

18 37 hrs.

HALF-AN-HOUR DISCUSSION

Aircraft for I. A. C

SHRI D. N. PATODIA (Jalore) : The proposal for having a few more new aircraft for Indian Airlines either for replacement of existing ones or for extension of the existing fleet has been considered by the Government since the last two years. But this proposal is being considered a little more seriously in the course of the last 6 months, because, firstly, with the advent of the jumbo jet age we expect a very much larger inflow of traffic in our country which will also bring a substantial amount of foreign exchange and secondly, a forecast was made by the International Air Transport Association and the International Civil Aviation Association that by 1972 the estimated internal traffic will be of the order of 120%. As the existing fleet is not capable of shouldering that much rush when it materialises, it was thought imminent that the fleet of the IAC should be extended to a reasonable extent and more particularly these five or six aircraft should be purchased so that as soon as the jumbo jet comes into operation we are not left behind. Now, Sir, with this background in view, it was decided that a final decision should be made with regard to the purchase of this aircraft only after going into the fullest possible details with regard to profitability, with regard to the economies of it, with regard to the operational efficiency, with regard to technical efficiency and with regard to the passenger comforts and so on and so forth. With this objective, a team of officers consisting of the Assistant General Manager and two Engineering officers were deputed by the IAC to evaluate the different types. This team was in favour of the aircraft Boeing 737, but they also made a very great study and a very comparative study with regard to the other aircraft, also which were in competition. The report was submitted to the Board of Directors of the IAC. The Board of Directors gave a further thought and while doing so, they constituted a sub-committee and took help from certain eminent persons of the country, namely, Air-Vice-Marshal Lal, Mr. JRD Tata,

Air-Marshal Arjan Singh and also help was obtained from the technical staff of Air-India as well as from the technical staff of the Air-Force. The Director General of Civil Aviation was also consulted. On the basis of these findings and detailed examination, a unanimous recommendation was made by the Board of Directors in July, 1968.

But thereafter two more aircraft came into the picture, namely, Boeing and BAC 111. It was only fair that before taking any major decision in the matter, these two aircraft should also be considered. Therefore, the matter was again considered, again comparative studies was made, again various aspects of the problem were examined; and in October 1968, the final report was submitted by the board of directors with regard to the selection of the aircraft needed to be purchased by IAC.

Now, there were several aircraft in view : DC-9, Boeing 737, 736, BAC 111, TU-134; and at a later stage, Boeing 727 and TU-154 also came in. What were the findings of the committee? In what details did the committee examine the matter with regard to the desirability of purchasing these aircraft? First of all, they made an examination with regard to the life of the aircraft that should be purchased by IAC. They examined everyone of them. I will only quote two for the sake of illustration. One is DC-9. It was found that the time cycle between overhauling in respect of DC-9 would be 5200 hours, and if this overhauling is regularly done at an interval of 5200 hours, the life of this aircraft would be unlimited—more or less like the Dakota where so long as we go on changing the required spare parts, there is no limit to its life. Similar studies were conducted in respect of Boeing, BAC etc. What was the study in respect of TU-134? In respect of life, the study of the committee revealed that the first stage of overhaul comes after 2500 hours, the second stage comes after 5000 hours and thereafter, as soon as that particular aircraft completes 7500 hours, there is no scope for overhauling, there is no scope for repair; there is no scope changing spares—the entire thing becomes scrap. The whole

engine has got to be replaced ; it becomes scrap. That was the finding with regard to the life of the aircraft.

The other point was in regard to the terms of payment. I must say with regard to this point that practically all the aircraft manufacturers submitted more or less identical proposals saying that payment may be made a deferred basis spread over ten years at a certain rate of interest, the Russians agreed that it can from part of the rupee payment agreement...

SHRI NAMBIAR (Tirucherappalli) : That is easier.

SHRI PILOO MODY (Godhra) : Let him not talk about things he does not know.

SHRI D. N. PATODIA : The Americans and the British agreed that whatever loan will be given in addition to the normal channels of loan; it will come from a separate agency and will have nothing to do with the normal aid. Therefore, so far as the terms were concerned, they were more or less identical.

