

Mr. Speaker: It was only the next resolution that was allowed to be moved. . . .

Shri Panigrahi: But if that hon. Member is absent?

Mr. Speaker: Not the next after next.

Shri Panigrahi: But the Mover of that resolution is absent.

Mr. Speaker: Therefore, we go to the other work.

Shrimati Renu Chakravarty: Normally, what we do is we just allow the next one to be moved formally. .

Mr. Speaker: But this is next after next.

Shrimati Renu Chakravarty: That is immaterial.

Mr. Speaker: When the Member is absent and does not move, then the next after next is taken. But if he is present and does not move, then what should be the position? All right; we shall think of that on that day.

17.23 hrs.

RESOLUTION RE COMMITTEE TO
ASSESS PROGRESS OF LAND
REFORMS IN THE COUNTRY

Shri Panigrahi (Puri): I beg to move:

"This House recommends that a Committee consisting of 15 members of Lok Sabha be appointed to assess the progress made so far in the matter of land reforms all over the country and to submit its report to the House as early as possible."

Mr. Speaker: This will stand over to the next day.

17.24 hrs.

*WEEKLY SCHEDULED FREIGHTER
SERVICE BY AIR INDIA INTER-
NATIONAL

Mr. Speaker: The Deputy Minister of Civil Aviation may make his statement.

The Deputy Minister of Civil Aviation (Shri Mohiuddin): With your permission, I wish to amend the reply given by me to part (c) of Short Notice Question No. 2 on the 27th November, 1958, in the Lok Sabha.

In giving the terms of the contract between Air India International and Seaboard and Western Airlines, I had mentioned that the quantum of gross revenues earned from the carriage of traffic on the India-U.K. route shall be apportioned on the basis of 80 per cent. to Seaboard and Western Airlines and 20 per cent. to Air India International. This was based on the suggestion made by Air India International to Seaboard and Western Airlines during the negotiations. According to the terms of the agreement, the relevant provision is that Air India International will receive 15 per cent of the gross revenue earned for the carriage over the sector U.K.-India and vice versa, for the first six months, and thereafter, the rate of remuneration to the Air India International will be increased to 20 per cent.

I regret that the information I gave to the House on the 27th November, 1958, was not wholly correct.

Mr. Speaker: Does Shri Basumatari still desire to raise this half-an-hour discussion?

Shri Basumatari (Goalpara—Reserved—Sch. Tribes): Yes.

I beg to raise a discussion on the Short Notice Question regarding the announcement made by the Air India International about the running of a

Half-an-hour discussion.

[Shri Basumatari]

scheduled freighter service (weekly) between Europe and India and vice versa, that was arranged with the American Company, namely the Seaboard and Western Airlines.

I humbly submit with all respect that the reply given by the Deputy Minister of Civil Aviation on 27th November, 1958, was not satisfactory. It was rather confusing, and at the same time, I felt that it was lack of imagination about our own stand. I would not mind if Air India International run a freighter service for cargo by themselves, but I do not understand why when we have the powerful Air India International service, Government have entered into an agreement with a private operator abroad. If at all it was to be given to a private operator, why was it not given to a private operator in India? That was the question in my mind. It is not a question of loss of one rupee or two; it is a question of loss of 80 per cent. gross revenue. So I do not know why the Government of India failed to realise the magnitude of this loss which they will incur.

So many Hon'ble Members of Parliament asked questions on this, and the reply of the hon. Deputy Minister was not only confusing but also contradictory. When a question was asked whether before entering into this agreement with a foreign private operator, the question of giving the work to a private operator in India was considered or not. The Deputy Minister answered that there was no suitable company which could run this cargo service. But when a question was asked whether Messrs. Kalinga Airlines came forward with an offer to run the service on the same terms and conditions the Deputy Minister's answer was in the affirmative, but he added that they had no suitable plane which could run the cargo service. But when asked whether the firm had offered to purchase a freighter for operating this service without any subsidy or foreign exchange involved, he replied, 'Yes',

but added that we had already 11 Super-constellations and we were expecting some Boeings also after 1960 and if we allowed the private sector to run the service, then there would be a tremendous surplus with A.I.I.

