

LOK SABHA DEBATES

LOK SABHA

Thursday, March 11, 1999/Phalguna 20, 1920 (Saka)

The Lok Sabha met at Eleven of the Clock

[MR. SPEAKER in the Chair]

ORAL ANSWERS TO QUESTIONS

[English]

Revamping of Indian Airlines

*221. SHRI SUNIL KHAN: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the Government propose to prepare a package for revamping of Indian Airlines in consultation with the employees unions;

(b) if so, the details thereof;

(c) whether the recommendations of Kelkar Committee have been taken into consideration while working out the package; and

(d) if not, the reasons therefor?

THE MINISTER OF CIVIL AVIATION AND MINISTER OF TOURISM (SHRI ANANTH KUMAR): (a) to (d) A statement is laid on the Table of the Sabha.

Statement

(a) No, Sir.

(b) Does not arise.

(c) and (d) A Committee under the Chairmanship of Dr. Vijay Kelkar, the then Secretary, Ministry of Petroleum and Natural Gas was constituted on 13.2.95 to comprehensively examine the reasons for losses of Indian Airlines and formulation of a Turn Around strategy of Indian Airlines in the context of the competitive market environment. The Committee has since submitted its Report. The Kelkar Committee recommended a two phased financial strategy. In the first phase, the important recommendations of the Committee relate to:

(i) Financial restructuring, which includes capital injection of Rs. 922 crores in the form of

compensation, subordinated loan, equity and contribution by Indian Airlines and its employees. Of this, Rs. 475 crores is to be provided by the Government.

(ii) Fleet Planning.

(iii) Route Rationalisation.

(iv) Human Resource Management.

In the second phase, the Company would make an Initial Public Offering (IPO) to mobilise funds from the market. After implementation of Phase II, the shareholding structure of Indian Airlines would be as under:—

Government of India	—	49.0%
Indian Airlines employees	—	10.6%
Public	—	40.4%
Total		100.0%

The Recommendations are still under consideration of the Government.

SHRI SUNIL KHAN: Mr. Speaker, Sir, at the very outset, I would like to state that part (a) of the question has already been replied to by the hon. Minister. But I do not agree with him. The answer to part (a) of the Question is "No, Sir." Why? Mr. Minister, you may kindly remember the days when you were coming from Calcutta to Delhi. I was also with you in the same flight not just once but twice. The flight was delayed and due to that, after boarding the flight, you had to get down from the flight with the help of the employees. I want to know from the hon. Minister whether he follows Article 43A of the Constitution or not. Should the workers not take part in the management for revamping the Indian Airlines?

Secondly, the Kelkar Committee comprehensively examined the loss of the Indian Airlines. But still the Minister is not revamping the Indian Airlines. If the present policies in respect of the Company are allowed to continue, the Company may face the problem of sickness. On the other hand, the Company has got 12 Boeing 737 aircraft which are obsolete and which need urgent

replacement with a new version of the aircraft. On the other hand, 10 Airbus A-300 have also become very old requiring immediate replacement. So, I want to know from the hon. Minister whether he is going to revamp the Indian Airlines or not. I will put my second supplementary after he replies to this.

SHRI ANANTH KUMAR: Sir, regarding discussions with the employees unions and regarding the Kelkar Committee's recommendations as well as restructuring of the Indian Airlines, the Kelkar Committee itself held four meetings with the employees unions.

Secondly, in its recommendations, it has said that when we disinvest shares to the tune of 51 per cent in respect of Indian Airlines, the Government should hold 49 per cent and it has recommended that 10.6 per cent of the equity should be held by the employees also.

Thirdly, regarding restructuring of the Indian Airlines and upgradation of the fleet, it is an ongoing process and it is being pursued.

SHRI SUNIL KHAN: If 10.6 per cent of the equity should be held by the employees of the Indian Airlines, then, why is the Minister not consulting the employees? Mr. Minister, you are allowing the Indian Airlines to go private. You are allowing the public to hold 40.4 per cent of the shares. In this way, you are going to make the Indian Airlines as a private company. It is the first step for the Government to privatise the Indian Airlines. Is it correct?

SHRI ANANTH KUMAR: If the question is over, then I can reply.

MR. SPEAKER: What is your supplementary question?

SHRI SUNIL KHAN: I have put the supplementary question. The public are allowed to hold 40.4 per cent of the shares. Why are the employees not consulted?

