

[Shri Narayanankutty Menon]

that almost all the equipments are to come from the foreign countries. He knows only too well that for every hospital it takes at least three years for getting foreign exchange sanctioned from the Finance Ministry and get the equipments by placing an order in a foreign country. So, even if the Bombay hospital is constructed within a year's time, it will take, five more years for the equipments to come, because you have never thought of ordering for them.

Then I only want to make a clarification. We did not tell him that we are not willing to co-operate. What we told him was that in spite of the opposition for the scheme, we have got the co-operation of the workers working in the factories and elsewhere. Now the time has come when it is no longer possible to sell the stuff to these workers, because from their experience they have found that unless something is done the position is not going to improve. Therefore, my only appeal to the hon. Minister is this: let the patience and misery of the workers not be tested and let things be improved in proper time, so that we and he, and also the Government and the other parties, will be able to get the co-operation of the workers in order to implement the scheme and make the scheme a success.

Also, in regard to the question of extension of the benefits to the families, a little more speed is required, because the promises made have to be met and already the Second Plan is coming to an end. I hope that in the light of the reply given today, unlike the reply that was given during the last year, the promises that have been given today will materialise at least by 50 per cent and that half the number of hospitals will come, half the number of beds will be reserved and half the number of workers, families will be covered before the next year's report is discussed in this House.

Mr. Speaker: Motions of this nature need not be put to the vote of the House. It is enough that they have been discussed. It is only in cases where they are followed up by amendments either for approval or for disapproval, the amendments will be put to the vote of the House. This motion is in the nature of a motion which was previously termed as 'let so-and-so be taken into consideration'.

This motion has been sufficiently discussed.

17.31 hrs.

MANUFACTURE OF AVRO 748 AND REPLACEMENT OF DAKOTAS*

Mr. Speaker: The House will now take up the other matter before it, namely, the half-an-hour discussion. Hon Members are aware that half an hour is allowed for such discussions. But it was brought to my notice that there is another matter relating to Dakotas and I was informed that these two are somewhat connected with each other. Therefore under the peculiar circumstances, unusually I have put down both these motions here. On a single day only one half-an-hour discussion is taken but I have brought in the other one also. For both of them I will allow 45 minutes. The hon Member who tabled this motion will take ten minutes, for reply the hon. Minister will take fifteen minutes and in between those hon. Members who have joined in giving notice will be allowed to ask a question or two each.

Shri T. B. Vittal Rao (Khammam): They pertain to two different hon. Ministers.

Mr. Speaker: Then each of the hon. Ministers will reply.

*Half-an-hour Discussion.

Shri U. C. Patnaik (Ganjam): Mr Speaker, Sir, I am highly grateful to you for having insisted that this discussion should take place today, particularly, when in view of the hon Defence Minister's trying to postpone this for three or four months, we were very doubtful whether it could be taken up today. We are obliged to you, Sir, for having upheld the prestige of the Parliament by insisting that this discussion should take place today.

At a time when China and Pakistan are knocking at our doors and border-raids and transgressions against the integrity of our territory are taking place, our Defence Ministry has been, on the one hand, trying to promote dissatisfaction among the officers and troops.

Mr Speaker: Order, order. No I am not going to allow a general discussion on the Defence Ministry here. This half-an-hour discussion arises out of a question. If there is any matter which has not been explained, he may be asked to explain that.

Shri U. C. Patnaik: I beg to submit, Sir, that this Avro 748 is one of a number of deals of this kind which have taken place during the last two or three years, ignoring all the time, the greater responsibility of the defence organisation. Anyway, in obedience to your directive, I would deal only with the answer to the Starred Question of the 10th August, 1959, and point out that the replies of the hon Minister were incomplete and unsatisfactory.

First of all, one question which we had asked was why was the manufacture not taken up at HAL or any associated new factory to be run under HAL and why was it decided to take it up at a repair depot which has not got the tools and jigs for manufacturing aeroplanes? Then we asked why was it that Kanpur was selected where there is no cost accounting and no annual reports and why was it that

HAL or any subsidiary factory under HAL was avoided, which has got regular cost accounting and regular annual reports of income and expenditure? Why was it that although there is about 20 lakh man-hours idle capacity in Bangalore, during the remaining 2 years of the Plan according to reports, we have chosen—or the hon Defence Minister has chosen—not Bangalore, where there is so much of idle capacity or any associate organisation under HAL which is a limited company, but Kanpur where it is known that there is a shortage of airmen to the extent of about 30 or 40 per cent of our requirement? Where there is greater shortage of technical personnel why is it that it has been taken up? The only answer that I can think of is that the hon Defence Minister or his Ministry wanted to avoid the scrutiny of the Parliament. They wanted to avoid the public from knowing the real cost accounting, the exact annual expenditure and all that. Therefore my first submission is about the choice of the place.

Then, Sir, I put another question, and that is about costs. We had put the question last time, and my hon. friend Shri C R Narasimhan had asked a specific question as to what will be the cost. And the reply of the hon Minister was one crore, "somewhere about a crore." I do not know whether he will say that it is correct or not, but the cost of a Dakota is about twenty-five to thirty lakhs of rupees each. That the Defence Minister has entered into an agreement whereby, by spending one crore, we will be replacing 150 Dakotas is really a welcome thing, if it is true. But I am afraid not even a child will believe that at a cost of one crore of rupees..

Shri C D Pande (Naini Tal): One crore each.

Shri U. C. Patnaik: No, he said one crore, about a crore. That was his answer. Each Dakota is costing about

(Shri U. C. Patnaik)

twenty-five to thirty lakhs of rupees, and so what is this answer "about one crore"? Is it one crore of rupees each, as the hon. Member has suggested? But that too cannot be. Is it for the first prototype which is to be produced a year hence? We do not know. And what will be the total cost of replacing our 150 Dakotas?