Just now we have heard so many things about defence, how fighters are so important for the country.

My argument is this: if there is a surplus, what would be the harm? Government themselves could make use of these aircrafts in their own national emergencies? This is a national loss, a question of 80 per cent. loss of gross revenue. So I do not understand why the Hon'ble Minister was so much afraid of surplus.

Then a question was asked whether Kalinga Airlines were not ready to run this business. The Minister replied that it would be difficult for them to find the return load, because they might not have freight to be brought to India from abroad. One thing I fail to understand. It is this. When we are thinking so much about promoting business or industry, why should Government have a defeatist mentality that we would run the business at a loss by having surplus aircraft? I do not understand this argument.

So my point is that the replies given by the hon. Deputy Minister are not at all satisfactory; on the contrary, they are contradictory. He could not say anything clearly in reply to our questions as to why they had to enter into a contract with the foreign private sector. So some confusion arose. There was also some suspicion remained in the minds of Members that there may be somebody by whom Government might have been influenced.

This is not a question of loss and profit alone. It involves employment also. It involves a question of bread and butter for the nation. So I do not

understand why they have to incur this loss of 80 per cent gross revenue. So a suspicion arose in the minds of Members, specially in my mind, that this agreement might have been entered into under the influence of some other person. Therefore the other day I asked a question whether the Civil Aviation was run by the Government or by Shri J R D Tata, who is a most influential person, and the Chairman of the Board of Directors of both the Corporations. That suspicion arose especially because Government did not think about the loss to them by way of 80 per cent of gross revenue. Therefore, my submission is that if there is time they should reconsider this question. Our Minister himself said in his argument that we can revoke this agreement at any time and we can serve a notice on them. Therefore, for the interests of the nation and the country Government should think it over.

Only day before yesterday our Prime Minister in his inaugural speech in the Annual Flying Club Conference said that we should enthuse the minds of our people so that they may become air minded. If we are to do that, we have to encourage the private sector also, we must not depend only on the AII and IAC.

I would not have proposed this thing if the private sector were not at all in existence. There are some private operators. Why are they not allowed to run in other parts of India? This has to be considered.

I hope both the hon Deputy Minister and the hon Minister will reconsider this case for the interests of the country and try to revoke this agreement.

Shrimati Renu Chakravarty (Basirhat)— Sir, I was not obviously one of the signatories to this motion because I will fight it tooth and nail. But, at the same time I would like to say that I have been very much distressed by hearing about this deal which

the AII has entered into with the Seaboard and Western Airlines, a company of America. The reason for that is obvious.

I have fought from the very beginning against enlarging the scope of the private sector. Especially, in this case it is a deal with a foreign company.

I am very much surprised that a Member who actually supports the ruling party which has passed a policy resolution that air transport in general will be in the public sector does not come forward to criticise the Government saying, why is it that the Indian Airlines Corporation was not given this freight service but pleads on behalf of the private sector.

My main contention is that we should have tried to find out whether we have freighter capacity from the IAC. I do not exactly remember the debate, but as far as I know we were at one time wondering what are we to do with our Skymasters. Actually we had more capacity, at one stage the Skymasters were going to carry our mails. Then there was an added capacity later on. I would like to know from the hon Minister why it is that we could not find out whether we could use the freighter services of the IAC and get the entire money for our country.

This debate has been raised in a clever way. It has been raised in this way, here you are allowing a private company, you are allowing an American company, why are you not allowing private operators to come in.

I would just like to say one thing. One significant thing that emerged from the Air Transport Enquiry Committee was that when the private operators were operating all along the line in this country, the Government had to heavily subsidise them, otherwise they could not function. That was one of the basic reasons why Government took over.