MR. SPEAKER: He wants to know whether the employees are consulted or not. That is his supplementary question.

SHRI ANANTH KUMAR: I have already stated that there had been four rounds of meetings with the employees held by Shri Kelkar.

He took the meetings when he was the Chairman for the restructuring of the Indian Airlines.

Secondly, it is not privatisation of Indian Airlines. It is the financial and organisational restructuring of Indian Airlines. We are divesting; we are disinvesting 51 per cent of the equity share. In that 10.6 per cent is recommended to be given to the employees and the remaining will be suitably disinvested with various financial institutional investors.

SHRI P. SHIV SHANKER: While Vijayawada is the heart of Andhra Pradesh and also a political centre, Rajahmundry is a great cultural centre and had been the hub for trade and commerce activities. Airlines were operating at Vijayawada and also at Rajahmundry. The submission I am making is that the Ministry of Civil Aviation was to revamp both these places for the purpose of continuous usage of the Airlines in consultation with the employees union. What is the result of that? Are they going to start the Airlines in both these places at the earliest?

SHRI ANANTH KUMAR: Airports in Vijayawada and Rajahmundry.

SHRI P. SHIV SHANKER: Both airlines and airports in Vijayawada and Rajahmundry.

SHRI ANANTH KUMAR: Regarding the Vijayawada airport, our upgradation programme is on. We have got the assistance of the State Government also. I think by July end we will be completing our upgradation programme. Even the resurfacing of the runway tarmac and other works are going on and the same will be ready.

Regarding Rajahmundry, I am ready to examine the upgradation plan.

SHRI P. SHIV SHANKER: It was already there for a long time. They must take some interest. Nobody takes interest. Rajahmundry is the hub for the trade and commercial activities.

DR. T. SUBBARAMI REDDY: The hon. Minister must assure that he will take up Rajahmundry also.

SHRI ANANTH KUMAR: I appreciate and understand the concern of the senior hon. Member regarding Rajahmundry. I also know that Rajahmundry is a very important hub, commercially and otherwise. Therefore, we will look into the whole thing.

SHRI AJIT KUMAR PANJA: Firstly, the Planning Commission in 1985 recommended that there must be workers' participation at the top Board level, at the factory level and at the plant level. Has the advice of the Planning Commission been implemented so far as Indian Airlines and Air India are concerned?

Secondly, as far as Calcutta Airport and the Bagdogra Airport is concerned including Guwahati Airport in the Eastern region, I must congratulate the hon. Minister for improving the Airports. But, very few overseas airlines touch these places. If the people from these places want to go to Far-East, they have to come to Delhi to take a flight to go to Japan or Singapore. Would the hon. Minister consider bringing—when he has given such good Airports—to Calcutta and Guwahati more overseas airlines to originate to go towards Eastern side? Of course, Delhi crowd have to travel to Calcutta from where the flights originate. It would save a lot of cost for the Indian Airlines and Air India.

Thirdly, would the hon. Minister look into the quality of food? The quality of food has become very bad. Kindly look into the food problem. I know that it is a very difficult job. Try to hold the meeting with the officers who are in charge of food. I think, he would be able to do it with the young energy he has.

SHRI ANATH KUMAR: Sir, I thank the hon. Member for the compliment. Calcutta airport is an international airport and we have given landing rights to many countries. Therefore, the designated airlines of many countries are free to operate from Calcutta for whatever sectors they want to fly, especially to South east Asia. As far as Guwahati airport is concerned, in our Infrastructure Policy Paper on Airport Infrastructure we have clearly said that Guwahati airport is also eminently qualified to be nominated an international airport. Once it gets the status of an international airport, then various national and international carriers can operate their services to international destinations from Guwahati also. As on today, a major upgradation programme is on in Guwahati and, I think, it will be completed soon.

As far as our consultations with the employees' union are concerned regarding their participation in management, Kelkar's Committee itself held four rounds of discussions and even the management of Indian Airlines held discussions with the major employees' union, that is, the Air Corporation Employee's Union on 22.06.1998 and explained about the disinvestment and restructuring of Indian Airlines. As per the recommendation for equity participation by the employees to the tune of 10.6 per cent, there can be a participation in the equity as well as the management which can be projected into that.

Regarding the quality of food, there is a separate question which is placed as the fifth question for today. So, I will answer this supplementary when I answer to that question.