Then we come to another question that we can relevantly put to the hon. the Defence Minister. And it is that, apart from the fact that Dakotas have become out-moded, the real objection to Dakotas and to other transport and freighter vehicles of that kind, is that they have got side-loading, and, for military purposes side-loading is not desirable, it should be a tail-loading version. That is, a military freighter aircraft must have tail-loading from behind jeeps, guns and other stores can be pushed in. That is why the tail-loading version is required. It is surprising that our Defence Minister, ignoring this important difference and this important requirement of a new freighter plane, has gone in for Avro 748 which is not a tail-loading aircraft but which is a side-loading aircraft like the Dakotas which are going out of use now.

I do concede, of course, that there is another version on the design-board of the Hawker Siddeley group, and that is Avro 758, (not Avro 748) for which the Defence Minister has gone in. Avro 758 is another aircraft on the design-board of Hawker Siddeleys, and that is a tail-loading aircraft.

I do not know for how many aircrafts this present agreement has been entered into. Obviously, according to his statement in Parliament, it is only one crore of rupees, that is the first prototype. But what we understand from the lobby and other informed circles is that the first prototype is supposed to cost one crore and eighty lakhs—one crore and eight-three lakhs of rupees to be more correct. Out of this Rs 1.83 lakhs we are given to understand that about fifty to fifty-three lakhs are to go towards the

licence fees, and the remaining Rs. 1.30 lakhs will go towards the manufacture and the foreign exchange component. And the foreign exchange component for this first prototype is to be double at Kanpur of what it would have been at H.A.L.—instead of Rs. 40 lakhs it would be Rs. 80 lakhs. That is, double the amount he is prepared to pay. And he has told us that his experts had gone and selected the place. Who are those experts? I understand that the expert concerned who was brought to Delhi from a training organisation somewhere in the south, Bangalore or Hyderabad was the same person who had negotiated the earlier Hunter Hawker deal of 30 million worth of Hawker Siddeleys which were found to be defective. That gentleman was brought in here and he was the person who reported about this deal and the location of site.

These facts are troubling us because, we as Parliament, the sovereign organisation in the country, would like to know from the Defence Minister why he told us and how he told us that the cost of the project was going to be Rs 1 crore. We are entitled to know and through this Parliament, the country is entitled to know, why we have been told that Rs 1 crore is the cost of the project. It cannot be correct. Not even a child can believe that Rs 1 crore can be the cost of replacing 150 Dakotas.

We would like to know what is his programme about Avro 748, what is his programme about Avro 758 and how long it will take us to replace all these dakotas, and what is the final amount that the country will have to pay—not what they are paying during the current budget year, but what we will have ultimately to spend: what the country will have to pay during the next few years.

I have another objection: why it should have been given to a repair organisation.

Mr Speaker: The hon. Member is repeating no new points

Shri U. C. Patnaik: This is another aspect, Sir. In times of war, the maintenance organisation has to be adapted to the requirements of the country. With different countries knocking at our doors, our maintenance organisation must be able to maintain all these things. I understand that since the Station Commandant of that maintenance organisation has recently gone to the U.K. to study something or other in Hunter Hawker Siddeley's office. A number of planes are awaiting maintenance. I would like to know from the Defence Minister whether that is a fact, and if so whether in a time of stringency the Kanpur maintenance depot can do satisfactory work.

We are told that this Avro 748 is on the design board and the first prototype will be ready by the middle of 1960. The Ministry of Transport have gone in for Fokker Friendship and are examining the suitability of Lockheed Electra etc. for any co-ordination or starting new work in India. We all remember the answer of the hon. Minister of Transport here. Why is it that we have gone in for this untried type, when the Civil Aviation Ministry is more cautious?

About **SECURITY**, he told us last time that he is not prepared to take us into confidence about details of the deal. Well, I had shown books where everything about our Defence organisation every manufacture in the HAL was being publicised in all the western countries. Who gave the information we do not know. The production in the HAL of military fighter aircraft are being widely publicised. Our production of fighters and trainers is being publicised widely. How is it that for this transport and freighter plane, the Defence Minister is so reluctant to part with that information. He is dealing with a foreign private firm and that too about a freighter and transport plane. How is it he is so chary to take Parliament into confidence—the paymasters?

A point was raised that the U.K. the mother country of these Hunter Hawkers, is going in for another variety and has not even placed a trial order. Something was manipulated from Delhi. We understand—how far it is true, the Defence Minister will tell us—a letter was received from the Government of the U.K. that the Supply department of the U.K. has placed a trial order for evaluation purposes for three aircraft of this Avro 748 type. I take objection to it not merely because on some so-called report of U.K., we have swallowed the whole thing and we have agreed to place an order which will ultimately result in 150 dakotas being changed or replaced. But, I object to it in spirit because of two things. No 1. A foreign country has no right to dictate or advise about our purchases. If anybody from this end tried that method of getting a foreign country to recommend to us a private firm, it is certainly, very bad. Secondly, the U.K. has ordered only three of this type, not for the Defence Ministry. They are having other orders for the Defence Ministry but for evaluation in Civil Aviation. The U.K. has ordered for three numbers of this Avro 748 as a trial order. That is because, I understand, there were reports that the Defence Ministry of India was anxious to go in for it but on the ground that in U.K., the mother country, they are not going in for it and therefore, they have placed a trial order. That is only a trial order. Why should we not wait till that trial is satisfied, till U.K. is satisfied, till not only the Supply Department of U.K. but also the Royal Air Force is satisfied with this? Then we can go in for it. Why have we been so anxious to go in for this, and why has the hon. Minister been trying to have all these things without taking us into confidence?

