding-up of that company, the Government will certainly see that their interest is also protected. That is what we have done; nothing more.

Now about compensation. Sir, I will not say much except this much that many people have said that we have

been very generous. I do not think we have gone out of our way to be generous but certainly I have made effort to see that we are just. There were two or three alternatives open to us, (a) either to compulsorily acquire the shares at market value on a given date or (b) to purchase the assets at

replacement cost, which has got precedent in other countries and in this country also, or (c) to strike a mean between the two and what we have done in this Schedule is a mean between the two namely compulsory acquisition of shares on the one hand and purchase of the assets at replacement cost on the

... other. There were certain

12 NOON. ... obvious difficulties in compulsory acquisition of shares. In respect of certain companies there have been no market quotations of shares in respect of certain companies there have been no market quotations of certain categories of shares and in those cases how we could determine the market value or the existing value of the share was a difficult problem. Apart from that, we were convinced, Sir, and our financial advisors were convinced that the market value of shares in respect of this industry did not represent the prosperity of the company or companies concerned, and it would be unfair to the shareholders the majority of whom come from the middle classes if we were to determine the amount of compensation on the basis of the market value of shares. I do not make it a secret. That consideration was before me. I wanted to be just to the middle-class shareholders also. So we hit upon this plan and what is this plan? It is very simple, and it is like this. Suppose I purchase a pencil I pay a price for it. I enjoy it for sometime. Now what is the (residual value of this pencil? If is the price I have paid minus the depreciation which represents the enjoyment which I have derived from this pencil and the residual is the value of this pencil. That is the simple principle on which the Schedule is based.....

SHRI C. G. K. REDDY: Not the depreciation that was allowed by the companies themselves.

SHRI JAGJIVAN RAM: I am coming to that. My friend will bear with me for a while.

Now, Sir, we have taken the purchase price of the asset. We have divided the assets into two or three broad categories, the aircraft, the other assets, the cash, the land, we pay cash for cash. I do not think any hon. Member will have any objection to that. (*Interruption.*)

You may say that it may be counterfeit because you always believe in it.

Then for other assets we say that it is their purchase price minus the normal depreciation at income-tax rate. Where there is no income-tax rate of depreciation we have laid down 10 per cent. We have made an exception in the case of aircrafts and aero-engines and why? In the case of aircraft, due to the particular nature of its assets, it requires renovation practically every year in order to secure the certificate of air worthiness. After the certificate of airworthiness has been obtained the aircraft is practically in a condition which may be turned as 'new' from its performance point of view. The same thing applies to aero-engines. The rate of depreciation allowed by the Income-tax Department in respect of aircraft and engines was very high. Perhaps the House may not be aware that it is 40 per cent, and 30 per cent*. My friend asked us to proceed on that basis and says, "Here is a written down value of a thing which was purchased for a thousand rupees. To-day it is one anna. Why don't you pay only one anna because the written down value in the books of the companies is only one anna?" But when I find that this asset has not completely disappeared, when it is here physically present and is in a position to make performance which is required from this asset, well, Sir, it does not agree with any sense of justice that we should acquire it only for one anna.

So, Sir, so long as one possesses some sense of justice and /airplay it cannot be done that way. If really one has not got any sense of justice nobody can help it. So, Sir, we proceeded on that basis and this is the compensation that we are going to-pay.

SHRI C. G. K. REDDY: May I be permitted to interrupt? I raised a matter of principle, not a question of justice or otherwise. I said the companies took full advantage of the income-tax rate of depreciation and I also suggested the "various purposes for which they took advantage of it. When they have taken full advantage of that, why must we give a double advantage of reducing the rate of depreciation which they have already taken advantage of?"

SHRI B. RATH: That is justice!

SHRI JAG JI VAN RAM: That applies in the case of some companies. But if you proceed on the formula suggested by my friend that you take the purchase price and deduct depreciation at the full income-tax rate allowable it will not be fair, and let it be made clear that many of the companies who did not earn any profit have not created practically any Depreciation Fund; it is not obligatory that every company should create the Depreciation Fund;—those companies which made a certain amount of profit diverted to the Depreciation Fund either to the extent of 40 per cent, or 10, 15 or 25 per cent. Very few of the companies diverted to the Depreciation Fund to the extent of 40 per cent. So if we were to assume this formula of purchase price *minus* depreciation at full income-tax rate, those companies which were inefficient and which could not earn any profit and did not divert a single penny to the Depreciation Fund, would get more for their assets than those companies which earned profits and created Depreciation Fund. Now these companies put a certain amount in the Depreciation Fund and Income-tax was not leviable on that amount. They diverted that money and there-

by increased their assets. Now, what is the position? Can you say that when they have increased their assets out of the Depreciation Fund that we should not pay compensation for those assets? Sir, the case is very easy to argue. It was open to the companies not to put any money into the Depreciation Fund. It was open to them, instead of putting that portion of their profits to the Depreciation Fund to distribute that amount as dividend among the shareholders and no objection could have been taken by anybody. So if the shareholders by depriving themselves, at a particular point, of the profits which could have been distributed among them, increased their assets, will it be just to acquire those assets without paying anything for them? I think my hon. friend Mr. Reddy will appreciate this point.

SHRI C. G. K. REDDY: It is rather a long argument. I am afraid it will not be possible here.

SHRI JAGJIVAN RAM: That is why we proceeded *on* that basis of a rate of depreciation which is somewhat reduced, and we have indicated that in the Bill.

We have provided also for owners to be paid for the certificate of airworthiness in respect of aircraft and engines if done within 90 days of the date of take-over. And that was for very valid reasons which I briefly explained yesterday.

Then, Sir, my hon. friend Shri Pattabiraman blew hot and cold at the same time. I do not know whether he is here.

SHRI B. RATH: Unfortunately he is here

SHRI JAGJIVAN RAM: Perhaps he was in some company at that moment. He blew hot and cold in the same breath. For one asset, he said "Why don't you pay at the existing market rate?" My friend, if I pay at the existing market rate, for one asset, why not for the other? If I pay the existing market price for the land, why not for the aircraft? And why

not for the engine? There should be some consistency. I do not want to labour that point. Perhaps he was confused and he did not go through the whole structure of the Bill. Perhaps he has developed some scandal-mania. He sees nothing else but scandals everywhere. Scandal is in his mind. Sir, I do not want to give any detailed reply to the confused arguments which he advanced yesterday. As I said, he sees scandals everywhere. It all depends on the frame of mind of a person as to what he can see in a thing. It all depends upon the objective that one has in order to appreciate a thing in its proper perspective. At times it so happens that the object may be quite perfect, but if the onlooker of that object is himself vitiated in his outlook he finds that the object is also vitiated. How can one help that? To remedy that is a long process.

SHRI C. G. K. REDDY: It is rather comprehensive escapism. It is not an argument. It is not fair.

(Interruptions.)

SHRI JAGJIVAN RAM: I will not mind any amount of criticism of this Bill. To say that it is going to be a scandal means that perhaps except one man all the people here are dishonest people. He says all the officers will be on the Corporation. The representatives of the air companies—I do not know who has informed him—will be on the Corporation. And what is¹ the guarantee, he asks, that both of them will not connive to drain the treasury of the Government to pay large compensation. It is a curious argument. It presumes that everybody on the Corporation is going to be dishonest, to help the existing air companies and drain the taxpayers' money. What an argument and what reply can one give to it when one supposes that everybody is going to be dishonest and everybody is determined to pay as much to the air companies as possible. I say, let the clauses of the Bill be criticised, let suggestions be thrown I am prepared to examine every suggestion that is made and I will be grateful

[Shri Jagjivan Ram.]
to the Members for their suggestions. In fact I have said that the suggestions which have been made would be examined by us and that we would take advantage of them. But if it is said, here is one scandal; here is the second; and yet here is the third, fourth and so on, as if there is nothing but scandals in the world.....

SHRI B. GUPTA: Because there has been a procession of scandals.

SHRI RAJ BAHADUR: Seen through a jaundiced eye.

SHRI JAGJIVAN RAM: So, Sir, he said what about the land which was purchased in 1939. When we have to consider a thing, we must take it in its entirety and if we have to apply one principle, let us apply that principle consistently. We have proceeded on the basis of purchase price of an asset and we have tried throughout the Schedule to observe that principle unless it presents insurmountable difficulties. So in respect of land also, we have said that we will take the purchase price into account. "Today the value of land has come down. Why do you pay purchase price? Why can't you pay market price?" This is what he asks.

KHWAJA INAIT ULLAH: There was a Dalmia-Jain Airways Company which bought its ordinary shares for Rs. 4/- or promised to pay Rs. 10 to the shareholders in 20 years without any interest. I wish to know what compensation is going to be given to this company.

