

an economy which has not paid adequate attention that after 50 years, the Indian consumers are entitled to quality goods at reasonable cost of production.

SHRI BASUDEB ACHARIA : Is it by destroying our own industry?

SHRI MANMOHAN SINGH : Therefore, I think, by giving a level of protection which is excessive, I do not think we are helping the interest of our country.

[Translation]

SHRI RAJVEER SINGH : The hon. Minister has allayed the fear of danger to the small industry. The Government has not increased excise duty or other taxes. They continue at the old rate. As a result, the foreign companies coming to India are taking advantage of it. Our small industry is unable to stand competition with foreign companies due to high excise incidence. May I know whether small industries such as soap, chappal or biscuit manufacturing units will be exempted from excise duty?

[English]

SHRI MANMOHAN SINGH : Sir, as I had mentioned, our Excise Duty Policy specifically provides for protection for small-scale industries. Upto Rs. 30 lakhs, they are totally exempt in most cases from the payment of duty. Between Rs. 30 lakh and Rs. 50 lakh, the small-scale units get 10 per cent duty lower than the duty payable by the large-scale units. Between Rs. 50 and Rs. 75 lakh they get 5 per cent lower duty than payable by the large-scale units, and these concessions can be carried on to a total turn-over — which until this year's Budget was Rs. 2 crore — I have raised it to Rs. 3 crore.

So, the present Policy makes adequate provision for protecting the interests of small-sale industries. I have further stated that in this year's Budget, the measures that we are taking to see that the credit needs of the small-scale industries are fully met, are: Two hundred dedicated branches are being set up to cater specifically to the needs of the small-scale industries where there is a cluster of these industries.

And, I would further say, Sir, that the liberalization of Import Policy and removal of licencing procedure have helped the small-scale industries the most. These are not the people who could have licencing offices in Delhi. In the old licencing system, everything required a permit. The small-scale industry was the biggest sufferer and I think we have removed those sufferings of the small-scale industries.

[Translation]

SHRI RAMASHRAY PRASAD SINGH : Sir, there is considerable potential in India particularly in Bihar for

production of pulses and oil seeds which we are importing. If the areas having potential for the production of these commodities are developed and the farmers are offered greater incentives, we can stop importing these items. Will the Government chalk out a programme for production of pulses and oil seeds in Bihar which has a large potential for the same?

MR. SPEAKER : You can request the State Government.

[English]

SHRI UMRAO SINGH : Sir, I would like to know from the Finance Minister, whether watches and watch movements are freely allowed to be imported under the OGL and under less duty; and if so, is it a fact that such an import is affecting greatly our local manufacturers and they are closing their own manufacturing units.

[Translation]

MR. SPEAKER : You can have the answer from the written public document.

[English]

DR. KARTIKESWAR PATRA : Hon. Speaker, Sir, the Government is taking measures to increase production of local consumer items. I would like to know, what are the reasons for the Union Government to go in for the liberalization in import of consumer goods and in what percentage..

[Translation]

MR. SPEAKER : This has already been answered.

#### Earning of IA AND AI

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\* 326. SHRI RAJVEER SINGH :

SHRIMATI SHEELA GAUTAM:

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

(a) the total revenue earned by the Indian Airlines and Air India during the last three years;

(b) the percentage of the revenue earned by the Indian Airlines and Air India from flights to Gulf countries, Pakistan and Bangladesh; and

(c) the details of the measures taken by the Indian Airlines and Air India to increase their revenue from this sector?

[English]

THE MINISTER OF CIVIL AVIATION AND TOURISM

(SHRI GHULAM NABI AZAD) : (a) to (c) : A Statement is laid on the Table of the House.