Then, there is another very disturbing element in this, and that is in regard to the people who are associated with this. I referred to some of them in my speech on the Demands for Grants relating to the Defence Ministry in April, 1959, I referred to

[Shri J. C. Patnaik]

some people who were associated with the Defence Minister when he was the High Commissioner in U.K., who have been brought either by right lines or by the back-door into the Defence Ministry, and who have been advisers in this matter.

Shri D. C. Sharma (Gurdaspur): This is too much.

Shri U. C. Patnaik: I understand that an officer of the Supply Department who was associated with the High Commissioner in those days, against whom the Anti-Corruption Wing has reported in regard to a house properties in Golf Links, about two or three months back, has been brought on a higher scale, and he is now the Acting Controller-General of Defence Production, the officer not only in charge of production but also in charge of purchases and contracts.

Shri D. C. Sharma: This is not in good taste.

Mr. Speaker: The hon. Member is going far away from the subject, and he has also exceeded his time

Shri P. K. Deo rose—

Mr. Speaker: The hon. Member has not given notice saying that he would like to speak.

Shri P. K. Deo (Kalahandi): Shri Patnaik and myself had given notice of the discussion.

Mr. Speaker: If a number of hon. Members join together in giving the notice, I shall call only the first Member, if there are two Members, I shall call only the first Member. I would not call two.

Shri Dinesh Singh (Banda): I rise to speak on points arising out of the replies given to S.Q. No. 339 on 12th August, 1959, regarding the Dakota replacement programme of the IAC. As you have mentioned, the Dakota

replacement programme of the IAC is not an independent programme, the replacement programme in regard to Dakotas is the concern of both the Ministry of Defence and Ministry of Transport and Communications, because both of them use these Dakotas. What has actually happened is that both Ministries are going on independently, trying to replace these Dakotas, without taking an integrated picture of the whole programme

I would not have come to this House and taken up the time if it had been a question of purchase of only a few aircraft, either for the Air Force or for the IAC. This is not a question of purchase of aircraft, this is a vital question, and a question of the production in this country of a medium-scale transport aircraft. That is an important question because it does not only mean purchase, but it means manufacture, and manufacture in this country, for the first time, of transport aircraft which will not only meet our requirements but which will have the prospect of being sold outside India, and may become an important source of foreign exchange

Before I go into this question, I think it would be worth while to refer to the reply that the then Minister of Transport and Communications gave when this question No. 339 came up before the House. He was asked whether there was a joint committee that had gone into the manufacture programme. He said:

"So far as Defence is concerned, Government have taken a decision that they will go in for the Avro 748 which is under design and which will be produced"

"So far as we are concerned, just now we are waiting to see what type of plane Avro would be and so on. That is a matter for the future. If it answers to all our requirements, surely we

shall consider whether we should go in for that".

"In the meanwhile, Government have also taken a decision that they will approach Fokker Friendship and also the Lockheed people to put in their designs etc so that we could consider all of them together and find out as to what is ultimately best for our passenger needs".

What is going to happen? The Ministry of Defence have already gone into production of Avro 748 and the Ministry of Transport and Communications have invited tenders from other foreign companies to manufacture the same type of aircraft. The Transport and Communications Ministry have only 58 Dakotas. The Ministry of Defence have 150 Dakotas. So it seems that for the replacement of merely 200 odd Dakotas we are going to set up in this country two independent manufacturing units. I do not know, I am not a businessman, nor am I a manufacturer, but I fail to understand how these two independent manufacturing companies can function economically in this country for such a small supply, specially when we already have an aircraft factory, the Hindustan Aircraft Limited, which is not in the private sector but in the public sector under the Ministry of Defence in charge of a senior Air Force officer. And what do we see? The factory has been completely ignored. The Defence Ministry have decided to build this entirely on their own.

To be able to understand this a little better, I will quote briefly from the Estimates Committee's 43rd Report, page 26, paragraph 73. There the Committee say

"Linked with the problem of the re-equipment of the fleet of the Corporation is the question of the manufacture of a suitable type of aircraft in the country. The Air Transport Inquiry Committee recommended that the Air

Force should first decide on a type of aircraft that would meet its needs for transport purposes and that it should then be decided whether that type could satisfy the requirements of civil air transport also. The combined requirements of Defence and Civil air transport were expected to be substantial enough to justify the Hindustan Aircraft Limited to start a production line under a system of licence from the manufacturers of the type of aircraft selected. The Committee understand —

this is an important sentence—

"that the Hindustan Aircraft Limited has a scheme to start a line of production of medium-sized aircraft. The Committee would, therefore, recommend that there should be utmost co-ordination in this matter among the Corporation, the IAF and the Hindustan Aircraft Limited"

This is exactly what has been ignored.

Shri Narasimhan (Krishnagiri):
What has happened to the scheme?

Shri Dinesh Singh: That is the point. There was a scheme. What has happened to it? There is a lot of very well-paid people in the Hindustan Aircraft Limited. They have a few designers also, I believe, from foreign countries, who are well qualified, I presume because otherwise they would not be there. What has happened to them? They have apparently a scheme that no one talks about. It is just shelved. And we have suddenly gone into the manufacture of an entirely new type of aircraft which has never been flown. We do not know anything about it, we hope it will fly. Anyway, the question is there.

Shri D. C. Sharma: Should we have only old types of aircraft?

Shri Dinesh Singh: Now what I would like to know is

Shri Thirumala Rao (Kakinada): What is the reply of Estimates Committee to that?