SHRI JAGJIVAN RAM: We have nothing to do with the Dalmia-Jain Airways Company. There is no company of that name with which we are concerned.

KHWAJA INAIT ULLAH: But I have heard, Sir, that it is going to be a part of the Corporation.

SHRI JAGJIVAN RAM: The hon. Member might have heard anything. There is no question. Here are the names.

KHWAJA INAIT ULLAH: I heard that it has been included under another name in the Corporation.

PANDIT S. DUBE: It has been wound up. It has been liquidated.

KHWAJA INAIT ULLAH: I wish to know whether that is a fact.

SHRI JAGJIVAN RAM: There is no question of the hon. Member wishing to know: if he looks at the definition clause, clause (v), it is quite clear; there is nothing like Dalmia-Jain Airways given here.

Now, Sir, apprehensions have been expressed that junk and useless parts may be passed on to the Corporation. I am grateful to the hon. Member for making those suggestions. I was myself apprehensive that that might occur. So, I consulted my experts, and they have assured me that there is no possibility of that happening. It is a fact that today we have engineers employed by the scheduled operating companies licensed to certify their parts. But at the same time we have our own officers also. It is not as if everything was left to their engineers, that whatever they did would go scot-free. We have got enough of our own officers to supervise the work of those engineers. And, moreover, these engineers are given licences by us. Apprehension was expressed that because they are on the pay-roll of the companies, they would be more afraid of the companies than of the Civil Aviation Department. That is not a fact. The fact is this. They cannot get any employment unless they possess a licence, and the licence is given by the Director-General of Civil Aviation. Once our inspectors find that the engineer is not discharging his obligation under the authority given by the Director-General of Civil Aviation, his licence is liable to be cancelled, and once his licence is cancelled, he will not get any employment.

(Shri C. G. K. Reddy rose.)

SHRI JAGJIVAN RAM: Let me finish.

SHRI C. G. K. REDDY: It may help the hon. Minister to finish. I am aware that a condition of keeping his job is the possession of the licence. But there are certain discretionary powers in the hands of any officers working under certain regulations. They may be weighted either this way or that way, and the question of weightage may make all the difference between safety and non-safety. What I was anxious about was that they might not do anything serious to upset this thing.

SHRI JAGJIVAN RAM: I am coming to that question also.

Sir, I will give the figures. When this question was raised yesterday, I tried to get figures. We have got nearly 55 inspectors. They are our departmental inspectors under the Director-General of Civil Aviation. They are employees of Government, and not of the companies. They supervise and check the work of the engineers who are on the pay roll of the companies. And what about the process? I have myself visited some of the stores of some companies. The process of keeping spares and stores is a very well defined process. As soon as a spare comes, it is placed in quarantine. Then it goes to the bonded store. At every stage it is entered in the register—where purchased, for what amount, etc. Though it will take some time to check these things in detail, the apprehension that junk can be passed on as spares is not well founded.

Another point was brought to my notice and I checked it up with my officers. It was stated that a particular part whose life may be 800 hours out of which only 10 hours might be left, might be placed in the store as serviceable. In the first place, there is no part whose life is determined in relation to period. When

they are tested, they are not tested in relation to any period like 500 hours or 800 hours and so on. They have a technique for determining the tolerance of the part. If the tolerance is 100 per cent., then the part is suitable. If it is less than 100 per cent., it is no good. If the tolerance is 50 per cent, it is not accepted at all; it is rejected. According to the test, it must possess the full tolerance of 100 per cent, required for that part, otherwise it is rejected. There is no question of its being useful for five hours and therefore keeping it. So, I am advised by my technical experts that there is no apprehension on that account. Apart from this complement of inspectors whom we have got under the Directorate, my idea is to establish a committee of experts drawn from our Directorate-General of Civil Aviation, and from Hindustan Aircraft Limited, and some good engineer of reputation from the existing air lines who may come into the Corporation. This team of experts will help to check up these things, apart from the team of accountants and financial people who would look into the registers, account books, balance sheets, etc. I am grateful to the hon. Members who have made these suggestions so that we may be forewarned and take ample precautions in this matter. I may assure the House that we are going to take as many precautions as we possibly can in these matters.

Sir, I think I have covered all the points.....

SHRI H. N. KUNZRU: Except the inspectorate.

SHRI JAGJIVAN RAM: I am coming to that.

About the power of the Director-General, we have defined that under the Indian Aircraft Rules. We have also ample powers to lay down the maximum and minimum rates of freight and fares which the Corporation can fix.

[Shri Jagjivan Ram.]

As regards inspection of accidents, we have two types of inspectors: one, as I have already said, for the inspection of spare parts, and the other type of inspectors who have to inspect whenever there is an accident. In case of major accidents, we usually appoint a High Court Judge or a retired High Court Judge. But there are a number of minor accidents; for example, sometimes a plane just goes down on the track and there may be a few minor scratches; that also is investigated by the inspectors. The one difference between railways and civil aviation is that here all the aerodrome facilities are supplied by the Civil Aviation Department. In the case of railways, on the railway stations everything that is necessary for helping in the running of trains is maintained by the concern which runs the train. Here, in the Civil Aviation Department, all the facilities which are given to the air services are supplied by the Civil Aviation Department. They will not be supplied by the Corporation. Dr. Kunzru will please listen to me.

SHRI H. N. KUNZRU: I am listening. It comes to the same thing.

SHRI JAGJIVAN RAM: No.

SHRI H. N. KUNZRU: When you nationalise the air transport industry, the Corporations are your own—the Civil Aviation Departments.

SHRI JAGJIVAN RAM: No, it does not come to the same thing. The people who are in the Civil Aviation Department have to keep their knowledge quite up-to-date, not by reading books, but by actually working at the aerodromes and at headquarters. Now, if they are to be placed under the administrative control of other Ministries, there will be obvious difficulties. Either they will have to work at the aerodromes under the officers who are in direct control of the aerodromes, or they will have to remain in the Ministry, under whose control, according to his proposal they will be plac-

ed. I am speaking offhand: I have not examined this question in any detail, but I think this will create obvious difficulties. In the railways what happens is this. We take two or three engineers and place them at Simla. They read books. Whenever there is a railway accident, we call them from Simla or wherever the headquarters is. Then they go back and submit their report from Simla or other headquarters.

SHRI H. N. KUNZRU: My hon. friend is not quite correct if he thinks that the business of the railway inspectors is only to make reports when accidents occur. Their functions are these. The functions of the Railway Inspectorate consist in the inspection of railways, the holding of enquiries into accidents on railways, sanctioning the introduction of new types of locomotives and the disposal of applications relating to infringement of the standard dimensions. He will find this in the report of his own Ministry.

SHRI JAGJIVAN RAM: That is true. But what I was saying is that the major function of the inspectorate of railway is the inspection of accidents: Of course there are some allied functions, as you have said.....

SHRI B. RATH: How many accidents do occur in a year? ,

(Interruption.)

SHRI JAGJIVAN RAM: As I said. Sir, the major function of these railway inspectors is to inspect the accidents. So I myself at present feel that if the inspection is to be entrusted to any other Ministry, it will create a number of technical as well as administrative difficulties.

Sir, I think I have touched upon all the points raised by several hon. Members.

DR. RADHA KUMUD MOOKERJI (Nominated): The last Director-General of Civil Aviation was a Member of

the Police Service. How do you explain that?

SHRI J AG J IVAN RAM: And the present Director is a Member of the Indian Civil Service.

PRINCIPAL DEVAPRASAD GHOSH (West Bengal): Just a minute, Sir. I want to ask a question.

MR. DEPUTY CHAIRMAN: There are hardly 45 minutes to finish all the readings. You may ask it later.

PRINCIPAL DEVAPRASAD GHOSH: Before the hon. Minister resumes his seat, may I draw his attention to one question that is very much agitating the public mind today? That is the question of the serviceability of the existing planes that are in use in civil transport and the consequent question of safety of air travel. I understand that most

MR. DEPUTY CHAIRMAN: Well, that has nothing to do with this Bill

PRINCIPAL DEVAPRASAD GHOSH: Sir, only one question.....

MR. DEPUTY CHAIRMAN: Order, order, Mr. Ghosh. You may table a question.

The question is:

"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."

The motion was adopted.

MR. DEPUTY CHAIRMAN: We shall now take up clause by clause consideration of the Bill.

Clauses 2 and 3 were added to the Bill.

MR. DEPUTY CHAIRMAN: Now clause 4. There are two amendments by Mr. Bhupesh Gupta.