The most important aspect examined by the committee was with regard to the economics and profitability of these aircraft. They examined this question on the basis of 70 per cent passenger load factor and 70 per cent freight load factor. If on the average, the aircraft ran throughout the year with 70 per cent passenger and 70 per cent load, the finding was that DC-9 over a period of ten years would be able to make a profit of 196 per cent. In other words, within 6 years, it will have made enough profit to repay the entire loan taken. Similarly, with regard to Boeing, it was found that it would make a profit of 152 per cent in ten years. The BAC-111 was more or less identical, but then here again with regard to TU-134 what was the finding? The finding was that whereas the performance of other aircraft was more or less identical, all of them would make a profit with exceptions here and there, with regard to TU-134 which came from the Red country, it was the only aircraft which would end in the red. The finding of the committee is that TU-134 over a period of ten years would incur a loss of 93 per cent. The total

debt would be doubled because it would be an additional loss incurred. After this finding, a new plane was introduced by the name of TU-154. What is the story of this TU-154. The story is that this is an aircraft which will have a double capacity compared to TU-134, but it is still on the drawing board. A wooden prototype has been made, but nobody knows what is going to happen. They say that they are going to make it after three years. It is a plane which has not seen the light of day, which is still on the drawing board, nobody knows anything about the performance of this plane, it is going to come after three years and we do not know how far it will work. It may take five or six years.

There was a proposal from the Russians that if TU-134 was not acceptable, we should take TU-124 now and after two or three years they will be changed. This is the story of TU-154.

On the basis of these findings with regard to the life of the aircraft, with regard to the economy of it, with regard to the profitability of it and with regard to the accumulation of profit, on the basis of these unanimous recommendations, the hon. Minister made an announcement in the House that they were going ahead with regard to negotiating for purchase based on that, but thereafter what happened? When we had to go ahead with regard to the final purchasing of the aircraft, all of a sudden, on one fine morning we learn that instead of proceeding with this proposal, a new Cabinet sub-committee, a new organ, has been formed to go again into the details of it. A decision was deferred indefinitely until the sub-committee was capable of taking a decision.

Now, what are we told about the background? All of us read newspapers, including Mr. Jyotirmoy Basu. What do they say as to why this committee was formed. We are told that it has been formed as a consequence of certain Russian pressure brought upon us that Russian planes must be purchased. We are told that we are afraid of buying any other plane because the Russians are using it as a handle and a lever of bargaining in respect of their aid. We are told that

when hon. Minister Shri Dinesh Singh visited Russia, he was pressurised so much that against his wishes he had to advise the Cabinet to defer a decision. I do not know about the truthfulness or otherwise of these reports. It is for the Minister to reply. I am telling you what is being talked about, what is being reported. But one thing is there. The circumstances and the background of forming this Cabinet sub-committee are not above doubt, are not very clear, because simultaneously you will observe that as soon as this unanimous recommendation was declared by the sub committee, the Moscow radio and press started criticising the decision and even the personnel of this sub-committee. And that is how it is to be linked.

In view of this background, I want to have certain assurances from the hon. Minister. The first assurance that I want is that on account of political pressure the hon. Minister will not permit the decision to be delayed and he will see to it that as soon as there is a rise in traffic, the Indian Airlines is fully equipped to handle the traffic and we do not lose assential foreign exchange.

I would like to say that whatever be the decision of the hon. Minister and whichever aircraft they may purchase, one assurance is necessary that the decision will have to be made in respect of an aircraft which is self-generating economic and out of its profits we are able to pay the entire debt.

SHRI JYOTIRMOY BASU (Diamond-Harbour) : A good sales man.

SHRI D. N. PATODIA : A decision and assurance will have to be given that the type of aircraft like the Russian junks are not permitted to be purchased which will be hanging like a burden on our economy and which will continue to multiply the losses year after year. This much assurance I want that a decision will be taken on technical considerations, on the economic considerations, on the considerations of life and maintainability of the aircraft whatever be the political pressure in this matter and that political pressures will not be permitted to make a change

SHRI SRADHAKAR SUFARKAR (Sam-balpur) : I just want to know when this

recommendation of the Sub-Committee was made and when this recommendation of the Board of Directors was made to the Government and how long it is pending consideration with the Government. Secondly I want to know whether there is any overcrowding in our passenger traffic in the Indian Airlines and, if so, to what extent.

SHRI PILOO MODY (Godhra) : First of all, I would like to know, to begin with, why the Government of India has spent all this money in producing this report. Having done so, why did they submit the recommendations of this report to a committee of laymen, namely, its own Board. Having done that why did they then from yet another Committee of even greater laymen, constituting a Cabinet Sub-Committee, and submit the decision of the Board to this third Committee. I strongly feel that the only term of reference that was given to this Cabinet Sub-Committee was to find some excuse or reason for delaying the decision. As my friend, Mr. Patodia, has made it amply clear, if you wish your airlines to run, if you want your airlines to make a profit and if the minister meant any part of the speech that he made to the National Tourist Development Council, you need those planes to-day. You need to place the orders for these planes to-day. This you will have to do whether the Russians supply you an alternative aircraft or no.

