

Shri Subodh Hansda: May I know whether this proposal will be kept in abeyance for the duration of the emergency only and will be taken up later? If so, will the airport be designed to handle modern jet aircraft?

Shri Mohiuddin: I could not follow.

Mr. Speaker: He asks whether this is kept in abeyance only for the emergency period or for some other period.

Shri Mohiuddin: No, Sir, not for the emergency.

Shri A. V. Raghavan: Are Government aware of the difficulties experienced by civil airlines due to the merging of the military and civil airports at Palam?

Shri Mohiuddin: We are fully aware of it, and necessary steps are taken to see that there is minimum danger to military or civil aircraft.

Shri S. M. Banerjee: What are the schemes pending before Government for the expansion of the present aerodromes at Palam and Safdarjang in Delhi, and what is the amount sanctioned for it?

Shri Mohiuddin: The present scheme for Palam is that the construction of a terminal building is under consideration. Perhaps the hon. Member knows that only a year ago a new runway of about 9,000 feet was constructed.

Mr. Speaker: He wanted to know the amount sanctioned for it.

Shri Mohiuddin: No, Sir. That amount is not with me.

Dr. K. L. Rao: May I know whether it is not essential to have a separate airport for civilian needs and whether by keeping it in abeyance the technical difficulties can be overcome at all?

Shri Mohiuddin: For the time being that is exactly the thinking, that the technical difficulties should be overcome by communication system, radar and so on.

Purchases by Air India

*1090. **Dr. L. M. Singhvi:** Will the Minister of Transport and Communications be pleased to state:

(a) whether Air India pays any commissions on its purchases abroad to any firm;

(b) if so, the total commission paid during the last five years and whether anyone connected with Air India in any manner has also any interest in the firm receiving commissions; and

(c) if so, the name of the firm and the names of persons who are connected with Air India and have interest in aforesaid firm?

The Deputy Minister in the Ministry of Transport and Communications (Shri Mohiuddin): (a) to (c). The Air India pay commission on their purchases of spares, stores and equipment in U.S.A. to M/s. Tata Incorporated, New York, who are their purchasing Agents in that country. No commission is, however, paid on the purchase of aircraft which is done by the Corporation directly. The total commission paid by Air India during the five years—1957-58 to 1961-62 was Rs. 18.85 lakhs.

As the purchasing agents are a Tata concern, the Chairman of Air India—Shri J. R. D. Tata—is interested in the firm of purchasing Agents.

Dr. L. M. Singhvi: Has the Government examined the propriety or otherwise of permitting such commissions to be paid to those who happen to be actively associated with the management and running of Air India itself? Is it not completely contrary to the general notion that we have that a person interested in a company should not be allowed to derive such benefits?

Shri Mohiuddin: The Companies Act lays down that if any director is interested in any proposal, he will abstain from the consideration of that proposal, and that is very strictly practised. It is not a new thing. It is practised in many companies.

Dr. L. M. Singhvi: What is the organisational set-up for Air India's purchases abroad? Have Government thought of rationalising it and making it beneficial to Air India itself rather than to the commission agents?

Shri Mohiuddin: It has been examined more than once, and it has been found that this is the most economical system by which the purchases can be made efficiently and supplies made quickly as is required for an air line.

Shri Heda: Apart from the legality of the question, did Government ever take into consideration the propriety or otherwise of the procedure that is being followed, namely the Chairman being interested in the purchasing agency.

Shri Mohiuddin: That is a law which is laid down in the Companies Act, and Government allows it. . . .

Shri Morarka: The propriety is not laid down in the Companies Act.

Shri Mohiuddin: The question is about a matter which is permitted by law.

Dr. L. M. Singhvi: The question is whether it is proper, not about its validity.

Shri Hem Barua: The moral aspect of it.

Shri Bhagwat Jha Azad: Not legal propriety or otherwise.

Shri Ranga: May I know whether Government have ever considered the need or the possibility of getting this particular question examined by the Public Accounts Committee or the Estimates Committee?

Shri Mohiuddin: The Estimates Committee had examined this question, and they had made certain recommendations, to which a reply has been sent to them.

Shri Ranga: May I know if those recommendations were accepted?

Shri Mohiuddin: As far as I remember, the question was examined on the basis of the recommendations of the Estimates Committee whether a separate organisation can be set up, and it was found that a separate organisation for Air India would be more costly.

Shri Ramanathan Chettiar: Has it come to the notice of the Government that an Indian national has been paid by the manufacturers of Boeing in the United States certain commission on the purchase of Boeings and was it applied even to the recent purchases of one Boeing in the United States and, if so, what is the amount of commission that has been paid by the manufacturers to the Indian national who, I understand, has got some connection with the Tatas Ltd., Bombay?

Shri Mohiuddin: I am not aware of any commission about this. I have stated that the purchase of Boeing aircraft is done directly by the Corporation with the manufacturers.

Shri Ramanathan Chettiar: Sir, I am rising on a point of order.

Mr. Speaker: There is no point of order here.

Shri Ramanathan Chettiar: Mr. Speaker, there is some point. Last time I put this very question when the hon. Dr. Subbarayan was the Minister of Transport and Communications and the Speaker at that time was kind enough to direct the Minister to have enquiries made. After enquiries were made it was found that certain commission was paid and they said they would make further enquiries. That is why I have advisedly drawn the attention of the hon. Deputy Minister to this question but he has given an evasive answer. . . . (Interruptions.)