[Shrimati Renu Chakravartty]

Now the question posed is when you are allowing this Kalinga which purports to be an Indian company, why not an Indian concern be allowed to earn profits as you are allowing an American Company. Government has put itself in a very peculiar position because instead of trying to do this service through the I.A.C., if you do not give it to a private operator, you will come under this criticism.

Actually what has happened? Actually these very Kalingas had destroyed three or four of our own aircraft of the I.A.C. I believe that the companies who are interested in raising these debates have been advising many Members that this is not a fact. But I know and I am sure I can challenge those who say that this is not a fact that our Indian associates who are in Nepal, Kalingas, actually destroyed our aircraft. Maybe they went out of action and they might have been repaired. But in any case we lost two or three of our aircraft. That is why I believe today our Skymasters do not have the capacity till about March, 1959—when they will be in a position—to take over our freighter service. We need not go to this company.

I would like to get an answer from the Government to the question whether they are considering this matter. Are they going to give it over to Kalingas whose associates have not been allowed to function in Nepal because of the various and a large number of accidents to their credit over there? They have had accidents to their credit in N.E.F.A. and elsewhere. It is because these private operators do not abide by the safety rules. They overload the aircraft and under-log the pilots. They pay the pilots well and that is how they do these things. That is why they say: "Here are we; we are going to give cheaper service." Cheaper service? I would be one of the greatest pro-

tagonists to make the I.A.C. give cheaper service but not at the cost of safety.

Another point which I would like the hon. Member who has raised this debate to tell us very frankly is this. Is Kalinga an all-India concern? As far as I know, the Indamer Company, a non-scheduled operator, had to go out of operations because we did not allow it to renew its licence because of the many hanky-panky things which it did and because it did not abide by our safety regulations. So, its foreign manager—I do not know whether he was the manager but he was a director—Capt. Brinnand, when he went, took all his aircraft and went and integrated himself with the Kalinga. This Capt. Brinnand is a person known to the D.G.C.A. and he is known to the I.A.C. We suspect that many things go on in the garb of this particular company and this particular gentleman. He flies over Pakistan so many times and people have told us that they had flown over Pakistan. I hear that there is suspicion that many other illegal things are continuing. How can we, in this situation, allow such people to take over any part of our business?

I will support the hon. Member only in this matter: Why did the Government give over that part which should officially belong to the I.A.C. freighter service to an American company. I will not plead with the Government and say that we should give it over to the Kalinga. Rather I will say: Let the I.A.C. extend its service and make cheaper service, janta service and take over the freighter service in Assam and do it well and cheaply and keep the safety regulations. Do not allow this Kalinga and Indamer and the other companies. He talked of bread and butter. Is it bread and butter to one of these big adventurers? I would rather ask this: What about those who are down below? Shri S. K. Patil

knows very well the conditions in which these non-scheduled operators are functioning. They are asked to do many illegal things. If they do not do these things, they are chucked out and nobody gives them job. This is not the type of bread and butter to them; it comes here only to win our sympathy.

There is a clause in the agreement that we can terminate the agreement earlier than March, 1960—I think—by giving them notice of three months. If that is so, if there is such a safeguarding clause, I would urge the Government that we should try and find out if we can use one of our Sky-masters from the I.A.C. to take over this freighter service and earn the very much needed foreign exchange for us.

Regarding the fact that we will not have backloads and we will have losses, I would say this. Shall we cut down our shipping? We do not cut down; we are going ahead with our shipping programme. If in 1960, the A.I.I. has to have a regular cargo service and a freighter service, it is time we started. The earlier we start, the better for us.

Shri Jaipal Singh (Ranchi West—Reserved—Sch. Tribes): Mr. Speaker Sir, I hope you will forgive me if I say first a few words about what my hon. friend, Shrimati Renu Chakravarty, had said. I do support anything that is decent, that deserves to be supported, not necessarily because it is American, Russian, Oriya or anything else. I was very grieved to hear her charging the Kalingas of having destroyed three aircraft in Nepal. I do not know exactly what she means by 'destroying'. Was it deliberate or by accident? There is a big difference between deliberate destruction and an accident.