Shri Dinesh Singh: Even if I knew it, I cannot quote it here

What I would like to know is what has happened to this scheme and what are we going to do about it. Is the Hindustan Aircraft Factory ever going to produce a medium-sized transport aircraft or not? Or—to put it in a different way—are we going to have three manufacturing concerns producing the same type of aircraft?

This is an important matter and I should like you to allow some time later when we can go into this question in great detail. You have given me only 15 minutes and it is too short to go into the details. I would, therefore, urge upon you to fix some time after when we can go into the whole question of this programme.

Mr Speaker: He has raised the half-hour discussion.

Shri Dinesh Singh: There was no other opportunity. This is only a request for more time later.

Sir, this is not a new report. This report was published in December, 1956. That means that this must have been considered by the Estimates Committee a year earlier. That means we have this programme before us for the past 4 years and no one talks about it. On the other hand, the Defence Minister said that we had also a proposal from Lockheed and we could not wait for 3 months and we could not consider it. We have already waited for 4 years and why could we not wait for 3 months or 6 months or another year? Something has been done in this matter which gives us the impression that the whole matter has not been considered by the Ministry of Defence and it has gone entirely on its own and has ignored a corporation which is working under it. I do not know why this has been done.

You have already rung the bell and I do not have very much time. I do not want to go into the various other details. I have more references, both of the Estimates Committee which has gone into this matter very thoroughly and various others. The IAC has already various aircraft which have been rendered surplus, there are the Herons, then, there are the Skymasters which have been replaced by the Viscounts. What has happened to all this aircraft?

The Estimates Committee had very clearly asked the IAC to keep this in view when they go in for Dakota replacement. What they have done is to completely forget it. They say that the Herons have not been successful. But there is nothing wrong with the aircraft as such. They admit this. Then, what is wrong is that it has been used on feeder routes which were uneconomic. There is no complaint as such against the aircraft. Then why can they not be used on routes which are economic? Use these planes for the time being. In any case, the Dakotas are good for 4 or 5 years. Let both these experts sit together and make a plan which will be in the interests of the country and not only in the interest of one Ministry or the other.

This is an important point. I should like the Defence Minister and the Minister of Transport to give an assurance to this House today that they will forget the past, whatever there is, and set up a new committee that will go into this question and consider it in an integrated way.

The Defence Minister has claimed secrecy about this Avro 748. It is secret from us certainly. But in the *London Financial Times* and others all the details are given. I can read them out to you. It also appears that the same plane is going to be manufactured by a company named A. V. Rowe & Co., in Canada under a licence from the same people.

Mr. Speaker: If the hon. Member has got the details from elsewhere, why does he ask them here?

Shri Dimesh Singh: Because the contract is secret from us. What is there secret in the contract? It has been signed by a private company, a company which has got international connections. It has international subsidiaries which will come to know of it. The countries where these are located will come to know of it. But who won't know? It is only this Parliament and we who won't know. But everyone else will know.

What I was trying to say was that when the Government of Canada had gone into a big manufacturing programme of certain types of supersonic aircraft with the A V Rowe & Co., they have not been very successful. The Canadian Government has just cancelled this contract rendering 14 000 workers unemployed. Anyway, if the Canadian Government can do it, we can certainly do it also. I would, therefore, request the Minister of Defence and the Minister of Transport to give us this assurance today that they will consider this question afresh.

Mr. Speaker: The hon. Members who tabled the question and the half-an-hour discussion were given an opportunity. Under the rules, the other hon. Members who have given me notice will be allowed to put one question each. I will then come to those other hon. Members, who had appended their signatures to the original notices, though they have not given me now separate notices.

18 hrs.

Shri Joachim Alva (Kanara): I will just take not one minute but three minutes.

Mr. Speaker: It is not a speech; it is only question.

Shri Joachim Alva: I want to know from the hon. Defence Minister as also the Minister of Civil Aviation certain things. Have we arrived at a decision to draw a line between the secret and non-secret weapons? If

the weapons are secret, we shall keep our mouths shut except when the money pinches this Parliament. If the weapons are not secret, it is time that not only Parliament but the entire country came to know everything about it.

I want to ask the Defence Minister: Have we not based our pattern of defence on the British? If that is so, why should we copy the weaker aspects of the British defence pattern and leave out the better aspects in the sense that they provide so much information. The British reveal exceedingly much in their army, airforce and navy estimate books, give out so much to the world at large. The British give detailed information. Why do we not follow their pattern? Why do we take a more exclusive, difficult path, and shut out things which the British give out 'o the world at large?

Then there are highest military type priority planes and other ordinary type of transport planes. It is time that we drew a distinction between them. Why has no distinction been drawn between the highest type of military, priority planes and the ordinary transport planes? There is no secret about the ordinary transport plane, and such other types of planes. Why do we put all eggs in one basket? Why go to the British and not to the French or the Czechs? The senior Deputy Minister and I unofficially visited by different routes the Farnborough Air Show about two years ago. There, we have seen all types of planes, their prices and the names of the manufacturers, except the very secret types of planes. When the British can lay their wares open, why do we put a shroud of secrecy over our affairs?