Mr. Speaker: I said there was no point of order but he has insisted there was a point of order.

Shri Kashi Ram Gupta: What is the percentage of the Commission and what is the basis of fixing the same?

Shri Mohiuddin: In 1962-63 the commission was fixed at 3½ per cent on the first 3.50 million dollars and 2½ per cent on the balance.

Shri Hem Barua: The hon. Deputy Minister said that this system is working well and economy is being effected. Is it not a fact that the commission agent who makes the purchase gets to the tune of Rs. 18 lakhs for the purchase and he happens to be the Chairman of the Air India International? How can the Minister say that economy is effected through this process, through this system of commission agent while the Chairman reaps a very rich harvest?

Shri Mohiuddin: What I stated was that if another organisation were to be set up, it will be more costly and in five years more than Rs. 18 lakhs will have to be spent on it.

Shri U. M. Trivedi: Will the Government consider the proposal to remove this Chairman forthwith from service to prevent the scandal being broadcast all over?

Mr. Speaker: Order, order; this is not asking for information.

Shri Surendranath Dwivedy: Is it not a fact that when the Estimates Committee examined this question they found out that the present purchasing agency system was quite unsatisfactory and improper and they recommended a separate body for this purpose?

Shri Mohiuddin: I have stated that they did make a recommendation that an alternative system might be

examined and we found that it was not practicable.

Shri Tyagi: To make the question quite clear, may I know if the Chairman has in any way directly or indirectly benefited by the commission received in any way?

Shri Mohiuddin: It is an incorporated body which is called Tata Incorporated and it is operating in America not only for Air India purposes but for the purchase of equipment and spares for so many other organisations. (*An Hon. Member:* You are his biggest customer) No, no. Not necessarily. I am not aware of what customers there may be. They have got a very big organisation for the purchase of so many other articles.

Shri Tyagi: I do not want to know about the purchases. I want to know specifically whether he is benefited directly or indirectly. (*Interruptions.*) I want to know whether there is any financial benefit drawn by him.

Mr. Speaker: Is the hon. Minister aware of any financial benefit going to the Chairman himself?

Shri Mohiuddin: As far as the Chairman of the Air Corporation is concerned, no benefit comes to him. (*Interruption.*)

Shri Surendranath Dwivedy: It is not the question of the Corporation. It is the question of purchasing organisation. The question is whether the Chairman is benefited by this organisation.

Shri Tyagi: He says he is not benefited. (*Interruption.*)

Several Hon. Members rose—

Mr. Speaker: Order, order. The information that hon. Members require is this: The hon. Minister has said that this purchasing machinery that is there is connected with the Tatas—they have some connection. Hon. Members want to know whether the Chairman gets any bene-

fit out of that purchasing machinery, or firm or whatever it is.

Shri Mohiuddin: It is one of the organisations of Tatas. I am not aware what are their connections and this corporation operates in U.S.A.

Dr. L. M. Singhvi: Sir, on a point of order. The hon. Minister said that he has examined the question of propriety and validity. He says he is not aware as to whether, actually speaking, the Chairman of the Air India International derives any personal benefit or not. If he is not aware of it, how could he possibly have investigated into the question of propriety? It is certainly contradictory.

Shri Hem Barua: Sir, it is for your consideration. I put him that question in a very straightforward way, whether the Chairman has benefited to the tune of Rs. 18 lakhs in one single purchase. He said he is benefited. Afterwards he has been changing his position.

Mr. Speaker: He did not hear him properly. Rs. 18 lakhs is the whole commission that has been taken by that commission agency during the last five years. That was what I could understand.

Shri Hem Barua: It is the Chairman who is connected with that.

Mr. Speaker: No; it is not so.

Shri Jaipal Singh: If I have understood the hon. Minister correctly, the position is in two parts. In the matter of the purchase of aircraft the corporation benefits directly, but when it comes to the purchase of spare parts it is handed over to the agency. He said that it was more economical, more expeditious and the like. If that is the case, may I know why, in the case of the Indian Airlines Corporation, the same procedure is not followed?

Shri Mohiuddin: The Indian Airlines Corporation's purchases are not large in U.S.A. except for Dakotas; some purchases are made either directly or through the agency. (Interruption).

Mr. Speaker: Next question.

Shri Hem Barua: These are lame excuses.

Dr. L. M. Singhvi: We want a discussion on it.

Mr. Speaker: Hon. Members can have some other course. We have spent 10 minutes on it.

Provision for Corporation

***1092. Shrimati Renuka Barkataki:** Will the Minister of Community Development and Co-operation be pleased to state:

(a) whether it is a fact that Planning Commission has requested the State Governments to provide during 1963-64, 25 per cent of the Third Plan provision for Co-operation; and

(b) if so, the reaction of State Governments thereto?

The Deputy Minister in the Ministry of Community Development and Co-operation (Shri Shyam Dhar Misra): (a) Yes, in a communication dated 3rd October, 1962.

(b) As a result of the discussion with the state governments the outlay approved for co-operation for all the States works out to about 18 per cent of the third plan provision.

Shrimati Renuka Barkataki: May I know if there is any other provision besides this 25 per cent Plan allocation for the year 1963-64?

Shri Shyam Dhar Misra: I do not know what other provisions there can be, because 25 per cent is the suggestion made by the Planning Commission to the States; as against 25 per cent the allocation was 18 per cent.