I know something about the procedures of the Government; I have found that whenever there is a situation in which the Government does not wish to take any decision and wants to shoot down a particular proposal, they use these various methods of Committee after Committee, Committee after Committee, Committee after Committee to put them in the cold storage. I would like to know from the hon. Minister, categorically, as to when he is going to take a decision. I would also like him to tell us, in case he does not wish to give an answer to this question, as to what will be the loss, he has calculated, that the I.A.C. is going to suffer as result of the delay.

श्री श्रीचन्द्र गोयल (बनडीगढ़) : सभापति महोदय, मुझे याद है, पिछले दिनों में मन्त्री

[श्री श्रीचन्द गोयल]

महोदय ने इसी सदन में घोषणा की थी कि कुछ ही दिनों के पश्चात हम जम्बू जेट्स का इस्तेमाल करने जा रहे हैं। इसमें कोई शक नहीं कि जम्बू जेट्स के शुरू होने से हमारे देश में, यह जो हवाई सफर है इसमें बाहर से आने वाले यात्रियों की संख्या बढ़ेगी। इस दृष्टि से हमको इसकी व्यवस्था भी करनी पड़ेगी। लेकिन मैं नहीं समझता कि हमारे मन्त्री महोदय इनमें दो बातों पर विचार करेंगे या नहीं ? मैं कम से कम उनसे यह विश्वास चाहूंगा कि यह जो हमारा कारपोरेशन है, यह एक इंडेपेंडेंट बाडी है और इस इंडेपेंडेंट बाडी को जो भी काम करना है वह इस ढंग से करना है कि वह आत्मनिर्भर रहे, किसी के दबाव में न आये बल्कि देश के हित में और जो साधारण व्यापारिक सिद्धांत उनको दृष्टि में रख कर चीजों को खरीदें और उसी दृष्टि से अपने सारे काम को चलाये। मैं समझता हूँ कि न तो अमरीका के दबाव में आने की जरूरत है और न रूस के दबाव में आने की जरूरत है बल्कि इस कारपोरेशन के अपने हित में जो कुछ भी है वही हमारा हमारा आधार बनना चाहिये। खास तौर पर मैं समझता हूँ कि जो कैबिनेट की सब-कमेटी है वह ऐसे व्यक्तियों की कमेटी है जो कि इस विषय में जानकारी नहीं रखती इसलिये उसके बजाए जो टैक्निकल एक्सपर्ट्स की कमेटी है उसी की राय को प्रधानता दी जाए और जो जेट्स वर्ग रह खरीदने हैं या जो और काम चलाना है वह खालिस तौर पर व्यापारिक आधार पर निर्भर करे और किसी भी देश के दबाव के तहत कोई निर्णय न लिया जाए। क्या मन्त्री महोदय इस प्रकार का विश्वास और भरोसा इस सदन को दिलायेंगे ?

श्री जार्ज फरनेन्डोज (जम्बूई दक्षिण) :
सभापति महोदय, मुझे भी प्रश्न पूछने का मौका दीजिये।

MR. CHAIRMAN : Mr. Fernandes, your name is not there. What can I do ?

श्री जार्ज फरनेन्डोज : यह अन्याय है। कोई बिलट करना है और वह गैर हाजिर है तो अगले आदमी को बुलाइये।

MR. CHAIRMAN : You should note the rules. Your name is not there. I am, therefore, sorry that I would not be able to give you a chance.

THE MINISTER OF TOURISM AND CIVIL AVIATION (DR. KARAN SINGH): Mr. Chairman, Sir, I must say that I have been very much impressed by the very detailed knowledge of aviation and all the details of this proposal which have been displayed by my hon. friend Shri Patodia. In fact, he has made my task easier, because I was going to make some of the basic points that he has made, but he has already made those points very eloquently.

The basic point is this. There is no doubt that this augmentation of our air capacity is necessary and it is necessary for three reasons : firstly, the growth of internal traffic which is an essential part of our economic development ; secondly, our plans for tourism, and particularly the advent of the Jumoo jets in the early seventies ; and thirdly, another point which has not been mentioned, and that is, the Viscount replacement, because the Viscount are going to be gradually phased out ; the phasing out is going to begin in 1970-71 and is going to be completed in 1972-73. So, there is certainly a necessity to have more capacity. The Indian Airlines, as he pointed out, went into this matter very carefully ; they sent a technical committee abroad to look into the various types of planes ; the technical committee reported back in favour of a certain plane, in fact, a Boeing. But the Corporation set up a sub-committee of its own to look into that report, took the views of various other experts and finally decided to recommend DC 9.