Thirdly, I want to know this. Is it for dispersal that the new manufacturing or assembly plant will function at Kanpur? If it is done with the idea of dispersing the very essential and important aeronautical manufacturing centres so essential in times of emergency, well and good. Kanpur can be a base of operation in North, North-west and North-east. So far,

[Shri Joachim Alva]

so good I do not know whether the Defence Minister has drawn up a programme so that our important factories could be dispersed in different parts of the land so that the HAL on which we pin all our hopes would not be destroyed in a time of emergency or war

I am only asking about the generalities because if the generalities were agreed upon, we shall have no trouble here. Though Kanpur is selected, why is it that the mere operational side is there? I want to know whether we have gone to the French aircraft manufacturers for transport planes. The French were bitterly complaining I was there in their Dassault factory where they manufacture the most secret weapons. They complained "We never gave our planes to Pakistan but you went and bought away the Hunters." But when Pakistan complained to the British "You have given Hunters to India," the British replied "Here are the Hunters and you can have them for cash only." The British are the real Banias

Mr. Speaker. The hon Member is depriving other hon Members of their opportunity to put questions

Shri Joachim Alva. We want some explanation on these important points

Mr. Speaker. I will consider all questions as part of the same question

Shri P. K. Deo: Sir, I do not consider myself as a Defence expert but as a layman certain questions crop up in my mind, especially, whether this expensive experiment which is going to be taken up by the Defence Minister is good. It is not a matter of one crore of rupees but it is a matter of nearly Rs 200 crores because 150 Dakotas would be replaced in the Defence Services. If we accept that programme, another 50 Dakotas would be replaced in our civil aviation side. The question is why the whole thing has been rushed

through in such a hurry. The Lockheed people just wanted three months' time to give their proposals but in reply to a question here the Defence Minister has stated that the matter could not wait. So, the whole thing has been rushed through and an agreement has been signed with the Hawker Siddeley group. They supplied about three years back the fighter planes, Hunter Hawkers. They are not so good as the Pakistan fighter planes, because they are not night fighters like the sabre jets, they are only day fighters. Therefore, taking into consideration their past transaction we should have thought twice before placing any order with them especially when the whole thing is in design, on the drawing board.

The questions that arise are why did we go in for an untried, untested aircraft in preference to the two tested types, i.e., the Fokker Friendship aircraft which is going to be purchased by the Ministry of Transport and the Lockheed type which has been suggested by the Defence Expert Committee? Secondly, Sir, we would like to know the grounds on which we rejected these two types and went in for an absolutely new type of aircraft.

Shri S. A. Mehdi (Rampur): Sir, I would like to know whether before finalising this transaction any committee of the Air Force itself was appointed to go into the question, if so, whether it has submitted any report about it and whether that report can be placed on the Table of the House. Another thing is, what is the programme of this factory which is being put up at Kanpur? As far as I can understand, they are going to replace a certain number of aircraft. After replacing that aircraft in a few years, what further programme have they in connection with producing these planes?

The Minister of Defence (Shri Krishna Menon): Mr Speaker, Sir, during the short time at my disposal I think it would be advisable for me

to confine myself to such allegations as have some kind of relevance to this matter. I will try to answer them point by point.

The first difficulty in the mind of the hon. Member who spoke was that in trying to manufacture this aircraft we were ignoring other obligations. The transport aircraft is vital to the defence of this country. It is not true that Dakotas will go out of commission in twelve months or something like that. They are getting old and they have to be replaced. We have already grounded some of them. This element of air strength is an essential part, not for strict fighting purposes but maintenance of logistics and in peace time for transport, for maintenance of supplies, for supply droppings and all kinds of things like that.

The next point was with regard to the relative merit of the Hindustan Aircraft works at Kanpur. The main gravamen of this suspicion is that there is a considerable amount of surplus capacity at H.A.L. which is being wasted, and, what is more, that taking this to Kanpur would mean bringing in an additional factor. It so happens that the facts are entirely reverse. The minutes of the meeting of the Board of Management of the H.A.L. is part of the information that we have. They have told us very clearly that acceleration in the production programme of fighter planes and Gnat aircraft would besides absorbing the idle capacity of labour in the factory may also necessitate the factory having to work in two or three shifts. It might also be necessary to recruit additional supervisory staff. Therefore, it is not as though when the Gnat aircraft and the other aircraft that is being developed there goes into production, as it must do if the Air Force is to maintain its strength, not only there will be no surplus capacity at H.A.L., but we will be very badly overburdened with work. In addition to that, the H.A.L. carries out the whole maintenance of Vampires, their engines and other things.

H.A.L. also has to manufacture all the engines of the supersonic aircraft as well as of this aircraft itself.

Shri U. C. Patnaik: May we know what is the estimated surplus capacity during the last two years of this Five Year Plan in respect of idle man hours. ~~There~~ have not got the man hours here. Now, I will have to finish this.

Besides, there is no accommodation available in H.A.L., for the manufacture of any other aircraft. All the hangars in H.A.L. are fully occupied, and these are reports not from the Air Force but from the H.A.L. itself. Full and complete consultation and co-ordination take place. In fact, the H.A.L., though it is a commercial undertaking in form, is a defence undertaking. The Defence Secretary is the Chairman of the H.A.L.

In regard to Kanpur, three points have been raised. First of all, its capacity to make it. Secondly, that it is done to avoid scrutiny by Parliament and that there is no cost accounting. Thirdly, maintenance is neglected. I shall take the last one first. No Minister can afford to feel unduly concerned about Parliamentary criticism, however, unwarranted it may be. To say without any foundation whatsoever that the maintenance of our air fleet, our fleet being up to fighting fit, is suffering and is utterly neglected is something that not only exists in this country but somewhere else.

The maintenance programme at Kanpur has never fallen behind schedule. There had been occasions when one aircraft which ought to go into line has not gone there. That is not because there is no capacity in the people in Kanpur, but some particular part was not available; some spares may not be available. There is no question of maintenance falling short.