SHRI B. GUPTA: Sir, I move:

"That at page 2, after line 34, the following new clause be inserted namely:—

'(c) at least one of the members so appointed shall be the elected representative of the employees.'"

"That at page 2, lines 36-37, for the words "that person will have no such financial or other interest" the words 'that person neither has nor will have any such (financial or other interests' be substituted."

Now, Sir, I shall explain the necessity of these amendments.

MR. DEPUTY CHAIRMAN: As regards the first amendment, he has given an assurance that he will be an elected representative.

SHRI B. GUPTA: I am coming to that. Now, Sir, I would have accepted the assurance but the experience of the last few years does not leave room for much faith.

SHRI RAJ BAHADUR: Have you any faith?

SHRI B. GUPTA: Now, Sir, we have given this amendment which means that whoever goes on the Board should be elected by the employees themselves. We have not here discriminated one section of employees against another section. We have used a very broad term so that all the employees, whether they are skilled or unskilled, can have the power to vote and may be entitled to elect. That is the position.

Now the other amendment relates to this. Whoever is there, he should not have financial interests. That is also very important. Now the way

[Shri B. Gupta.] it has been formulated leaves some room for doubt because some people may get in who may have financial interests and still then may continue to be in that position. Now I have heard very carefully the speech made by our hon. Minister for Communications. He does not seem to be here at the moment. Anyhow, we had some experience of the hon. Minister and his journey from the Labour Department to the Communications Department has not been, as far as people are concerned, a very happy one.

SHRI RAJ BAHADUR: On a point of order, Sir. Are personal references of that type permissible?

SHRI B. RATH: It has been made already by the Minister.

SHRI RAJ BAHADUR: No reference should have been made by the Minister that the journey has been comfortable or otherwise. Can he cast any reflections, Sir? *(Interruption.)*

MR. DEPUTY CHAIRMAN: Order, order.

SHRI B. GUPTA: Sir, if he starts this kind of interruption, I am afraid he will have to be ready for a regular show-down on this subject. What I would like to urge here is that if these assurances are really sincere, then why not put them on the Statute Book? Why not give them the shape of law? That is one important point. Now, Sir, we know that most probably the people of big finance will be placed in that high position and the way the hon. Minister has spoken leaves no doubt as to who would be the personality in that Corporation. It has been made very clear and I find in this House as well as in the >otliex House that eloquence and praise flows like the Ganges when it comes to talking about Tatas; but it seems dried up when it comes to the talk about the interests of the worker^ and the public. Some tribute has *Keen* paid—I am glad—in this

House at the fag end of the debate to the workers and employees. But that is not enough because these financial interests, even if the industry is nationalised in that way, should be kept at a distance. References were made to British experience. I would like to tell the other as Deft of the story. Now, Sir, certain industries in England, as you know, were nationalised, taken over by the Government. But after having been taken over, these were placed in charge of the same financiers who used to run them as private capitalists. The result had not been very satisfactory. In fact they created all kinds of difficulties. They worked in a manner so as to sabotage the proper functioning of these industries so that at a later stage some of their political representatives could claim that the nationalisation had failed and that industry should be placed back into the hands of the private profiteers and businessmen. That is exactly what the Churchill Government is doing today and the Churchill Government.....

MR. DEPUTY CHAIRMAN: Mr. Gupta, order, order. Don't talk of nationalisation. Please confine yourself to the amendment.

SHRI B. GUPTA- Because the financial interests are there. That is the point.

MR. DEPUTY CHAIRMAN: That has nothing to do with nationalisation-

SHRI B. GUPTA: Well, Sir, if you think you are in a hurry, by all means pass this Bill.

MR. DEPUTY CHAIRMAN: Is the hon. Minister accepting the amendment?

SHRI RAJ BAHADUR: No. Sir. The point is clear. We have purposefully kept the provisions of this clause flexible enough. We have not defined the category. We have not specified the categories of persons from which

members will be drawn for appointment on this particular Corporation or any of these Corporations. We have left it flexible in accordance with the established conventions, as also in accordance with the provisions in similar Acts of nationalisation.

My hon. friend, Shri B. Gupta, has said that this assurance is not sufficient for the satisfaction of labour. Well, that assurance, I may make it clear, was not given at his request. It was an expression of will and an expression at the instance of the Minister himself and when he says that it should be put on the Statute, that means he wants to make the provision narrow enough and its implications restricted. If we want to restrict the sense of that provision, that flexibility will be lost. So I submit. Sir, that I cannot accept this amendment.

Sir, I would definitely have to say a word in regard to the remarks and observations he has made.....

MR. DEPUTY CHAIRMAN: It is not necessary to do so.

SHRI RAJ BAHADUR: I would, Sir, 'simply say that his praise for labour is only a siren-song for labour who should be aware of it.

MR. DEPUTY CHAIRMAN: The question is:

"That at page 2, after line 34, the following new clause be inserted, namely:

'(c) at least one of the members so appointed shall be the elected representative of the employees.'"

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

"That at page 2. lines 36-37, for the words 'that person will have no such financial or other interest' the wordy "that person neither has

nor will have any such financial or other interest' be substituted."

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

That clause 4 stand part of the Bill."

The motion was adopted.

Clause 4 was added to the Bill.

MR. DEPUTY CHAIRMAN: Motion moved:

"That clause 5 stand part of the Bill."

SHRI B. GUPTA: Sir, I move:

"That at page 3, line 16, for the words the period specified in the order of appointment' the words 'a period not exceeding three years' be substituted."

"That at page 3, line 23, after the word 'otherwise' the words 'subject to the maximum of rupees one thousand' be inserted."

"That at page 3, lines 24-27, the words beginning with 'and to the Chairman' and ending with 'as it may similarly determine' be deleted."

MR. DEPUTY CHAIRMAN: Amendments moved:

"That at page 3, line 16, for the words 'the period specified in the order of appointment' the words 'a period not exceeding three years' be substituted."

"That at page 3. line 23, after the word 'otherwise' the words 'subject to the maximum of rupees one thousand' be inserted."

"That at page 3. lines 24-27, the words beginning with 'and to the Chairman' and ending with 'as it may similarly determine' be deleted."

[Mr. Deputy Chairman.] The clause and the amendments are now open for discussion.

SHRI B. GUPTA: Sir, the first amendment is moved with a view to restricting the tenure of the Chairman, and in the amendment we have suggested three years, instead of its being for an indefinite period or for any period according to the pleasure of somebody else.

The second amendment relates to the salary and other allowances of the Chairman. We have suggested that the Chairman should not get more than Rs. 1,000. The third amendment is only consequential. We have to take away all discretion in the matter.

I know, Sir, that arguments will not very much count with hon. Members on the other side. You say that you are having an experiment. I take him at what he says. Let us see the results of the experiment during a period of three years and then determine whether a certain individual or a certain type of individual should be placed in such a position. Sir, three years is a sufficiently good period for experimentation, and after seeing the results of such experimentation, we will be in a position to revise our opinion or at least to find out whether any revision is called for. Therefore we feel that the period should be limited in this case.

The next amendment relates to the Chairman's salaries and allowances. It may be said that if a man like Mr. J. R. D. Tata is good, what does it matter if he is paid Rs. 1,000 or Rs. 2,000. but we do not envisage that for all time to come Mr. J. R. D. Tata will be there or the country will allow you to put men like him there. I think if Mr. J. R. D. Tata is there over a number of years, the country will have known by that time that such people should not be placed in such positions of responsibility, which concern public utility and public interest. We have heard the speeches

of some Members there eulogising the great qualifications of such persons. When their qualifications are so much eulogised, maybe the allowance will also be increased, even though Mr. J. R. D. Tata and men like him do not require, or are not in need of extra funds from the Government of India. We are on principle against it. The aim should be that these posts are manned by people who have got real patriotism and would be able to serve the country on salaries which are reasonable. I would not remind them of the Karachi Resolution, which they have forgotten. I would not remind them of their past pledges, for they have got into the habit of appointing high salaried people getting Rs. 3,000 or Rs. 4,000 by way of allowances. We have got in Bengal certain people who decorate certain positions of that sort. They had retired from their positions and after that they have been taken in as Advisers, Directors General and what—not at allowances of three or four thousand rupees. Not that they require any money, for they have made enough already, but it has become the habit of this Government to pay as much as they can when it comes to a question of their friends. It may be mutual; it may be a question of mutual morality, I can quite understand it, but we who have not been participating in this partnership are not interested in this kind of morality. This kind of morality may be all right in their cases but in the case of the people it has got to be abandoned. I hope that the hon. Minister who looks very modest, and much more so when he smiles, will accept the suggestion that the Chairman of the Board should not be given more than Rs. 1,000. By itself it will be not a test of patriotism but it will put some check on wastefulness of public funds. About the other amendment, I need not say anything, because if you fix the salary, then no discretion is left in the matter. I think the Chairman should not be left with any discretion in the matter. After all, he is also a man of the same breed and may feel like

spending a lot of money. People who are accustomed to spending a lot of money on horse races will not hesitate to spend a little more on high salaried people. Therefore, I would submit that these amendments, very reasonable amendments, should be acceptable even by capitalist standards and certainly by the standards of those people who profess to be Gandhian.