AN HON. MEMBER : Why ? (Interruption).

DR. KARAN SINGH : This recommendation was received on the 28th July. Now, when this recommendation comes to Government, it is certainly the responsibility, in fact, the duty of the Government to look into this matter very carefully and to take a total view, because the Corporation certainly will take a view which it considers to be in the best interests of the Corporation.

SHRI RANGA (Srikakulam) : What about the technical view ? They are not politicians.

DR. KARAN SINGH : The technical committee had really recommended another plane, not DC 9, but subsequently, in good faith, the Indian Airlines set up a committee which reversed the original report. *(Interruption)*

SOME HON. MEMBERS : Why ?

19 00 hrs.

DR. KARAN SINGH : I do not want to go into great statistical details. The Indian Airlines felt that DC-9 would be more profitable because of its extra cargo capacity.

श्री जार्ज फरनेन्डीज : क्या टैक्निकल कमेटी ने यह नहीं देखा था ?

DR. KARAN SINGH : The technical committee had worked out the cargo capacity on 10 per cent basis. But the Indian Airlines Board finally thought that 10 per cent was an under-estimate. There were reasons to show that the cargo growth would be more than 10 per cent.

SHRI SHRI CHAND GOYAL : Who were the the members of this Corporation Sub-Committee ?

DR. KARAN SINGH : The Board of Directors of the Indian Airlines took the decision. The names of the members are Lala Bharat Ram, Mr, J.R.D. Tata, Air Chief Marshal Arjan Singh, Mr, S. Mohan Kumaramangalam, Air Marshal Chaturvedi, Shri K. T. Satarawala and Shri Kedarnath Mukerjee, a Finance Ministry representative, a representative of the Ministry of Tourism and Civil Aviation.

SHRI PILOO MODY : What about a representative from the zoo ?

DR. KARAN SINGH : I invite the hon. member for that.

SHRI PILOO MODY : I willingly accept it.

DR. KARAN SINGH : The point is, Government has got to take a total view of this matter. The most important reasons is, that what we buy today is not merely important in itself, but it means that this is the plane that we are going in for as a permanent plane to replace finally the Caravelle also. It is not merely a question of purchasing today. It will really in a way form the contours of our fleet for the next 10 or 15 years. Obviously, we have too much of a proliferation of different types. We have to try and standardise them. We have to look into this not merely from the immediate point of view or for the next five years, but we have to carry the projects for the next 10 or 15 years.

SHRI PILOO MODY : Are you competent to do it ?

DR. KARAN SINGH : Yes. It is not only the right but the duty of the Government to be absolutely sure that the decision we take is right. Therefore, we are checking, cross-checking, double-checking, the projections.

SHRI PILOO MODY : All that checking is done in Moscow.

DR. KARAN SINGH : The Cabinet is the final authority to take the decision. The Cabinet committee will only report back to the Cabinet. Anyhow, this is an entirely internal matter of the Cabinet.

SHRI N. K. SOMANI (Nagaur) : Who are the members of the Cabinet sub-committee ?

SHRI PILOO MODY : I think the members of the sub-committee would be enough of an indication as to what they have in mind when they appointed this committee. That is why he is not revealing the names.

DR. KARAN SINGH : There is nothing to hide as far as the names are concerned. But on principle...

SHRI SHRI CHAND GOYAL : The minister wants to hide the name which have appeared in the press.

DR. KARAN SINGH : I was saying that how the Cabinet comes to a decision is an entirely internal affair of the Cabinet. It is not open to opposition members to say that the Cabinet should come to a decision in a particular manner. *(Interruption)*

We have got to look into various matters. For example, take the spare capacity in Air India, which is an interesting point. Air India has so far had a certain amount of spare capacity which was going unutilized.

SHRI PILOO MODY : Why?

DR. KARAN SINGH : Now we have issued a directive that from the 1st of January the surplus capacity of Air India

will also be used for internal capacity. The point I am making is this, that it is not correct to say that we are functioning under different directions from Moscow, or from Washington, or elsewhere. I can only give this assurance that we are fully aware of the necessity to augment our fleet capacity and, taking a total view of the situation, keeping in view the points that the hon. Members have raised, the questions of profitability, repayment, resources, optimum utilisation of our fleet and the projection of our aviation structure for the next ten years, we will take a decision in the best interests of the country.

SHRI PILOO MODY : When ?

DR. KARAN SINGH : As early as possible.

19.07 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Thursday, December 5, 1968 Agrahayana 14, 1890 (Saka).