Shrimati Renu Chakravarty: My point is why don't you put in their money and have their own aircraft? Why do we spend money and waste money on Kalingas?

Shri Jaipal Singh: That is for the Government to say, but it is a patent falsehood to say that Kalingas destroyed aircraft in Nepal. That is the point that I was trying to make. I am not advocating de-nationalisation or anything like that. I have always held in this House that Government has a moral duty to keep parties going that Government itself has invited to come into existence, otherwise they should have a clear policy of full nationalisation. If they have not got that, they must give adequate business to keep them going.

We know the whole history of Himalayan Aviation and the night airmail service in the private sector. We owe our night airmail to them. What happened? That business was taken away and they had to close their shop.

We may differ in our views as to whether there should be non-scheduled operators or not. That is not the issue today. My hon. friend, Shrimati Renu Chakravarty took quite a long time talking about inland freighter service. The resolution does not say anything whatever of inland freighter service. It is only in regard to external freighter service.

Shrimati Renu Chakravarty: I am asking the I.A.C. to take over that.

Shri Jaipal Singh: We heard about N.E.F.A. and various other things; I think they are all internal. The question here is only about external freighter service. Only the other day I asked a question why there was no linking of these matters. I still maintain that, in any decision that the Government takes, there must be a linking right from the top, that is to say, from our defence requirements to our civil requirements. The hon. Minister for Communications and Transport, Shri S. K. Patil, who is not here just now, told me in reply to my supplementary that the question of linking did not arise. A little later

[Shri Jaipal Singh]

on I was told that the Seaboard Western Airlines had undertaken in due course to take over the Super-constellations, which were in due course to become obsolete. That in itself, I think, is sufficient exposure, shall we say, of lack of long-term planning.

But, quite apart from that, my argument against this particular contract is that we have not been given full information as to how long the contract is to last. That is rather important. We are in difficulties with regard to foreign exchange. We are given only 15 to 20 per cent of the gross earnings. I think this business can be carried out by us. If that cannot be done, obviously we have to go to other parties—I am not disputing that. But I agree with Shrimati Renu Chakravartty that there is a good deal of it that our small nationalised aircraft as well as the private operators can do.

My communist friends, all of them, have a bee in their bonnet whenever anything American turns up. They have not yet objected to the Boeings. I think their friends have not got anything equal to it, but I am sure the day something equivalent turns up they will object to Boeings coming to India. I fully agree that the business can be done by the IAC and other operators for whose existence Government is responsible. They are in this business not because they have come in on their own but because Government has invited them. Today the Government is letting them down. We shall be saving a large amount of foreign exchange. That is the point that we should not lose sight of.

When I raised the other day the question of linking, my idea was that our internal services—passenger and freight—and our external services—passenger and freight—should not be in water-tight compartments. There can be a linking between the two, not only in regard to services as such but in regard to the question of purchases

also—defence requirements, etc. I need not stress that point because, I think, in this particular discussion that matter need not be flood-lit. But I would very much like to point out that this contract is only a continuation of what was there before nationalization took place. The Air India, before nationalization—I think I am right, and I am subject to correction—were doing business with this particular concern. It is something that has been regularized now under the nationalized scheme.

I do feel that we should think hard whether we can afford to lose such valuable currency if we ourselves or our nationals can do the work.

I come to one particular point which my very dear friend, Shrimati Renu Chakravartty, referred to and that is about a particular person whom I know only too well. I have known him for many many years—Captain Johnny Brennand. I do not know how well she knows him. She mentioned that he flew over Pakistan and the like. I would like the Government to examine it very seriously* that non-scheduled operators should be permitted to fly over Pakistan just as the IAC aircraft are permitted to fly over Pakistan. Why not? Why are we in anyway handicapping the non-scheduled operator?

Shrimati Renu Chakravartty: We do not want foreigners to operate.

Shri Jaipal Singh: I may tell my hon friend that everybody who is a pilot in the Kalinga Airlines is not a foreigner. There are quite a few Indian nationals. Even they are not permitted to fly over Pakistan.