SHRI RAJ BAHADUR: Sir, we do not accept any of these amendments, because the provisions of the Bill are quite clear. We have left these things flexible so that they may be determined in due course according to the exigencies of the time and occasion. The whole argument of the hon. Member is a string of insinuations which I refute and repudiate.

MR. DEPUTY CHAIRMAN: The question is:

"That at page 3, line 16, for the words 'the period specified in the order of appointment' the words 'a period not exceeding three years' be substituted."

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

"That at page 3, line 23, after the word 'otherwise' the words 'subject to the maximum of rupees one thousand' be inserted."

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

"That at page 3, lines 24-27, the words beginning with 'and to the Chairman' and ending with 'as it may similarly determine,' be deleted.

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 5 stand part of the Bill."

The motion was adopted.

Clause 5 was added to the Bill.

Clause 6 was added to the Bill.

MR. DEPUTY CHAIRMAN: Motion moved:

"That clause 7 stand part of the Bill."

SHRI B. GUPTA: Sir, I move:

"That at page 4, after line 27, the following proviso be inserted, namely:—

'Provided that before the improvement of the types of aircraft used in air transport services are undertaken, care should be taken to see that all the existing aircraft available in the country are put to maximum use.'

MR. DEPUTY CHAIRMAN: The amendment and the clause are now open for discussion.

SHRI B. V. KAKKILAYA: Sir, the Air Transport Enquiry Committee report has itself admitted that large stocks of equipments are accumulated. I will just quote one sentence from that. It says:

"It is clear that what actually happened was that with the spirit of intense rivalry then, (that is, immediately after the war) afoot and in its anxiety to secure as many licences as possible, each company set about equipping itself to the extent its financial resources would allow. The situation was facilitated in this regard by easy availability from disposal stocks of Dakota Aircraft at cheap prices."

Again they say:

"One important consequence of this sort of scramble was that there was no proper planning by the

[Shri B. V. Kakkilaya.] operating companies. Because of the intensity of competition to obtain route licences, those who got themselves equipped first seem to have thought that they stood the greatest chance of acquiring a licence. Thus the capital resources of the companies were drained and they were also burdened with heavy current expenses even before their applications for licences were heard."

Here it is said in the Bill that the Corporation would take steps to improve aircraft and equipment. That will be one of the functions of the Corporation. Before going to improve the type of aircraft and before going to acquire new equipment and machinery, we must make sure that what we have at present at our disposal are put to the maximum use. The Enquiry Committee also says that utilisation of these aircraft and equipment in our country is very low. The dakotas are used even for less than 1,000 hours. Because of the low utilization of these craft, the cost per hour of flight becomes very high. So it is necessary even for economising the current running expenses that we utilize the existing aircraft and equipment to the maximum extent possible. In other countries the dakotas and other planes are used for nearly 2,000 hours per year. That is what we understand from various reports that we read in this connection. These dakotas which we have, have been used for 12,000 to 12,500 hours so far, whereas these dakotas can be used for 40,000 to 50,000 hours. Unless we fully utilize these aircraft and other equipment it will be criminal on our part to go in for new equipment and craft especially when we have to depend upon foreign monopoly concerns for the supply of aircraft and spare parts. That is why I propose this amendment and I request the hon. Minister to kindly accept this.

SHRI RAJ BAHADUR: Of course we are also inspired by the desire to

ensure maximum utilization of the existing fleet of dakotas. There can be no two opinions about that but at the same time one of the essential functions of the Corporation will be to try to put new types and better types into operation as soon as possible and that both these functions will go together. To say that this function should not be exercised before the other thing is done, will reduce the argument to absurdity. We cannot therefore accept the amendment.

MR. DEPUTY CHAIRMAN: The question is:

"That at page 4, after line 27, the following proviso be inserted, namely:

'Provided that before the improvement of the types of aircraft used in air transport services are undertaken, care should be taken to see that all the existing aircraft available in the country are put to maximum use.'

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 7 stand part of the Bill."

The motion was adopted.

Clause 7 was added to the Bill.

Clauses 8 to 15 were added to the Bill.

MR. DEPUTY CHAIRMAN: Motion moved:

"That clause 16 stand part of the Bill."

SHRI B. RATH: Sir I move:

"That at page 7, line 1, after the word 'appoint' the words 'but not later than the first day of June, 1953' be inserted."

MR. DEPUTY CHAIRMAN: Amendment moved:

"That at page 7, line 1, after the word 'appoint' the words 'but not later than the first day of June, 1953' be inserted."

The clause as well as the amendment are open for discussion.

SHRI B. RATH: Sir, the purpose of the amendment is to get a positive answer from the Government as to whether they are taking over the industries by the date which they have announced, because the way the Government is moving and the way the hon. Minister has adopted for replying leads me to the one conclusion that except about one thing i.e., as to who should be the Chairman of the International Corporation—everything has been left vague. As such there might be delay. I submit and I draw the attention of the Minister to a few facts. Taking advantage of the present situation the Himalayan Aviation Company is transferring its planes and some other assets to Kathmandu

SHRI RAJ BAHADUR: They cannot.

SHRI B. RATH: They are doing it.

SHRI RAJ BAHADUR: They can't do it.

SHRI B. RATH: Again the Bharat Airways is also bringing in certain machinery and other things which they have not been able to use in the other companies for which they purchased them and they are including them in the assets of this Airways, so that they may get the compensation paid because the machinery that are there are not being used and there is also manipulation of spares and other things. So I submit that this should be quickly decided and I wanted to know whether Government is going to take it up by the date they have announced.

SHRI RAJ BAHADUR: There is nothing here that is vague. As a matter of fact it is a confession on the part of the hon. Member who has tabled

the amendment that he has not been able to elicit Government secrets. The Government is on the move regarding the setting up of the Corporations and making other necessary arrangements. Of course we cannot give a firm date when we can take it over. We cannot therefore accept the amendment proposed.

SHRI B. RATH: You have already announced.

SHRI RAJ BAHADUR: That shall be announced in due course.

SHRI B. RATH: I would like to withdraw my amendment.

The amendment was, by leave, withdrawn.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 16 stand part of the Bill."

The motion was adopted.

Clause 16 was added to the Bill.

Clauses 17 to 19 were added to the Bill.

MR. DEPUTY CHAIRMAN: Motion moved:

"That clause 20 stand part of the Bill."

SHRI B. RATH: Sir, I move:

"That at page 8, line 41, after the word 'Corporation' the words 'after the due concurrence of organised labour' be inserted."

MR. DEPUTY CHAIRMAN: Amendment moved:

"That at page 8, line 41, after the word 'Corporation' the words 'after the due concurrence of organised labour' be inserted."

[Mr. Deputy Chairman.] Clause 20 and the amendment are open for discussion.

SHRI B. RATH: Sir, I want to bring some specific instances to your notice. Taking advantage *cf* the position and clause 20 in the Bill, the Airways India has discharged 43 employees very shortly and

MR. DEPUTY CHAIRMAN: You mean recently?

SHRI B. RATH: Recently means in the month of May itself. What is going to happen to these present employees because as the clause stands now those employees who were in service on the first day of July 1952 and in service on the day.....

SHRI RAJ BAHADUR: How is the remark of the hon. Member germane to the subject matter of the amendment?

SHRI B. RATH: Because you say that the terms and conditions of service will continue to be as before till the Government modifies it. If you want, I will read that sub-clause.

I will invite the kind attention of the hon. Minister to sub-clause (1) before he challenges the propriety of the statement which I have made, though it may be inconvenient for him to refer to it in this connection. It, however, leads me to presume that the hon. Minister has entered into a conspiracy with this company to support this discharging of hands so that the matter may not be taken up. Otherwise

MR. DEPUTY CHAIRMAN: Mr. Rath, you should not make any such remarks. It is not right that the hon. Member should do it.

SHRI RAJ BAHADUR: I can only say that the hon. Member's imagination has got the better of his devotion to truth.