Secondly, the House quite understandably draws this distinction:

[Shri Krishna Menon]

between maintenance and manufacture. It is an old British superstition which survived in the fighting forces till about two or three years ago. That is, in the British days, the main factories—in fact all the factories we had—were maintenance factories, and naturally our defence industry was based upon Britain and the requirements of British industries. They were not anxious that our maintenance factories should become a kind of highly manufacturing factories. Today, maintenance and manufacture are separate. You must not mix these two things up.

Then, in the old days, maintenance *simply meant a sort of brushing up*. Today, maintenance means practically rebuilding the equipment. It may be anything from five per cent to 95 per cent almost, whether it be aircraft or anything else. So, there is nothing sacrosanct about the maintenance factory which has got the capacity and the people to manufacture. It is not that it is going on only in the air force, but it is there in the army also.

With regard to the avoiding of scrutiny by Parliament and others, first of all, arrangements are made, and have been made, with the Finance Ministry for the stationing of financial advisers, and in view of the new project, the cost accounting system has been brought into it and expert advice is being brought to bear upon this matter. All defence expenditure,—disbursements, appropriations and everything else,—are subject to scrutiny by this House. In fact, they are subject to closer scrutiny than the accounts of the Corporation.

The next thing is, the Defence Minister is supposed to have said in this House that this project will cost about a crore of rupees. I would like to read what was said here, because just now an hon. Member said that not even a child will believe it, namely, that you can produce a hundred planes for a crore of rupees. What

did I say in this House? Shri Narasimhan asked:

“Will this involve any capital commitment on the part of the Government of India? Is the Government in a position to say that?”

The Defence Minister replied that this involved a capital commitment to the extent that additional balancing plant and machinery has to be installed, wherever it is manufactured, that is, H.A.L. or Kanpur. All these things are included in the general estimate of production. The other expenditure, that is, expenditure other than this, will be of the same kind of expenditure which would be covered by the purchase of aircraft. That is to say, if you do not make the aircraft, then you have got to buy and you have got to spend the money for it. This Re. 1 crore is in order to buy the additional equipment that is required, that is, about Rs. 130 lakhs—and it includes all the additional equipment and the cost of the first prototype

I am not complaining about it, but I think it is rather farfetched, to put it mildly, to suggest that the figures given for the additional balancing plant and equipment that were necessary were meant as though for a project for manufacturing 100 Dakotas. I could have used a stronger expression in connection with that, but what I said would be adequate for this purpose.

Shri U. C. Patnalk: Will the Minister now say even now what is the likely cost of the entire project?

Shri Krishna Menon: The question was not raised in the debate. But I could say it in general terms. It depends upon the number of aircraft produced. When this aircraft goes into production, naturally, the production costs will go down: at first, a little; in the second, a little more and so on. We were buying them at

somewhere about Rs. 24 lakhs or Rs. 25 lakhs—21,76,000. The estimated cost of production at Kanpur is only Rs. 22 lakhs per piece. Therefore, if we produce 100 aircraft, it will be Rs. 22 lakhs multiplied by 100 plus this balancing equipment and nothing else. That is all I can say. It naturally depends on how many aircraft we produce and for what period you are counting the cost of the project. If you count the cost of the project for 20 years and you produce 200 or 300 aircraft, you get one figure.

Shri U. C. Patnaik: May we know what is the present programme and the estimated cost for whatever our requirements may be?

Mr Speaker: The hon. Member has exhausted all his questions.

Shri Krishna Menon: I hope so. I am most anxious that the reply I give should be of an informative character so far as the House is concerned.

A reference was made to some technical matters. In technical matters, knowledge is somewhat useful, but it has got to be complete. Otherwise, one gets a distorted picture. It was said that the Dakota has a side-loading device and with this side-loading device, the vehicle goes into it,—it is boarded in there—and turns it round. That is not strictly true, because there are devices for not doing so. In any case, it was discussed at great length and Government found that with our resources, we could not go for the most perfect things all at once. This is adequate for our purposes. It performs its functions and the only difficulty is on the loading side. It has got wider doors for loading and the arrangements include option for the manufacture of the rear-loading planes. The rear-loading planes are exclusively used for transport purposes. I think only in the United States, they are used for certain passenger planes. They will follow the manufacture of this. We will turn to more urgent things first.

The arrangement with the manufacturers has to include, the hon. Members said, the manufacture of Avro 758. What is more, even if they do not want it themselves, they have an obligation to protect the design of that and to enable us to manufacture it within two years of our intimation of our desire to do so, so that without going into another licensing arrangement and with all the financial obligations that go with it, Government has tried to develop the 758 out of the development of 748. Therefore, there is nothing to be concerned about it.

Then it was said that expenditure which I mentioned, *v.z.* just over a crore, was not correct and that it was Rs. 180 lakhs. I have already given the facts. Rs. 130 lakhs is to include all the plant that is required. A great part of this plant is also required for other aircraft maintenance purposes. For example, it includes very heavy presses. You do not keep that part of the plant just for pressing aircraft; you use it for other purposes. It enables us not to have to send to U.K. or elsewhere; the refittings of aircraft, for which now we have to send the aircraft to U.K. and other places, can be done here. Then, in the Rs. 130 lakhs is included the cost of the first of these prototypes.

Then, the question was asked as to what sort of people looked into this. The whole burden of the speech was the Defence Minister sat somewhere, stood somewhere, made a decision and they started manufacturing that. This Defence Minister just cannot do that. Anyway, this matter has been under investigation by a joint committee of the Ministry of Transport and ourselves from 1957 onwards. It has been under investigation before the Avro 748 was on the scene. We have investigated closely the types of aircraft at great length. What is more, it has been under the collective consideration of Members of Government in various ways and in the selection of it, the best technical skill that is

[Shri Krishna Menon].

available in the Indian Air Force has been utilised; and I make bold to say that it is as good as any technical skill you find in any Air Force. It is testified to even by others who come from abroad either to offer their planes or to offer their projects or to work with us.

