

## LOK SABHA DEBATES

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### LOK SABHA

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*Tuesday, November 26, 1991/Agrahayana  
5, 1913 (SAKA)*

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*The Lok Sabha met at  
Eleven of the Clock*

[MR. SPEAKER *in the Chair*]

#### MEMBERS SWORN

[*English*]

SHRI B. M. MUJAHID (Darwad South)

SHRI NITISH KUMAR (Barh)

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11.02 hrs

#### OBITUARY REFERENCE

[*English*]

MR. SPEAKER: Honourable Member, I have to inform the House of the sad demise of one of our former colleagues Shri T.V. Chandrashekharappa.

Shri T.V. Chandrashekharappa was a Member of the Fifth, Seventh, Eighth and Ninth Lok Sabha during 1971-77 and 1980-91, representing the Shimoga and Davangere constituencies of Karnataka. He was also a Member of Rajya Sabha between 1978 and 1979.

An active social and political worker,

Shri Chandrashekharappa took keen interest in agriculture and rural development. He was associated with several boards constituted by the State Government from time to time in connection with the development of agriculture.

An able Parliamentarian, he took keen interest in the proceedings of the House and also served on various Parliamentary Committees.

Shri Chandrashekharappa passed away on 18 November, 1991 at Bangalore at the age of 57.

We deeply mourn the loss of this friend and I am sure the House will join me in conveying our condolences to the bereaved family.

The House may now stand in silence for a short while as a mark of respect to the deceased.

*(The Members then stood in silence for a short while)*

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11.05 hrs

#### ORAL ANSWERS TO QUESTIONS

[*English*]

#### Privatisation of Air India, Indian Airlines and ITDC

61. SHRI MORESHWAR SAVE:  
SHRI SHRAVAN KUMAR  
PATEL:

Will the Minister of CIVIL AVIATION AND TOURISM be pleased to state:

(a) whether the Government propose to partially privatise the Air India, Indian Airlines and India Tourism Development Corporation;

(b) if so, the reasons therefor and the details of the scheme;

(c) whether the Government have received any representation against such move; and

(d) if so, the details thereof and the action taken by the Government thereon?

THE MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION AND TOURISM (SHRI M.O.H. FAROOK): (a) to (d). Some representations have been received. No specific decisions have so far been taken in respect of Air India, Indian Airlines and ITDC.

SHRI MORESHWAR SAVE: Hon. Speaker, Sir, here the hon. Minister has stated that no specific decision is taken. But it is a fact that the Cabinet Committee on Economic Affairs, CCEA, at its meeting two days back considered the issue and approved a list of 41 select PSUs for disinvestment to the extent of even 49 per cent against the statement of the hon. Finance Minister for 20 per cent of it? And Air India and the ITDC are among that List.

My second supplementary is...

MR. SPEAKER: Only one supplementary at a time.

SHRI NIRMAL KANTI CHATTERJEE: You can say part 'B' and not the 'second supplementary'.

MR. SPEAKER: You are putting your words in his mouth.

THE MINISTER OF CIVIL AVIATION AND TOURISM (SHRI MADHAV RAO SCINDIA): Mr. Speaker, Sir, in answer to the question put by the hon. Member, I would like to say that all these three organisations

are considering the issue and we will be putting up our proposal separately if we have any such.

SHRI MORESHWAR SAVE: Is it a fact that these undertakings are suffering because of huge pilferage and misappropriation and whether the Minister is aware of it and, if yes, whether he is planning to plug and check this?

SHRI MADHAV RAO SCINDIA: One always keeps reviewing such matters and as and when such complaints come, action is taken from time to time. I would not say that any large scale scandal has come to our knowledge in recent times.

SHRI INDERJIT SINGH: Policy guidelines regarding the public sector undertakings have been enunciated recently by the hon. Finance Minister, although he took the opportunity to do so not while he was in this country but abroad in Bangkok. However, he made it clear and he repeated it the other day in this House that only those public sector undertakings which, according to him, are unviable or running continually in losses may be considered for being closed down. I want to know whether it is not a fact that the ITDC from its very inception has been running with profit. In that case, firstly, how does the question of closing it down arise? Secondly, why does the Government itself not take active steps to improve the efficiency and working of the ITDC which, at the moment, has got no full-time Chairman or Managing Director and whose Board of Directors is composed of people, most of whom, I think, are not at all active in their duties? And why are the efforts being made to rope in the name of some foreign hotel chain in order to attract tourists or something from abroad? It is a decision which is really a misadventure because recently that decision has had to be scrapped again. Why did they go in for all this spending crores of rupees? This Raddison Hotel Chain was brought in because they felt that its name would attract tourists from abroad and crores of rupees had been spent. And now that decision has had to be abandoned. May we

know who is responsible for it? Are these things going to be gone into or are there just going to be talks everyday about closing down public sector undertakings?

**SHRI MADHAV RAO SCINDIA:** At present we have no intention of closing down the ITDC. There are several options under consideration. But at present the question of closing down of ITDC is not being contemplated.

**SHRISHRAVAN KUMAR PATEL:** From the answer tabled, it is obvious that the Government is seriously considered of involving private equity participation in the three Government Undertakings. I would like to know whether it is to improve the management or to broaden the capital base or to make them viable and efficient.