SHRI B. RATH: And now about other things. If there is any suggestion

made by organised labour why should it not be accepted. Let not the hon. Minister run away with the statement that there should not be any outsiders as leaders of organised labour, that there should be only workers as the leaders of organised labour and all that. We all know that in the air transport industry there is organised labour and the leadership there is all recruited from among the actual workers in that industry. There is no outsider there. Therefore if there is any specific suggestion made by those leaders, he should accept that suggestion and carry the members of his party with him in that. The hon. Minister spoke so much about the workers in this industry. Why should he not take important decisions after due consultation and concurrence with the leaders of this organised labour? The hon. Minister has paid eulogies to the workers in the air transport industry. Why not then have confidence in the unions that they have formed and settle issues with them? He has said that they are reasonable, they are so good, so able and all that. Why should he not take them into his confidence before making important decisions about the workers in this industry, after getting their concurrence? That is what my amendment here seeks to do. If the hon. Minister is so much for organised labour and the leaders there, who are from among the workers, let him accept my amendment.

SHRI RAJ BAHADUR: Sir, I oppose the amendment.

MR. DEPUTY CHAIRMAN: The question is:

"That at page 8, line 41, after the word 'Corporation' the words 'after the due concurrence of organised labour' be inserted."

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 20 stand part of the Bill."

The motion was adopted.

Clause 20 was added to the Bill.

Clauses 21 to 26 were added to the Bill.

MR. DEPUTY CHAIRMAN: Motion moved:

"That clause 27 stand part of the Bill."

There is one amendment, amendment No. 9.

SHRI B. GUPTA: Sir, I move:

"That at page 13, line 18 for the words 'three-and-a-half per cent.' the words 'one-half per cent.' be substituted."

Sir, this amendment relates to compensation and to the rate of interest or whatever it is, that is to be paid *on* the bonds that will be issued. Sir, many points have been made about this subject of compensation and it has been contended not only by Members from this side of the House but also by hon. Members from the other side of the House that the compensation has been measured in a manner which would not only create a bad precedent but would also cause a heavy drain on our public exchequer. The hon. Shri Pattabiraman made certain suggestions and he attacked the rules of compensation. The hon. Minister, his party leader, was rather hard on him and thought the hon. Shri Pattabiraman had found himself in some other company. I do not know which company he had in mind.

SHRI GOVINDA REDDY: It is obvious

SHRI B. GUPTA: But then the hon. Shri Pattabiraman is a very honourable man and the hon. Minister should also remember that he keeps very honourable company and that is the company of the Congress party: but that company is probably becoming rather uncongenial to him. That is what has happened in the other House

where you find Shri Balakrishna Sharma and here you find another— Shri Pattabiraman— expressing their note of dissent.

SHRI T. S. PATTABIRAMAN (Madras) : I did not oppose it.

SHRI B. GUPTA: Anyway, Sir, that only means that that company is in a state of disorder.

SHRI K. S. HEGDE: (*Interruption*).

1 P.M.

SHRI B. GUPTA: But apart from whether you like it or not, what Mr. Pattabiraman said about compensation was true. It is no use trotting out arithmetical calculations to justify the scales of compensation proposed. The procession of scandals that we already experienced will cause apprehensions. It is not a question of scandal only. It is something else also. Here we are granting interest at

SHRI RAJ BAHADUR: What has the rate of interest to do with scandals?

SHRI B. GUPTA: The hon. Deputy Minister is rather impatient and

MR. DEPUTY CHAIRMAN: Mr. Gupta, your amendment is about percentages. It has nothing to do with scandals. You have not tabled any amendment about scandals. Please confine yourself to your amendment.

SHRI B. RATH: Paying 3J per cent, interest is certainly scandalous.

SHRI B. GUPTA: I am coming to percentages, Sir. This rate of 3£ per cent, interest constitutes a hundred per cent. scandal. And that is what I am dealing with. My amendment suggests 1J per cent.....

MR. DEPUTY CHAIRMAN: One-and-! a-half per cent.?

SHRI B. GUPTA: Please do not give so much money as compensation. An industry which is supposed to be nationalised should not be treated as a source of profit for the private capita-

[Shri B. Gupta.] lists. After all the gentlemen of **the** capitalist class who have been engaged in this particular industry were not running it with much credit. Mention was made about a particular concern—the Air India International—that it made some profit. But in other respects they have made a mess of the situation and it was forced to go to Government to get subsidies and all that, and even then it could not put up a very good and honourable show. You are taking a bank in liquidation and when you do that, you do not try to recompense the capitalist class, because they have failed in certain matters. Now, it is no wonder that Mr. J. R. D. Tata and people like him speak eloquently about nationalising this industry. The hon. Member Shri Parikh also was a very staunch advocate of nationalisation of this industry. I do not know how he would talk if the nationalisation came to his textile mills. But I will not go to that part of the story.

I know this nationalisation is thought of by the capitalist class as a device—at least by those of them who have got foresight—as a means of making a little money and it has been considered as a kind of rear-guard action on the part of certain capitalists at the **top**. The hon. Minister in charge of Communications must have been in close communion with the capitalist class and he must have got very great inspiration from that class. But on account of that inspiration. I do not think it will be fair for him to expect the country to pay 34 per cent, for any length of time. Since you are not going to change that rate of compensation, I request you to make it a little less, even then these capitalists would be happy, they would thank you, because they would be getting something at least which otherwise they would not get. He asked what is nationalisation? This probably is nationalisation of *one* type. There are many types. There are other ways where you take away.....

MR. DEPUTY CHAIRMAN: Mr. Gupta we have only ten more minutes.

SHRI B. GUPTA: Yes, Sir, time is short. There is not much time. We run short of time in everything.

AN HON. MEMBER: Has this anything to do with the rate of interest?

SHRI B. GUPTA: Sir, there are other ways of effecting nationalisation. This can be done without giving anything to the capitalist class. But as far as the medium and small shareholders are concerned, I am, in the present context of things in India, for giving them some compensation—fair compensation—and I do not want to deny them that compensation.

AN HON. MEMBER: So good of you.

SHRI B. GUPTA: But so far as the millionaires at the top are concerned, these few people who have the grip on these companies, in preferential shares and debentures, say, Rs. 30 lakhs, such gentlemen can do without such compensation being paid to them. They have other means of exploitation and these will still be left to them as long as the hon. Minister who is inspired by that class sits on the opposite bench. Therefore, I think he should try to nationalise this industry in a manner which will at least serve the interests of the people to a little extent. To give such heavy compensation to these capitalists who are in a sinking boat today does not also speak of the *bona fides* of these people who claim to be the protagonists of nationalisation.

Somebody called it socialism **and** things like that. I think he will require a little more time to understand what socialism is. I will leave him at that but I ask the friend of the capitalist to see that this amount is reduced to 1J per cent, and this is not a small sum for those multi-millionaires. If they can get this money, they will thank you, maybe not so much as they will otherwise.

SHRI RAJ BAHADUR: My hon. friend has spoken nothing about the rate of interest. He has waxed eloquent on certain other subjects. Perhaps he is trying to say a few words and trying

to clear up certain points of view of his own. So far as this rate of interest is concerned, we have fixed it on the level of the rate allowed by the Reserve Bank of India. As is well known, Sir, compensation will be assessed and it will be a sort of loan from the ordinary shareholders to the Corporation and it should naturally bear interest at a fair and reasonable rate

SHRI B. GUPTA: Why 3½ per cent.?

MR. DEPUTY CHAIRMAN: The question is:

"That at page 13, line 18 for the words 'three-and-a-half per cent.' the words 'one-half per cent.' be substituted."

The motion was negatived.

SHRI B. GUPTA: That is a foregone conclusion."

MR. DEPUTY CHAIRMAN: The question is:

"That clause 27 stand part of the Bill."

The motion was adopted.

Clause 27 was added to the Bill.

Clause 28 was added to the Bill.

MR. DEPUTY CHAIRMAN: Motion moved:

"That clause 29 stand part of the Bill."

There is one amendment. Are you moving?

SHRI B. GUPTA: I don't think.

MR. DEPUTY CHAIRMAN: You are moving your amendment?

SHRI C. G. K. REDDY: He is not moving his amendment.

Clause 29 was added to the Bill.

Clauses 30 to 42 were added to the Bill.

MR. DEPUTY CHAIRMAN: Motion moved:

"That clause 43 stand part of the Bill."

There is an amendment. Are you moving it?

SHRI RAJ BAHADUR: No. not necessary.