SHRI B.M. MENSINKAI: Mr. Speaker, Sir, as regards the quality of food, I also feel that the hon. Minister has to take some precautionary measures, because it is very difficult to find out whether the food served in Indian Airlines is prepared the previous day or on the same day of the flight.

MR. SPEAKER: This question relates to the fifth question for today.

SHRI MADHUKAR SIRPOTDAR: Mr. Speaker, Sir, the fifth question for today may not come at all for oral answering. So, you may kindly allow the hon. Member now. (*Interruptions*)

SHRI B.M. MENSINKAI: Sir, there is no direct flight from Delhi to Hubli. So, to go to our native place Haveri from Delhi, we have to travel for about two-and-a-half hours to Bangalore and from Bangalore we have to go by road. It takes about eight hours for us to reach Haveri and Hubli. I would like to know from the hon. Minister whether he would be kind enough to provide a daily flight service from Bangalore to Hubli.

SHRI ANANTH KUMAR: Sir, this question does not purport to the main question. This is regarding air service which can be examined.

[*Translation*]

SHRI SATYA PAL JAIN: Mr. Speaker, Sir, I through you, want to draw the attention of the hon'ble Minister towards Chandigarh which is a very important station and assumes significance for Punjab, Haryana, Himachal Pradesh and other northern States as well. Earlier daily flights were available from Chandigarh to Mumbai, Ahmedabad and Delhi. Shri Bhajan Lal ji is asking a question which is identical to that of mine therefore please give me one minute's additional time. Now, those facilities are no more available at Chandigarh. Their operation is suspended since long back. My submission to the Minister is that Chandigarh airport can be developed and converted into an international airport as there is a lot of potential in this airport but sadly all services, available earlier, are no more available now. People of Himachal have demanded that flights available earlier from Chandigarh should be resumed again.

Chandigarh caters the needs of Punjab, Haryana, Jammu-Kashmir, Delhi and the capitals of other States.

This is a very important place. I, therefore, want to know from the hon'ble Minister whether Indian Airlines propose to link these places with Chandigarh by daily air services?

[English]

SHRI ANANTH KUMAR: Sir, I am very happy to inform the hon. Member and the House that we are starting new flights, the inaugural flight to Shimla and Kullu from tomorrow and we propose to link other important places like Chandigarh, Ludhiana and Dehradun by air, within a month.

SHRI BASU DEB ACHARIA: Sir, the consultation with Dr. Kelkar to formulate a policy does not mean that there is workers' participation in the management. The Minister of Labour can enlighten us about it. The workers' participation means workers' participation at the Board's level.

The first part of my question is: Is the Government planning to provide workers' representative at the Board's level?

Secondly, the Minister is emphasising on disinvestment of Indian Airlines to the extent of 51 per cent. But he is not emphasising on other recommendations of the Kelkar Committee which are fleet planning, route rationalisation and human resource management.

What action is the Government contemplating to take in regard to other recommendations which will improve the functioning of the Indian Airlines?

SHRI ANANTH KUMAR: The Government is concentrating on other recommendations of the Kelkar Committee. It has not completely accepted the Report of the Kelkar Committee. ...*(Interruptions)* It is under consideration of the Government of India.

SHRI MURLI DEORA: How long are you going to take?

SHRI ANANTH KUMAR: We are considering it. A part of it has been accepted in the last Budget by addition of Rs. 125 crore to the equity of the Indian Airlines of Rs. 105 crore.

Regarding disinvestment, fleet operations as well as the route rationalisation, we are concentrating on them. Because of that, we ended up with a profit of Rs. 47 crore during the last year also. I am very happy to inform this august House that we will be making a profit during this year also.

SHRI BASU DEB ACHARIA: What about workers' participation at the Board's level?

SHRI ANANTH KUMAR: I have mentioned about it. It is under consideration. Once the disinvestment process is over, the reconstitution of the Board—according to the Disinvestment Commission—will come forth. Then, that will be considered.

SHRI MADHUKAR SIRPOTDAR: Sir, thank you very much. As far as the functioning of the Indian Airlines is concerned, you have given all the points upon which the Indian Airlines and the Government are concentrating and trying to improve the functioning of the Indian Airlines. Now, I come to my first question.

MR. SPEAKER: Shri Sirpotdar, you are entitled to ask only one supplementary and not the first question.

SHRI MADHUKAR SIRPOTDAR: I am asking the supplementary.

MR. SPEAKER: Only first and final supplementary.