I may also add for her information that there is an odd foreigner even in our nationalized airlines. But let us not talk too much about foreigners until such time as we ourselves can manage everything else.

In the very short time, I cannot tear her arguments to bits and pieces. I do not want to do that this evening. But the fact is that I think in fairness to the Indamer Airlines—she was mentioning Indamer—I should say that I was very intimately connected with it. I have not too many good words about Indamer. But I think we should be a bit cautious in talking about foreign pilots. But for the foreign pilots, let me tell you, Sir, this country would not have had the night airmail service, because everybody else said this could be done. They did it, and put India on the air-map of the world.

Shri Mohiuddin: Mr. Speaker, Sir, the agreement between the A.I.I. and the Seaboard and Western has to be judged from a very narrow business point of view. The A.I.I. under the Air Corporations Act, have got to function as a business concern.

Shri Jaipal Singh: On commercial principles.

Shri Mohiuddin: Yes; on commercial principles, and when they negotiated this agreement with the Seaboard and Western, as I mentioned the other day in reply to a Short Notice Question, the offer of the Indian private operator was also considered. From a business point of view, and not from a general point of view of defence, or increasing our capacity, the A.I.I. decided to come to an agreement with the Seaboard and Western Airlines purely from a business point of view.

Shri Jaipal Singh: To continue the business they were doing.

Shri Mohiuddin: Yes; the reason which I have explained the other day was that by March, 1960, the A.I.I. will have two or three surplus Super-constellations. As a matter of fact, even now, in 1957-58, their profits had gone down and with the coming of the Boeings and the Jets all over the world, there will be a surplus capa-

city especially in the piston-engine aircraft. The piston-engine aircraft will not be salable. That is the anticipation of those who are dealing in this matter. The piston-engine aircraft of the present day will not be salable by 1960-61. The prudent businessmen had to consider from a purely business point of view what they should do with those aircrafts in 1960 when they receive the Boeings. In 1960, they expect there will be two or three. Super-constellations surplus and it was with this point of view that they entered into this agreement.

Mr. Basumatari said, "Why bother about the losses? What harm would there be if there is one or more surplus aircraft in 1960. There will be three or four surplus; why not one more?" I really do not understand how this argument can be advanced in support of giving a private cooperator the chance of buying one more aircraft. The A.I.I. as I said, wanted their own aircraft to be used for business purposes and cargo transportation. If they have one more in 1960 what would they do with it? It is very easy to say that it is the outlook of the private carrier to find out their own business at that time. After all, when the private operator purchases an aircraft and promises a foreign concern to pay for them, we have got to consider whether they will be able to pay for that before March, 1960.

Shri Nagi Reddy: They will come back to us again for aid.

Shri Mohiuddin: Exactly. In two or two and a half years time, I am sure the surplus earnings—earnings of the Private operator—would not have been sufficient to pay Rs. 50 lakhs for one aircraft. In order to run the service, they have at least to buy two aircrafts. Even two will not be sufficient; but at least two are required. So, Rs. 1 crore had to be paid back to the manufacturers in two or three years' time.

Shri Basumatari (Anantapur): The other day it appeared in the newspaper that the very first flight brought over 17,000 lbs. load, so if you multiply even by two or three rupees per pound, imagine how much amount it will be: the earnings.

Shri Mohiuddin: I do not know about that 7,000 lbs. I will give you some figures later as to the earnings. I am sure in two years' time, they would not have been able to pay back and in 1960 you would have had another request to continue the facility that was given to them to carry the cargo as an associate of the A.I.I. and that would have meant that A.I.I. as a business concern, would have to keep a certain capacity idle on their own and hand over that capacity to a private operator to carry on the business. I am sure our friends on the other side would never have liked that. That is exactly the reason why we thought it would not be in the business interests either of the private operator or of the A.I.I. to allow them to purchase this aircraft for which they could not pay during the two-years period that was available. Now it is only 18 months of the agreement with the Seaboard and Western.