SHRI B. GUPTA: Yes. I move:

"That at page 18, after line 35, the following proviso be inserted, namely:

—

'Provided that no such rule or rules shall operate in the case of any trade dispute;'"

MR. DEPUTY CHAIRMAN: Amendment moved:

"That at page 18, after line 35, the following proviso be inserted, namely: —

'Provided that no such rule or rules shall operate in the case of any trade dispute;'"

The amendment and the clause are open for discussion. No argument? Shall I put the amendment to the vote of the House? You are going to make a speech?

SHRI B. GUPTA: Yes. Sir. a very short one. only to stress the point.

There are certain rule making provisions and. all that I want to say is that no rules so made shall operate in the case of a trade dispute. Now, Sir, there may be certain cases of trade dispute when such rules should not be applicable; otherwise, these rules will be utilised to penalise the workers, to prevent trade dispute and for persecuting the working classes and the employees. Now. it is understandable that in a concern like this there should be certain rules, and rule making power is more or less implicit in the matter but, at the same time, care

[Shri B. Gupta.] should be taken to ensure that rules are not applied with a view to jeopardising the interest of the working class and of the employees or for curtailing in any manner the rights that belong to them. Now, it is the normal practice *m* almost all decently nationalised industries that the employees are not affected by such laws and sub-laws when it is a question of trade dispute. Now, the hon. Minister spoke very well about the worker* and their interests and he is sorry, after having made a false discovery, that the trade union movement is not manned by the workers themselves. I do not know where he made that discovery from; anyway, Sir, we leave it to the employees themselves and the concern to judge whether it is a dispute or not. It could not be outsiders' affair. If there is a trade dispute, it presupposes that some dispute and conflict has arisen between the management on the one hand and the employees on the other. In such cases the rules made by Committees which are filled with people of the management and of the representatives of Government or their nominees or their favourites

SHRI K. S. HEGDE: It is not the Committee but the Government which makes these rules.

MR. DEPUTY CHAIRMAN: Please don't disturb him.

SHRI B. GUPTA: Time is short.

It relates to the fundamental rights of the employees and the working classes. Therefore, in all fairness, if any fairness is still left, these things should be accepted.

SHRI RAJ BAHADUR: It is not necessary. We do not accept it.

MR. DEPUTY CHAIRMAN: He is not accepting it. Shall I put it to the vote?

SHRI B. GUPTA: Well, I have to put it on record.

MR. DEPUTY CHAIRMAN: The question is:

"That at page 18, after line 35, the following proviso be inserted, namely: —

'Provided that no such rule or rules shall operate in the case of any trade dispute;'"

The motion was negatived.

MR. DEPUTY CHAIRMAN: The question is:

"That clause 43 stand part of the Bill."

The motion was adopted.

Clause 43 was added to the Bill.

Clause 44 was added to the Bill.

MR. DEPUTY CHAIRMAN: Motion moved:

"That the Schedule stand part of the Bill."

There are amendments. Are you moving them?

SHRI B. RATH: Yes, Sir.

I move:

"That at page 20, lines 42-43, for the words and figures 'reduced in each case by 20 per cent, of such cost of purchase' the words and figures 'reduced in each case by (i) 60 per cent, of such cost of purchase in respect of stores and spares existing in the books of the company prior to the 1st day of July, 1952 and (ii) 30 per cent, of such cost of purchase in respect of stores and spares purchased subsequent to the 1st day of July, 1952, up to the appointed date' be substituted."

"That at page 20, for lines 44-45, the following be substituted, namely: —

'Provided that in cases of stores and spare parts pertaining to Constellation and Skymaster aircraft, the reduction shall be by 30 per cent, in case of purchases made

prior to the 1st day of July, 1952 and 10 per cent, in case of purchases made after the 1st day of July, 1952."

"That at page 21, line 3, for the words 'not exceeding half the words 'not exceeding 20 per cent, of be substituted."

"That at page 22, lines 1-20 be deleted."

"That at pages 22-23, for parts (i) and (ii) of Explanation A to Paragraph II of the Schedule, the following be substituted, namely: —

'(i) in respect of each air-frame, depreciation shall be calculated at 18 per cent, of actual cost per annum for Constellation and Sky-master aircraft and 20 per cent, of actual cost per annum for other aircraft, from the date on which the aircraft concerned was first used in revenue operations by the company till the 31st day of December, 1952;

(ii) in respect of power plants, the depreciation shall be calculated at 24 per cent, of actual cost per annum for Constellation and Skymaster aircraft and at 28 per cent, of actual cost per annum for other aircraft from the date on which the power plant concerned was first used in revenue operations by the company till the 31st December, 1952."

"That at page 23, lines 8-9, the words 'but excluding initial or other special depreciation' be deleted.

"That at page 23, line 14, for the words '10 per cent, per annum' the words '20 per cent, per annum' be substituted."

MR. DEPUTY CHAIRMAN: Amend-
ments moved:

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"That at page 20, lines 42-43, for the words and figures 'reduced in each case by 20 per cent, of such cost of purchase' the words and figures 'reduced in each case by (i) 60 per cent, of such cost of purchase in respect of stores and spares existing in the books of the company prior to the 1st day of July, 1952 and (ii) 30 per cent, of such cost of purchase in respect of stores and spares purchased subsequent to the 1st day of July, 1952, up to the appointed date' be substituted."

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"That at page 21, line 3, for the words 'not exceeding half the words 'not exceeding 20 per cent, of be substituted."

"That at page 22, lines 1-20 be deleted."

"That at pages 22-23, for parts (i) and (ii) of Explanation A to Paragraph II of the Schedule, the following be substituted, namely: —

'(i) in respect of each air-frame, depreciation shall be calculated at 18 per cent, of actual cost per annum for Constellation and Skymaster aircraft and 20 per cent, of actual cost per annum for other aircraft, from the date on which the aircraft concerned was first used in revenue operations by the company till the 31st day of December, 1952;

[Mr. Deputy Chairman.]

(ii) in respect of power plants, the depreciation shall be calculated at 24 per cent, of actual cost per annum for Constellation and Skymaster aircraft and at 28 per cent, of actual cost per annum for other aircraft from the date on which the power plant concerned was first used in revenue operations by the company till the 31st December, 1952."

"That at page 23, lines 8-9, the words 'but excluding initial or other special depreciation' be deleted.

"That at page 23, line 14, for the words '10 per cent, per annum' the words '20 per cent, per annum' be substituted."

The Schedule and the amendments are open for discussion.

SHRI C. G. K. REDDY: Could we have some more time in the afternoon, Sir?

SHRI B. RATH: If we can have some more time in the afternoon, it will be good.

MR. DEPUTY CHAIRMAN: If the House is prepared to sit at 4-30 P.M. we can take up some more time.

SHRI B. RATH: We have no objection.

SHRI C. G. K. REDDY: A little adjustment can be made.

SHRI JAGJIVAN RAM: All the points that will be discussed, have been discussed already.

SHRI B. RATH: No, I have some points to say about the intangible assets.

MR. DEPUTY CHAIRMAN: Go on; we will finish all the clauses.

SHRI B. RATH: Now?

SHRI C. G. K. REDDY: Could we have some more time?

MR. DEPUTY CHAIRMAN: If the House is prepared to sit at 4-30 P.M.

SHRI B. RATH: As far as we are concerned, we are prepared.

MR. DEPUTY CHAIRMAN: We can sit at 4-30 P.M. Please begin.

SHRI JAGJIVAN RAM: Let us finish the Schedule now. We can have the Third reading then.

SHRI B. RATH: We cannot finish the Schedule now. If you agree to give us chance in the afternoon.....

MR. DEPUTY CHAIRMAN: What do you want to talk on?

SHRI B. RATH: This is one of the most important things.

MR. DEPUTY CHAIRMAN: Yes, everything is important.

SHRI JAGJIVAN RAM: Let him proceed with the speech.

MR. DEPUTY CHAIRMAN: You can take five minutes more now.

SHRI B. RATH: Now, Sir, some provision has been made here and the amendments fall into two parts. The amendment in certain cases modifies the percentage that is being allowed with respect to the spares and also in the explanation certain percentages are being modified. But, there are certain other points which have to be taken into consideration here. Sir, we find that a sum of Rs. 10,000 is going to be given to the companies for the so-called intangible assets. After giving all possible compensation on all possible heads as tangible assets, Government has not been able to discover as yet what the intangible assets of the companies are. But, Sir, I may make some guesses about these intangible assets from the comments that appeared in 'Commerce' of last month, sometimes in the first week. This journal which

speaks for the companies said that the amount granted is very low and according to it the goodwill of the companies are such that more money should have been provided to cover the goodwill that the Government is purchasing. Sir, I feel that the intangible assets of the companies perhaps include these goodwills or badwills because all the companies are heavily losing concerns and, as such, I feel except for Air-India International, no company has made profit. And every year some of the companies could make profits because the Government gave substantial aid to these companies. I need not go into the history of Air-India International and how it earned its profits. But the whole point is what is the 'intangible asset' and what will come under it. What are the considerations for which this provision for intangible assets has been made in the Schedule that is before us? The Government does not give us any idea about the intangible assets for which the compensation is being paid. If goodwill is one of the considerations then, I may say that none of the companies have any goodwill whatsoever.