SHRI MADHUKAR SIRPOTDAR: I am just giving the background. Now, I will ask the supplementary also.

It is the first part of the question, that is, the supplementary. When are you going to improve upon the timings of the Indian Airlines? It is every day's experience that whenever we enquire whether a particular flight is in time, we are informed that, yes, it is at right time. Once we go to the airport, we are informed subsequently that because of a technical snag and so many other things, there is delay. Is the situation going to improve? Are all these technical snags and other things there? When are you going to overcome these problems? That is the first part.

Secondly, the private Airlines have come up just recently. It has become a more profitable business. For the Indian Airlines, it is deteriorating every day service-wise and even otherwise.

So far as food is concerned, you have said that question number five is there. My intention was to club both the questions together and then discuss them. The food served is bad. Because of that, the people are not willing to travel by the flights of the Indian Airlines. What are you going to do about it?...*(Interruptions)*

The third part is about the workers' participation.

MR. SPEAKER: It is difficult even for the Minister to reply. First, let the hon. Minister reply.

SHRI ANANTH KUMAR: First of all, our load factors are much more than that of the private airlines even on the trunk routes.

Secondly, regarding punctuality of the flights, except for the eastern sector, the southern, the western and the northern sectors are, by and large, satisfactory. ...(*Interruptions*)

SHRI MADHUKAR SIRPOTDAR: Not at all. Please do not mislead the House.

PROF. A.K. PREMAJAM: Sir, due to delay, we had to wait at Mumbai Airport for more than six hours. ...(*Interruptions*)

SHRI MADHUKAR SIRPOTDAR: What is the experience of the hon. Speaker?

SHRI ANANTH KUMAR: In the months of December and January, because of the unprecedented fog which was never witnessed in the past thirty-six years, there were flight delays. We have operationalised the Category ILS-2. We have decided to operationalise Category ILS-3 by the end of November, 1999 to improve the aircraft movement.

And secondly, regarding food, as I have already said, it comes in Q.No. 5. When that Question is taken up, I will answer.

DR. T. SUBBARAMI REDDY: Sir, as far as food is concerned, the quality must be improved. ...(*Interruptions*)

[*Translation*]

SHRI BHAJAN LAL: Mr. Speaker, Sir, I would like to say that the hon'ble Minister did not give a straight reply to the question asked by Shri Jain Saheb. Chandigarh is a Union territory and also the capital of Haryana and Punjab. Further, I will not be making any mistake if I make any reference to Himachal Pradesh in this context. Flight service to that State from Chandigarh were available for thirty years. In the morning it would take off for Srinagar and come back by the evening. But, now, you have cancelled that operation which is causing a lot of inconvenience to the people. I, therefore, would like to know the time from you by which you would start those flights for Chandigarh?

[*English*]

SHRI ANANTH KUMAR: Sir, I want to draw the attention of hon. Shri Bhajan Lal that flights to Chandigarh were cancelled in his Government's regime and now the Vajpayee led Government is starting these flights within a month.

Report of Satyam Committee

*222. *SHRI ASHOK NAMDEORAO MOHOL:
SHRI MADHAV RAO PATIL:

Will the Minister of LABOUR be pleased to state:

(a) whether Satyam Committee on the functioning of ESI has submitted its report;

(b) if so, the details thereof;

(c) the recommendations accepted by the Government; and

(d) the time by which these are likely to be implemented?

[*Translation*]

THE MINISTER OF LABOUR (DR. SATYANARAYAN JATIYA): (a) to (d) A Statement is laid on the table of the House.

Statement

In July, 1998, the Government had constituted a Committee to review medical facilities available in ESI hospitals/dispensaries. The Committee submitted its report on 14.1.99. The important recommendations of the Committee include enhancement in the ceiling on expenditure on medical care from Rs. 500/- to Rs. 600/ per insured person per annum, vigorous implementation of Action Plan to sanction medical equipments, introduction of Health Record Booklet for each beneficiary, preparation of common formularies and rate contracts for supply of medicines, establishment of Rogi-Kalyan Samities, deterrent penal action for supply of sub-standard drugs, streamlining of the system of local purchases, contractual arrangements for ambulance, cleaning, laundry, privatisation of ESI hospitals, contribution of the Central Government towards the ESI Scheme etc.

The ESI Scheme is a self-financing scheme run mainly on the basis of contributions given by the employers and employees. The scheme is being administered by the ESIC except the medical care which