Shri Dinesh Singh: May I point out...

Mr Speaker: Hon Members cannot go on interrupting. Let the hon. Minister go on.

Shri Krishna Menon: There have been technical committees in which there was the highest engineering ability and often whenever there is joint discussion the technical ability on the civil side have been together. And whatever conclusions have been come to, I do not want to place the responsibility on my hon friend for those conclusions.

Shri Dinesh Singh: The Defence Minister mentioned just now that a joint committee had gone into this. But in reply to a question the then Transport Minister stated "I do not remember any expert joint committee."

Shri Krishna Menon: The hon gentleman was not with the Transport Minister or the Defence Minister. He was working in the office.

But, as I said, there was a joint committee set up for the re-examination of the question of the replacement of the Dakotas. It started work in 1956 or 1957 and it had investigated the planes available at that time Avro 748 and various other things came afterwards. Then there has been complete technical break-down in these matters at various stages, details had to be worked out and all the difficulties experienced gone over. (Now, the air force technicians are completely and fully satisfied that not only it is a satisfactory plane but it is the right thing for us to have.

Shri U. C. Patnaik: Are we to understand that after Sidly Hawkers

came into the picture this joint committee has been totally abolished?

Shri D. C. Sharma: I believe he is making the fifth speech.

Shri Krishna Menon: That is correct.

Now, first of all, may I say that this plane is not a Hunter? It so happens that this manufacturing group, like other groups, have a number of concerns with them. In fact, the group that manufactures this plane controls half the aeroplanes in the United Kingdom and some of them in Canada. Therefore, Hunter does not enter into it at all. That is why I am saying that a certain amount of technical knowledge has some value, provided it is complete in that aspect.

Now, I come to another part. And I am sorry to say that an expression was used in this House, that is to say, the Defence Minister had done some manipulation with the United Kingdom Government. Now, it is one thing to charge the Defence Minister of our Government with doing something, in this House, and yet it is another to speak of another Government manipulation and say that Government has succumbed to that manipulation. That, I may submit, is highly regrettable.

Then, Shri Alva asked about separation of secret works from other works. There is nothing secret about this plane.

Mr. Speaker: I may bring it to the notice of the hon. Minister that half-an-hour discussion is allowed only on the points which arose out of the answers given to questions and in fact the points have to be mentioned before it is admitted. The first point here is: why Avro 748, which was not tried elsewhere, was adopted? Why was it sought to be introduced here? Top priority has been given to that point. Other relevant matters can also be brought in. I tried to avoid any kind of irrelevant repetitions here and going into defence matters,

as this is not a general discussion on defence policy. That is No. 1. Secondly, has there been co-ordination between this and the other? Has there been a joint committee of experts, that is, of the Transport Ministry and this Ministry, some joint committee, for the purpose of finding out whether they must be replaced? These are the two different points. The House wants information regarding them. When this has not been tried in England, why have we placed orders? Have we not gone in too early in this matter? This has been pending for four years since 1956 when it was reported by the Estimates Committee. What is the hurry to get it in less than three months? These are the three points that have been tabled here for which the hon. Members seek an answer. I will not allow any hon. Member to proceed further.

Shri Krishna Menon: I was under the impression that I have to answer all the points that have been raised. So far as the test is concerned, the Government thought that there was no undue risk taken in this matter, and what is more, for new aircraft, it is a good thing for the technicians to start at the ground level. It was not desirable to start manufacturing a plane that had already become five years out of date, because when it goes into the air and it is bought, it becomes an old plane, an obsolescent plane and then we start on it.

Secondly, the technique of its manufacture is known. Its designs have been examined. Its aerodynamics have been examined. All those things have been gone into. If we can go into production only after somebody else has used them, then our country will always remain a second-rate or a third-rate country. It will not be able to push forward. Even those outside the Defence Ministry have sometimes expressed the opinion that 'it is a good thing and if you are confident about it, you can proceed without further scrutiny at this stage'. What is more, the specifications, the fail-safe devices on them, the simplicity of construction, the design of the

aircraft itself and its having been designed to meet the multiple needs of military transport which includes freight, which includes supply dropping and which includes ambulance work and various other things convinced the Defence Ministry and its advisers that this was the best thing to do.

The second point was with regard to the committee. A committee was appointed some time ago and it made a report. In that report, they have said that there were two planes in the world at that time that were worthy of consideration and one was the Avro 748. That was the end of it. Then developments took place and we compared them. I am sure the House will not want me to go into details because it will not be fair to the manufacturers. In that comparison, we found that in regard to the cost of production, cost of equipment of the aircraft, the difference was Rs 24 lakhs on the one hand and Rs 30 lakhs or more on the other. We also found that the out-goings in regard to the incidence of royalty in this case would be about half of what it would have been in the other case.

Thirdly, I was asked when we could wait for four years, why we could not wait for three months. That is how it appears superficial. The hon. speaker was perhaps implying or referring to the Lockheed project. The Lockheed comes in at a time when we were almost going to take a decision and they say that they have not got the plane, they have not the design, they have not got even the drawing on the board and 'you tell us what you want and we will make it for you'. Then, in three months' time, they would put a project. If that project comes here, it will take us six months to examine it. In fact, what is more, this plane was not going to be made in the home country. It is not as though someone else was to take the risks. Then, when we came to the question of finance, we could not get the exact figures out of them and from whatever we got, we found that it would cost the country more. There are other reasons also. For

[Shri Krishna Menon].

example, let us presume that we had accepted it and in a year's time, the Lockheed project was also thrown into the pool when we were considering that Douglas or somebody else could produce something and we will get another six months. It is not as though we waited for four years doing nothing. Of course, four years date the Dakotas four years more and the requirements of the Air Force, particularly, in the present condition of transport planes become more and more specially when the Air Force is often called in aid of the civil power with regard to disasters.