MR. DEPUTY CHAIRMAN: Mr. Rath, if you have not finished you may continue in the afternoon. The House stands adjourned till 4-30 this afternoon.

The Council then adjourned till half past four of the clock in the afternoon.

The Council reassembled at half past four of the clock, MR. DEPUTY CHAIRMAN in the Chair.

SHRI B. RATH: While I was speaking I was dealing with the intangible assets and the compensation that is going to be paid is about Rs. 10,000 maximum. I would like to know for what purpose it is being given. Now, Sir, I want these compensation rates to be amended as suggested here mainly because not only that it cannot by any stretch of imagination, be considered

equitable but also because of the behaviour of the companies to whom we are going to pay compensation. Earlier I had drawn the attention while amendment to clause 20 was being moved to the question of retrenchment in the companies who are taking advantage of the situation. I do not know what is happening behind the scene. Just now ten minutes back I received another wire which says: "Kalinga management victimising pre-July 1952 employees. Pray intervene." Sir, this is the type of companies about whom the hon. Minister was so eloquent. These gentlemen, taking advantage of the present situation have decided—perhaps to serve whom I cannot say—to even retrench persons who were employed by them before July 1952. I would like the hon. Minister to state here categorically as to why all this is happening, whether he knows anything about it and whether he was consulted before these steps were taken by the company. It is a case of retrenchment that is being done in order to avoid certain consequences that will follow afterwards when these Companies are taken over. When the companies are playing this hoax on the workers, what do we find here? Our hon. Minister is trying to find out all possible ways of paying compensation to the companies in the name of justice and equity. Sir, there is a new sub-clause added, at whose instance I cannot say, in this Bill by the Select Committee. The Select Committee added this sub-clause (b). In the Note we find sub-clauses (a) and (b) and this sub-clause (b) has been added in order to pay certain compensation. This addition says that if a certain part can become serviceable by adding such new parts which will cost about 50 per cent, of the total cost of the new part, then compensation will be paid on that at the rate of 80 per cent, in the case of Dakotas and Vikings and 90 per cent, in the case of Skymasters and Constellations. Sir, this new addition takes in such parts which have already been considered as scraps by the companies themselves. Here is a circular issued by the Sxecu-

[Shri B. Rath.] tive Assistant of the Managing Director of the Air India Ltd. dealing with obsolescence rate of aircraft spares and stores. In it in para. 3 he says: "As a matter of general policy also it should be understood that where reworking of an item or a component involves the purchase of additional spares, a. for example, cylinders which are worn out but which require the purchase of outside piston or piston rings, etc. and where there is a number of similar new serviceable items in stock in excess of normal requirements of 1955, the procedure should be not to undertake such rework but to sciap for salvage purposes such items and/or components." Now, Sir, the circular means two things. They consider that these extra spares which will not be used before 1955 should be taken out. Secondly, such parts to which if new parts are added, will become serviceable, they want to treat them as scrap and for scrap here is prescribed one per cent, compensation. But here we find that if by addition of certain parts they can become serviceable then they will be entitled to a compensation of 80 per cent, in the case of spares of Dakotas and Vikings and 90 per cent, in the case of Constellations and Sky-masters. So the parts which the company itself considers as scrap are being brought in order to be given more compensation. Is this justice and fair-play? That is why our friend who represents that particular class of people who live and try to live on ihe exploitation of the masses of the people is keeping quiet. Not only that, out he is trying to defend the Minister whenever necessary. That is why my amendment wants to reduce this amount further. If addition of new parts can make a scrap serviceable you can give some amount: if not one per cent, you can give something more. You can give 25 per cent.

Now, while Mr. Reddy talked about the carburettors, the lion. Minister, while replying tried to give an explanation that work-hour is not the cri-

terion for consideration whether a part is serviceable or not. Now, Sir, whether a part has tolerance value or not depends on two factors. One factor is the material with which it is prepared. How long can it stand resistance and secondly, as we know, all the parts of the aeroplane, the engine and the spares, are overhauled every year, whether they are in working order or not. Every part has a particular power to-work without overhauling. So, Sir,, the hour factor comes in. As for example, we know that crank shafts have a broad working hour unit of 20,000 thous. Now if we remove it after 10,000 thous or 15,000 thous working, it is still serviceable. It is not obsolete. It can work if used again. But whether its value has depreciated or not has to be considered. But our hon. Minister wants to forget this factor and to bring in another one just to evade the real issue and to find an excuse to pay more compensation. That: is why I submit that even if the **hon.** Minister is not prepared to accept the amendment that I have suggested, let him stop the consideration at this stage and let him have a committee of his side, with the association of such convenient members as Prof. Ranga. and examine the whole issue of compensation again, in the name of justice, equity, or whatever it is. and come to a correct decision. We feel very strongly that the compensation that is being: prescribed is much more than is due to them. I do not suggest a compensation of one pice. The hon. Minister tries to get out of the trouble he has been put to by giving more compensation, and that is how he tries to evade the issue and says that we prescribe one pice as compensation. Nobody is suggesting that. If you want to be fair and just, you must also be fair and just to the tax-payers from whose money you are going to p?.y compensation. This matter must be very closely scrutinised and then compensation should be paid.

SHRI C. G. K. REDDY: May I take a couple of minutes to say a few words

about compensation? In my speech during the consideration I had raised two issues: one was in regard to the spare parts which have been used for part of their lives, and the other issue was about cannibalization. So far as the first part is concerned, the hon. Minister was pleased to give a reply. But I should like to tell him, if I may, that evidently he has not been properly advised so far as this matter is concerned. For instance when the engine is overhauled at Hindustan Aircraft Workshop, that engine's life is prescribed in so many hours. As soon as that period is over it must go back to be checked up and again overhauled. So also in the case of many parts their life is fixed by hours, and in the case of some others it is based on their tolerance value. The hon. Minister really does not seem to have been properly advised by his department. This makes me a little more apprehensive as to how he will be able to take measures to check any dodging that there may be. When a specific issue is raised and the advice he has received is not proper, I am naturally apprehensive, in spite of the fact that he would like to take every possible measure to see that there is no dodging by the air companies. Because of bad advice, more money will have to be paid to the air companies.

Secondly, I should also like him—I do not want a reply from him—to get this matter of cannibalization examined. As I have indicated already, some engines are bought for a song and when they are dismantled some of their parts can be used in new modified engines, and the value of those parts, according to the market value, sometimes is 10 to 15 times more than the engine itself. To that, the argument may be that the air companies will have to produce vouchers and regular records before the amount can be paid. But I should like to impress on the hon. Minister that there are ways and means of producing vouchers and records. After all, account-keeping is not an honest thing here as in every other

country, and if there is a slight loophole, there is always a tendency for the company or the business man to escape and try to manufacture records and accounts. So, let him not depend so much on the vouchers. Let him also go into this question as to whether during the process of cannibalization we shall be forced to pay something which we would never have paid on the basis of the Schedule.

SHRI JAGJIVAN RAM: I may again assure the House that I will take advantage of the suggestions made here, and I will try to take every possible precaution to see that unsuitable or unusable parts are not passed on to the Corporation as good ones. As I explained, usually the operators do not purchase spare engines for purposes of cannibalization. But it may be that in certain instances this may be happening. I cannot say categorically that it does not happen. But even in that case, the engines are dismantled and all parts are kept first in quarantine till such time as they are thoroughly inspected, tested and certified by a properly licensed engineer. They are then transferred to the bonded stores for use on aircraft. There is no possibility of these parts being put in bonded stores without proper inspection and certification. Here we may tighten the check and inspection by our own staff.

SHRI C. G. K. REDDY: If I may interrupt the hon. Minister. It will pass the test as serviceable. They are new parts. The engine is rather outmoded. The money paid is only Rs. 300 or 400 for the whole engine, but they may charge Rs. 5,000 for the gear itself.

SHRI JAGJIVAN RAM: I am covering that point also. Even though they are tested and found suitable to be passed on to the bonded stores, there will be the other experts, the accounts experts and the financial experts, who will be sent to check those things, to see what price was paid, where it was bought and so on, and to calculate

[Shri Jagjivan Ram.]

proportionately what will be the price of the parts in relation to the price paid for the whole engine. Of course we will take that into consideration. We will try to check it up in that way.