Mrs. Renu Chakravartty and my other friend also asked definitely what is the period for which the agreement has been made. The agreement will expire on 31st March, 1960.

Shri Jaipal Singh: After that, the Super-constellations will carry the goods?

Shri Mohiuddin: Yes; after 1960, we expect that apart from the Super-constellation to Jakarta and Japan, two, three or four Super-constellations will carry the same goods which during these 1½ years' time, will be carried in association with Seaboard and Western Airlines to the continent of Europe. **Shrimati Renu Chakravartty** asked: Why was not a chance given to the I.A.C. when they have got

Skymasters? The I.A.C. have **Skymasters** at the present moment, but for the next year and a half I am afraid they will not be able to spare for a regular service, for a scheduled service, two aircrafts from their existing fleet. If they can spare, I shall be very glad to give them an opportunity; to carry on this scheduled service they must have at least two aircrafts. I do not think they can spare two **Skymasters** for this purpose.

Then a point was raised by **Shri Basumatari:** why should we bother so much about the profit or loss that may arise in 1960? Why not give them a chance and add one more aircraft? **Shrimati Renu Chakravartty** has used some strong words against private operators. **Shri Jaipal Singh** has supported them.

Shri Jaipal Singh: Supported them? No, not only the private operators; mixed economy.

Shri Mohiuddin: I won't express an opinion one way or the other. But I am sure that we all realise that the private operators have done good service to India before the air services were nationalised. They undertook a very risky enterprise, they trained pilots and they opened up new ways of running the services. To that extent, of course, they have rendered a great service, and they still are a nucleus in the country of private enterprise, and I am sure that they will find out more and more new ways of operating their services. But, as far as this particular service was concerned, that is, the cargo service to West, there was very little chance for the private operators to come in. I, therefore, do not think that we should take action under the terminatory clause, either to terminate their services, as suggested by **Shri Basumatari**, and give it to a private operator, or to give it to the I.A.C. as suggested by **Shrimati Renu Chakravartty**. After all, 18 months' contract is a very short period and any party

with whom you enter into this contract must have a chance to show what they can do. I do not agree with the proposal suggesting that A.I.I. give three months' notice under their agreement. I think they should have a chance to develop business for 18 months. As far as I am concerned that is the intention, i.e., they should have that opportunity.

18 hrs.

Shri Jaipal Singh: Where does west begin? Does it begin in Calcutta or in Bombay or in Delhi or in Madras? That is rather a material point.

Shri Mohiuddin: The service will touch Bombay, Delhi and Calcutta

Shri Jaipal Singh: And not Madras?

Shri Mohiuddin: No, not Madras. I do not think Madras will be touched.

Shri Jaipal Singh: But that is in the internal service.

Shri Mohiuddin: They are not allowed to pick up goods from one point in India to be delivered to another point here. The goods will be picked up only for foreign service.

Shri Jaipal Singh: That can be easily done by the I.A.C. or by somebody else. We do not require the Seaboard and Western Airlines to do that work. Why can't they be dropped in Bombay and go back west?

Shri Mohiuddin: It is a matter of convenience for loading and unloading. Of course, loading and unloading does cost money. For example, if they picked up goods from Calcutta they will go direct and if the goods are in Bombay they will go to Bombay or when they come back they will unload the goods at Bombay. That is the arrangement at the present moment.

Mr. Speaker: Has the hon. Minister any idea about the Curtis Commandoes which were carrying freight from Calcutta to China over the hump and which were sold away at a nominal price in spite of the recommendation of the Estimates Committee in 1950? They were used for carrying freight during the war. Here, I have the Report of the Estimates Committee. They were carrying three times as much as any ordinary aircraft will carry. Perhaps the hon. Minister is not aware as to what happened to these Curtis Commandoes.

Shrimati Renn Chakravartty: They were sold away at a very nominal price.

Shri Mohiuddin: I am not aware of that.

Mr. Speaker: At one time they were sold away.

18.02 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Monday, the 8th December, 1958.