Shri Feroze Gandhi (Rae Bareli): Sardar Majithia is sitting behind your back. He is the Air Force man.

Shri Krishna Menon: With regard to the secrecy point, there is nothing which requires much peeping into the matter. So far as the production of this aircraft is concerned, there is nothing secret about it. Anybody who has got the time can go and see them. But there will be nothing spectacular at this stage of its production. The reference, I suppose, is to the terms of the contract. You, Mr Speaker, will be aware of the fact that the Government does not place on the Table of the House the texts of contracts. This is not confined to the Defence Ministry. But that is not due to some nefarious deal as suggested but because when we drive hard bargains and take advantageous terms for ourselves, it is usual that the manufacturers would not like it to be broadcast, at least not immediately in the hope that they may be able to get better terms somewhere else. If we were to tell them before hand that everything would be published, probably it would not be possible to come to some agreement. All I want to submit is that it is not peculiar to Defence industry as such.

The question was also raised about our having thrown away our capacity for earning foreign exchange. I think I have said to this House before that this manufacturing agreement

includes non-exclusive rights of sale in practically the whole of Asia in regard to the aircraft itself. It also includes the sale of such spares as are usable for the aircraft that we manufacture. That is a reservation which we have not been able to secure in the past. Also, in regard to the relative merits of the projects or propositions put before us, we found that not only the incidence of royalty, as I said, is somewhere about 50 per cent. but we also found in this case that after a certain number, we did not have to pay a royalty on spares. Spares are a very considerable part of aircraft manufacture. In the other case, you have to pay royalty on spares, and, therefore, the cost of the manufactured product would be very much higher. These are the various considerations that entered into it.

The decision to make it at Kanpur was a decision in which the Indian Air Force is the main factor. That must be taken into account. Nothing was forced upon them. And, so far as I am aware—though I do not go into their committee meetings—but so far as I am aware, it was a unanimous decision on their side. At the present moment, the Managing Director of the Hindustan Aircraft Limited is an Air Marshal of the Indian Air Force. He is in close touch with his brother officers in the Air Force itself, and there is no conflict whatsoever about that.

Another question was raised about conflict between the two Ministries. I do not think I will take upon myself to answer this. But so far as I understand the position, they are commercial purveyors of the service and they naturally want to be quite safe in these matters; and they say "you make this aircraft, if it is good we will buy it". And I think it is quite fair so far as this is concerned.

The prototype of this aircraft will fly early next year. It will be certificated very soon afterwards, and the passenger versions available for use

can be made available to the Indian Air Force in the later half, much later half, of 1961. If they find, they can get any planes very well before that and the foreign exchange expenditure is justified, then they will do so. But on the other hand, they are rather sceptical about this time-table. And naturally they are sceptical, because they have been dealing with people who have been in arrears.

So, the present programme will enable the Indian Air Force, if they allow the IAC to take the first products of manufacture, to place at their disposal a certain number of planes at the end of the year 1961, that is to say, after it has had, what in other countries is regarded as, adequate number of flying hours for commercial service. I am not at present aware what are the IAC requirements, but I am saying as to what are the internationally required standards.

And the position, as I understand from my hon colleague, the Transport Minister is that if in the meanwhile if before we produce an aircraft that they can buy, whenever it is if they are hard-pressed for it, they will go somewhere. If, on the other hand, this aircraft is available straight inside this country and if we can compete on equal terms, it is different, and I think this manufacture will compete, not on equal terms, but on advantageous terms both to the manufacturing group as well as to the Government as a whole.

I am not aware of any project for the manufacture of transport aircraft in the country. Their requirements for civil purposes, their requirements certainly for the next five or ten years, would not warrant separate production, unless they want to do it themselves. And the decision of the Transport Ministry was not in any way antagonistic to the Defence Ministry or anything. It was a joint decision, I mean it was a decision in which all of us participated. We said go ahead with it. There are many

other projects in this way where it is not possible for military requirements to wait for the necessary amount of co-ordination to take place. I do not say you must manufacture another one, and in any case these other projects before us—of course, we do not know what Lockheed would be—would not have met our requirements, because the necessary versions would not be there. Thank you, Sir.

The Minister of Transport and Communications (Dr. P. Subbarayan): Sir, I think my hon friend

Shri Feroze Gandhi: We would like to hear Sardar Saheb. Sardar Saheb would like to say something.

Dr. P. Subbarayan: I do not know what my hon friend, Shri Feroze Gandhi, wants. What I was going to say was, I think my hon colleague the Defence Minister has put the correct point of view and I do not want to add much to it, because I have not had the time to consider the proposals. But, as he has himself granted, we are a commercial concern and our services have got to be kept intact. So, if any plane is wanted before Avro 748 is in the air.

Some Hon. Members: Not 'in the air'!

Dr. P. Subbarayan: What do you mean by "in the air"? An aircraft 'in the air' means, it is able to fly. That is what is meant by 'air'. I hope the hon Member will understand that position.

To go on in spite of the interruption, if we require some planes to replace the Dakotas, we shall have to go into the open market as my hon. colleague has said. That is all I have got to say about it. If we can get our own planes, nobody will be more pleased than I.

18.37 hrs.

The Lok Sabha then adjourned till Eleven of the Clock on Thursday, September 10, 1959|Bhadra 19, 1881 (Saka)