SHRI B. RATH: What about the re-trenchment that is going on now?

SHRI JAGJIVAN RAM: I think I have given a reply to that point. Perhaps my hon. friend has not listened to it.

MR. DEPUTY CHAIRMAN: The question is:

"That at page 20, lines 42-43, for the words and figures 'reduced in each case by 20 per cent, of such cost of purchase' the words and figures 'reduced in each case by (i) 60 per cent, of such cost of purchase in respect of stores and spares existing in the books of the company prior to the 1st day of July, 1952 and (ii) 30 per cent, of such cost of purchase in respect of stores and spares purchased subsequent to the 1st day of July, 1952, up to the appointed date' be substituted."

The motion was negatived.

SHRI B. RATH: Sir, in view of the short time that is available for consideration, I do not press the other amendments.

'Amendments Nos. 13 to 18 were by leave withdrawn.

MR. DEPUTY CHAIRMAN: The question is:

"That the Schedule stand part of the Bill."

The motion was adopted.

The Schedule was added to the Bill.

MR. DEPUTY CHAIRMAN: While passing the clauses, we have omitted one clause 28A. The question is:

"That clause 28A stand part of the Bill."

♦For text of amendments, *viae* columns 5908 and 5909.

The motion was adopted.

Clause 28A was added to the Bill.

Clause 1, the Title and the Enacting Formula were added to the Bill.

SHRI RAJ BAHADUR: Sir I move: "That

the Bill be passed."

MR. DEPUTY CHAIRMAN: Motion moved:

"That the Bill be passed."

SHRI B. GUPTA: Mr. Deputy Chairman, there has been much debate on the subject, and, therefore, it is not necessary to say anything much at this stage. If it comes to a choice between the existing state of civil aviation in India and the so-called nationalisation-under this Bill, undoubtedly we are in favour of the latter. But if enthusiasm, on our part was missing, there was every justification for it. In the first place, this is not nationalisation of any of the British industries which claim priority in the field of nationalisation, not only for saving the wealth of the country but also for giving us command in the public sector of our economy. In the second place, this is not one of the industries which can be nationalised in the public interest. Therefore, on that score, there is not much scope for enthusiasm. On the contrary, it is one of the very small industries in our country, and whatever may be its future possibilities, it was running at a loss at present and if the Government is taking it over, we are quite aware that they are doing so actuated by the interests of the capitalist class. It is surprising, Mr. Deputy Chairman, that the topmost capitalist elements in the country so pronouncedly opposed to every kind of control and direction of the industries by the Government have come forward to support the nationalisation in this case. (*Interruption*). Well, Sir, this is a nationalisation which transforms the multi-millionaire and millionaire debenture-holders and

preferential shareholders of the air lines into bond-holders. Such nationalisation has proved to be a failure in England and has paved the way for the reversion to private ownership. Now, Sir, the conversion of the nationalised industry into private industry under the Churchill regime is a pointer. Someone has said that when Mr. Winston Churchill is denationalising industry, we in our country have started nationalisation. Sir, I can understand there is a seeming contrast but the lesson from nationalisation and denationalisation has not been properly drawn from England. Now, if you nationalise in this manner, you are not really creating a situation where you have the command of economy in our country and curtail the power of the monopolists.

Fourthly, Sir, this *is* a nationalisation which does not put the industry into the hands of public control. We are a[^]are, Sir, that the Board is to be created and the Board will have certain powers. Assurances have been given that steps will be taken to make it a public body. But, Sir, the assurances are very short-lived just as the Ministers and Deputy Ministers happen to be short-lived. Law seems to be a little more lasting than the tenure of many of our hon. Ministers and Deputy Ministers. Therefore, Sir, in the final count, we find that instead of making over the administration of this industry to a body which will safeguard the interests of the people, of the travelling public, of the consumers, of the employees, of the workers, skilled and unskilled and engineers and pilots, the whole thing is being made over to the representatives of the millionaire class. Now, Sir, a theory has already been created that these are the people who are competent to manage these affairs and nobody else. In fact, the hon. Communications Minister spoke very highly about a certain gentleman. Sir, this theory of the captains of Industry is two centuries old and I think it has been so exploded that for the advancement of our industrial economy we need not look forward to the cap-

tains of industry who are bred in the millionaire class. We have to look forward to the workers, the toilers, the engineers, etc. I wish some attention was given to them and the enthusiasm on the part of the Government was great as far as these people were concerned. Therefore, again we do not have much hope in this matter. Now.

Sir, (*Time bell rings*.) Yes, Sir, I see the time.

MR. DEPUTY CHAIRMAN: You have to give the hon. Minister also a few minutes.

SHRI B. GUPTA: It is just five to five and I know that he will not answer. But if he says he will give an answer, then I will sit down at once.

So, Sir, there is no guarantee whatsoever that retrenchment will be stopped altogether. He has built up in advance the theory of surplus staff. Now we have been given an assurance, a kind of facile assurance, that the surplus staff will be absorbed somewhere else. Our experience tells us, and the fact itself is more telling than the assurances of the hon. Minister, that once a certain staff is declared successfully to be surplus, easy means are found to throw them into the streets. It has so happened with many Government Departments and it is, I am afraid, going to happen in this case too. I hope the hon. Minister had a little moral courage to stand up and say that not one worker, not one employee would be thrown out of employment? no matter what happens as a result of re-shuffling in the management of these concerns. But no such thing came from him. When he talked about the Tatas, he, was full of praise and enthusiasm and he spoke with full extravagance, but when it came to the worker, something sticks in his throat. And the retrenchment question was sought to be explained away in such a fashion that he did not offer any kind of assurance to anybody. Now, Sir, when we went home, we got telegrams that the workers sent to us saying that they were being retrenched. Now, I would ask the

[Shri B. Gupta.] hon. Minister, honourable as he is, to take immediate steps to live up to what he has said because the administrative policy of the Government in the economic field is not one which gives one much confidence and hope. Therefore, Sir, judge it from any angle. We are not raising the question of socialism or capitalism. Judge it from every angle and you will find that this is—I will repeat again—a gilt-edged nationalisation meant for the capitalist class. It promises no help for the country until and unless they change their mentality, mend their ways and set their foot on the right path, a path that is there, if only they will take to it.

MR. DEPUTY CHAIRMAN: The hon. Minister.

(Shri B. K. Mukerjee stood up.)

MR. DEPUTY CHAIRMAN: There is no time, Mr. Mukerjee. I have called upon the hon. Minister.

SHRI B. K. MUKERJEE (Uttar Pradesh): When he is going to reply, let me put my question also. Now this is the question. We are satisfied with the assurances given regarding the Corporation and the Council and the Advisory Committee. But I am afraid.....

MR. DEPUTY CHAIRMAN: Please put the question straight. Don't make a speech.

SHRI B. K. MUKERJEE: How am I then to explain it? The question is that we are not satisfied with the explanations given by the hon. Minister in this connection. That is the representation of **labour**

MR. DEPUTY CHAIRMAN: Mr. Mukerjee, you are making a speech. You wanted some information. Put your question straight; I will not allow any Member to make a speech.

SHRI B. K. MUKERJEE: I wanted to know whether he will give us an

assurance that whatever he has stated here regarding the workers' retrenchment and regarding the workers being associated in the Corporations and the Committees to be appointed under this Bill, will be honoured.

MR. DEPUTY CHAIRMAN: You must take him at his words.

SHRI RAJ BAHADUR: Sir, it remains my pleasant duty to thank all sections of the House for the expedition and enthusiasm that they have shown for this Bill to be gone through and also for the co-operation that has been extended by them. We know, Sir, that we are not impeccable nor are we immortal as suggested by one of the Members opposite. We propose to face this task in all humility. This is the first step, a very great step, a very great experiment and we hope that cooperation and goodwill will flow from all sides of the House. This is a national venture and we shall try to make a complete success, as best as we can. I thank the House once again.

MR. DEPUTY CHAIRMAN: The question is:

"That the Bill be passed." The motion was adopted.

SCARCITY CONDITIONS IN RAJASTHAN

MR. DEPUTY CHAIRMAN: Mr. Mathur to raise a discussion on the scarcity conditions in certain parts of Rajasthan and the aid given by the Central Government in this regard.

5 P.M.

SHRI H. C. MATHUR (Rajasthan): Mr. Deputy Chairman, I speak with great grief and sorrow. I speak with feelings of great disappointment. While I speak with deep feelings, I assure you that I will not permit myself to be carried away by any sentimental over-flow. I would also not forget to express my deep gratitude to **you** for