Since Air India is still making profits, presumably owing to international competition and the domestic Airlines are incurring losses, I would like to know whether the Government proposes to promote parallel private sector airlines in domestic sector to introduce heavy competition with or without foreign collaboration.

**SHRI MADHAV RAO SCINDIA:** Various proposals are under consideration and the reasons certainly are to make the organisations more accountable. Rather than use the word 'Privatise'. What is really being considered is the matter of going public. Also by having a very large number of shareholders, they can hold the management more accountable and thereby create more alertness to the management. One of the considerations could also be the widening of the capital base for the sake of fleet renewal programme or expansion programmes. Since an organisation, for instance, like Air India would not like to be a burden on the general exchequer and to raise her own financing, it needs a much broader capital base in future. I think that would also be one of the considerations and those proposals will soon come to a firm decision. All the two or three aspects mentioned by the hon. Member are the matters that are under consideration.

As far as the question of allowing the private Air Service to start is concerned, there is already a open sky policy decided by my predecessor. We are determined to see that those people who want to operate are given a fair chance to do so. It is not our responsibility to see whether they succeed or not or whether they are viable or not. It is their investment decision. But according to the decision taken in the past, we certainly would like to ensure that conditions are created where they are given a fair chance and no obstacles are created for them. In any case, this particular second supplementary of the hon. Member, I do not think, comes under the purview of this question.

**SHRI RAM NAIK:** Sir, instead of a good number of shareholders keeping the control over the management, I personally feel that this Parliament is sufficiently capable of keeping control over it. Now my question is which are the parties who have represented to the Government about these changes and whether there are any foreign parties and if so, the names of those parties who have made the representations.

**SHRI MADHAV RAO SCINDIA:** No representations have been received so far.

**SHRI RAM NAIK:** The reply says that some representations have been received.

**SHRI MADHAV RAO SCINDIA:** A couple of Trade Unions have written to Shri Indrajit Gupta and he had given a representation. Also the ACEU has given a strike notice on the 29th and it becomes a sort of a representation. One more unrecognized union has also represented but there is no foreign party.

**SHRI NIRMAL KANTI CHATTERJEE:** Sir, already there are private parties serving as flight kitchens. At the Calcutta Airport, Oberoi has been allotted a big plot of land for future construction. The Hotel Corporation of India which is not mentioned here is scouting for private parties. While this is a profit making sector, the question that does arise is apart from the capital base what are

the additional benefits which the privatisation would generate and what are the reasons being considered in the direction to privatise any of these sectors?

**SHRI MADHAV RAO SCINDIA:** As far as the profit making organisations are concerned, I would like to clarify that in the hotels division ITDC is not a profit making organisation. It is the duty free which really contributes to the profit of the ITDC. However, that apart, I have already said that considerations are the question of widening the capital base, a more professional management, better sales network nationally and internally, more accountability and also contribution towards resources that are to be raised for meeting the deficit in the general budget.

**SHRI A. CHARLES:** The whole House agrees that the performance of the ITDC, Indian Airlines and Air India is far from satisfactory. That is a larger issue and I leave it there. I would like to draw the attention of the hon. Minister through you to a very small point. The services in the Indian Airlines and Air India is not satisfactory. Even the toilets are very very badly kept and there are instances where foreigners have complained about it.

**MR. SPEAKER:** Does it arise out of this question?

**SHRI A. CHARLES:** It is very important, Sir.

**MR. SPEAKER:** But does it arise out of this question?

**SHRI A. CHARLES:** About the ITDC there is a point. There are a number of vacancies due to the retirement of officials. They are not filled. May I know from the hon. Minister whether action will be taken to fill up those vacancies?

**MR. SPEAKER:** Not allowed.

**SHRI ANNA JOSHI:** Is it a fact that the Government is not any more interested in

continuing the Vayudoot services from 1st January 1992?

**MR. SPEAKER:** This does not arise out of this question. This relates to Air India, Indian Airlines and Tourism Development.

*(Interruptions)*

**SHRI CHANDRA JEET YADAV:** There is already a confusion by various statements of Ministers about the public sector undertakings. I think that today's answer of the Minister is going to add to more confusion. He says that there are many options open. The Government is considering various options that may include partial privatisation also. He also says that the Hotel Industry is not earning profit and therefore they want to professionalise it and they want better accountability. There are some high officers of ITDC in the hotel industry against whom CBI cases are pending and investigations are going on. I would like to know whether the Government will take action against such officers who are guilty of corruption or who are doing harm to the industry, so that at least a message goes that their functioning will be better and they will be accountable. The most important thing is that these are mismanaged. It is not that there is wrong with the philosophy as such.

**SHRI MADHAV RAO SCINDIA:** I would like to certainly assure the hon. Member that if anyone is found guilty by CBI or any other agency, very stern and deterrent action will be taken against him. As far as the confusion is concerned, I think that would be cleared in a very short time.

#### Destruction of Himalayas

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\*62. **SHRI BIJOY KRISHNA HAN-  
DIQUE:**  
**SHRIMATI VASUNDHARA  
RAJE:**

Will the Minister of ENVIRONMENT AND FORESTS be pleased to state: