

year, I have asked the LIC that the first premium income must go back to, at least, rupees ten thousand crores. The field officers, the Development Officers had been enjoying large compensation packages. But the growth in the compensation packages is not reflected in the first premium income. Therefore, the LIC proposed a new incentive scheme after, I think, eight meetings with the Development Officers. Taking into account their suggestions, they have notified their scheme. We had a debate, I think, in the other House. The new incentive scheme is intended precisely to do what the hon. Member says, that is, to motivate the Development Officers to concentrate on the first premium income, which has come down—I am talking on the basis of my memory—from about Rs. 12,000 crores to about Rs. 7,000 crores. We have to take it back to, at least, Rs. 10,000 crores. So, the present scheme is one intended to motivate and reward the good performers and not to incentivise somebody who sits on his past performance and does not add new agents and does not bring new first premium income.

### **Expansion of Private Airlines Operations**

\*285. SHRIMATI S.G. INDIRA: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether it is a fact that Government have taken a decision to allow private airlines to expand their international operations to more destinations;

(b) if so, the details thereof;

(c) whether it is a fact that most of the countries have designated only one or two airlines to operate on international routes; and

(d) whether it is also a fact that the national carriers are capable to utilise under-utilised bilateral entitlements available to the Indian side?

THE MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL): (a) to (d) A statement is laid on the Table of the House.

*Statement*

(a) and (b) Government has presently permitted private airlines to operate to SAARC countries against unutilized entitlements of the Indian side subject to the provision for designation of multiple airlines in the respective Air Services Agreement. As regards allowing private airlines to operate to other countries, no final decision has been taken in this regard.

(c) There is no uniformity in this regard and some countries like USA, UK, China, Australia, Singapore, UAE etc. have designated airlines for operating on international routes.

(d) Operation of international air service by Air India and Indian Airlines is a matter of commercial judgement of the concerned airlines depending upon the fleet availability and traffic demand. They are utilizing most of the commercially viable rights that are available to them to the extent permitted by the availability of the aircraft and other resources.

SHRIMATI S.G. INDIRA: Sir, I would like to know from the hon. Minister whether the Indian Airlines and the Air India have approached the Government for acquisition of new fleets either through purchase or on lease to meet their demands on domestic and international routes in order to replace sixty-two aircraft, including leased aircraft, which are old and need to be replaced. Is the Government aware of this requisition? Has the Government given permission for the acquisition of new aircraft either on lease or through purchase?

SHRI PRAFUL PATEL: I would like to inform the hon. Member and the House also that the process of acquisition of aircraft for Indian Airlines and Air India is now underway. In fact, for the benefit of Members, we should all come to, at least, unanimity on one issue that how can Indian Airlines and Air India be successful carriers and be competitive in the domestic and international market place if they do not have aircraft. The last plane was bought when late Prime Minister, Shri Rajiv Gandhi, was there. After that, no aircraft has been bought by Indian Airlines. Therefore, now the process is underway. The process in Indian Airlines should be completed hopefully before 31st March, and Air India has also taken its Board decision and tenders have been issued. We should be getting these aircraft I hope; in the shortest possible time.

SHRIMATI S.G. INDIRA: I have gone through your answer. You have

mentioned in part (d) of the reply that the operation by Air India and Indian Airlines is a matter of commercial judgement. You have also mentioned that they are utilising most of the commercial viable rights that are available to them to the extent permitted by the availability of the aircraft and other resources. What steps are you going to take for new purchase? Most of the economically viable routes have been given to the private carriers, not to the Government airlines—Indian Airlines or Air India. What are you going to do, and what steps are you going to take to give permission to Government airlines to make them economically viable?

SHRI PRAFUL PATEL: Naturally, any commercial organisation would go and operate on routes where they would be able to make some money or, at least, break-even. For the information of hon. Members, I would like to mention that Air India and Indian Airlines do not get any financial support from the Government. They are companies which run on the basis of economic viability. Therefore, as far as routes are concerned, we do not decide for them as to which route they should fly. I am sure, you are talking about international routes. As far as domestic routes are concerned, we, of course, have some priorities. We like going to the North-East and some places where normal commercial operations are not viable. But besides that, it is left to their judgement. On the issue of aircraft, I would like to tell you that unless they get better fleet, modern fleet and more capacity... *(Interruptions)*....

SHRIMATI S.G. INDIRA: Will the Government come forward to help Government airlines so that they can compete with private agencies? *(Interruptions)*...

SHRI PRAFUL PATEL: That is exactly the objective ..... *(Interruptions)* .....

SHRIMATI S.G. INDIRA: You have mentioned that the Government is still not helping the Government airlines. How will the Government come forward to help the airlines?

SHRI PRAFUL PATEL: Unless and until they are given new aircraft, how will they get level-playing field? How will they become competitive? And to be able to perform their duties and to stay in the competition, it is absolutely a correct statement that you are making, and we share that sentiment.

SHRI VEDPRAKASH P. GOYAL: Sir, I appreciate the need for investing more money in India Airlines. What has been the experience of opening the domestic sector to the private airlines, which started at one and now there are several. Have we been able to compete with them in profit and loss terms? Will it help us to decide about the opening of the international routes for them? What has been the experience of the past?

SHRI PRAFUL PATEL Sir, one must admit that opening up the skies in the domestic sector to private airlines has only benefited the sector. I mean, the extent of growth of aviation in India could not have been achieved had it not been opening up this sector to private carriers. As a result, the entire sector has grown and we see more connectivity, more flights and, I think, the same logic and rationale should apply, in the years to come, for international sector also.

SHRI ANAND SHARMA. Well, the hon. Minister has given a detailed reply about the proposals to acquire more planes both for Indian Airlines and Air India, and also the stipulated deadline that by 31st March the process would be completed. Have specific proposals, after having been cleared by the Boards of Indian Airlines and Air India, gone to the Cabinet Committee on Economic Affairs? Has the availability of funds been ensured?

Secondly, I would like to draw the attention of the hon. Minister to part (c) and (d) of his reply. In Part (c), he has said that there is no uniformity in this regard when it comes to the Air Services Agreement; that countries like the U.K., the U.S.A., Singapore have more than one designated airline. I would like to know whether it is a fact that all these countries have, as a first preference, their designated national airline and Indian Airlines, though we support fully the operations of private airlines, but as national carriers of a country of 1.1 billion, have been surrendering those routes which are economically viable; and, whether the first priority would be given to these two airlines after the fleet acquisition and also the utilisation of routes under the new Air Services Agreement is being linked to the fleet acquisition plans.

SHRI PRAFUL PATEL: The hon. Member first wants to know what is the status of the Indian Airlines' acquisition plans. The PIB has been completed and since the tenders were called more than two years ago, it would be prudent to have a fresh round of price negotiations. That is the

stage at which it is. Once that is completed, it would go to the Cabinet Committee on Economic Affairs as you have rightly stated. That is the stated position. Same process would be undertaken for Air India. Of course, Air India is going for a fresh round of tendering.

Now, when it comes to Airlines of other countries operating into India and you are saying about national carriers, of Course, Air India and Indian Airlines would have the pride of place and the pre-eminence in all our future scheme of things. However, it would be fair to say that only to the national carriers of a country are designated by other countries to operate into India. Just to give you broad examples, the U.K. has designated British Airways, Virgin Atlantic, British Midland and many other low-cost carriers. Australia has designated four or five airlines. Same is the case with Singapore. 'So,' all countries would designate airlines according to what they think is best for them. So, there is no question of saying that there will be one or two or three airlines. It could be depending upon the needs of the country. We are a large country. We are geographically almost like a continent. We have six humanities living in this country. Why should we also not have more than one carrier or more than one or two stations in the country where airlines can operate.

DR. FAROOQ ABDULLAH: Thank you, Sir. I would like to ask the hon. Minister, through you, that now we are acquiring all these aircraft. I believe, we do not have commanders to pilot these aircraft. Is there any scheme that you have undertaken so that before the aircraft arrive, we do have the requisite number of pilots to fly them?

SHRI PRAFUL PATEL: Sir, it is a question which is different, however, I have the answer for that, fortunately, at this moment. Sir, during the last few years, since there was no acquisition, Air India and Indian Airlines were not in the process of recruiting more pilots or commanders. That process should have been a continuous process. But because there were no aircraft, what would those commanders be doing? But, now, since there is a large infusion of aircraft in fleets, initially through leasing and then through acquisition, we have started a programme where we are taking commanders. I mean, lot more pilots are being trained as commanders. In the interim, we have also asked the Air Force to be able to give us commander pilots so that we can put them on our commercial aircraft for few years before our own commanders are trained.