### STATEMENT

(a) and (b) : The details of total revenue earned and percentage of revenue earning on the India-Gulf, India-Bangladesh and India-Pakistan Sectors during the last 3 years are, as under :-

#### Air India

Year	Total Revenue (Rs. in crores)	India Gulf	India Bangladesh
1992-93	2583.19	33.9%	0.1%
1993-94	2767.96	30.6%	0.2%
1994-95	3102.18 (prov.)	28.6%	No operation

#### Indian Airlines

Year	Total Revenue	India -Gulf	India-Pakistan	India-Bangladesh
1992-93	1578.83	4.50%	0.81%	0.31%
1993-94	1816.37	6.00%	0.21%	0.37%
1994-95	2040.75 (Prov.)	7.40%	0.14%	0.31%

(c) Air India and Indian Airlines are taking steps to improve their product, image and on time performance to attract more passengers and increase their revenue; the number of services will also be increased depending upon additional entitlements and traffic demand.

#### [Translation]

SHRIRAJVEER SINGH : Sir, the reply shows increase in revenue every year. May I know whether this increase is due to increase in fares or because of increase in the number of passengers transported by Indian Airlines and Air India? Secondly, what is the total loss suffered by these airlines despite increase in their revenue?

SHRI GHULAM NABI AZAD : Mr. Speaker, Sir, as far as revenue aspect is concerned, it increased in respect of both airlines but at the same time, the losses also went up. There are several factors which contributed to this cause. The Air India earned a profit of about Rs. 333 crore during the first two years which went down to 201 crore during the following year and it went down further during the third year. We had to pay about Rs. 200 crore as depreciation during the last two years for the new aircraft procured by us. The plague epidemic last year also contributed towards a loss of Rs. 100 crore to Air

India. We also had to pay a sum of Rs. 70 crore by way of depreciation for the purchase of an aircraft last year. Thus the total loss amounts to Rs. 370 crore. This was the main reason for this loss. As far as Indian Airlines is concerned it had been running on profit till 1990. But after that it started incurring loss.

AN HONOURABLE MEMBER : The loss started after you took over the portfolio.

SHRI GHULAM NABI AZAD : In 1990, it incurred a loss of Rs. 320 crore. The Airlines had to be grounded and the loss for the first year amounted to Rs. 197 crore. The devaluation of rupee is also one factor. This accounted for a loss of Rs. 70 crore in foreign exchange. But the major factor for loss is reduction in local market. The entry of private airlines caused us a loss of Rs. 545 crore. We also suffered a loss of about Rs. 47 crore because of agitations launched by pilots. We have incurred and are incurring losses because of the Indian Airlines and Air India.

About passengers, there is not much variation. The Air India carried 2.2 million passengers in 1992-93, 1.99 million in 1993-94 and 2.2 million passengers in 1994-95.

SHRI RAJVEER SINGH : Sir, as the hon. Minister has said, the increase in passenger traffic was nominal in spite of procurement of new aircrafts and payment of depreciation. There were losses but he tried to make up the same. The efficiency has declined in these airlines particularly in Indian Airlines. I had brought an incident to his notice but no action was taken. The morning flight was due to take off at six but no decision was taken about the crew who would fly the aircraft. The passengers made a hue and cry for 3-4 hours and only then the crew took charge of the aircraft. The people are preferring travelling by private airlines because of low efficiency in government airlines. May I know from the honourable Minister whether he will try to remove these shortcomings and fix accountability either on himself or the management for this inefficiency?

SHRI GHULAM NABI AZAD : Sir, I think, hon. Members belonging to all the parties will appreciate that inflight service has improved during the last one year ..

(Interruptions).

There is no flight for Bareilly now. How does he know when he does not make use of the flight. Only those know who travel daily.. (Interruptions)

[English]

SHRI ANIL BASU : No improvement has taken place ...

(Interruptions)

SHRI GHULAM NABI AZAD : I think, the hon. Member

is saying that considerable improvement has taken place. Thank you.

[Translation]

SHRI RAJVEER SINGH : Sir, the hon. Minister has ridiculed our poverty. We have been requesting the hon. Minister for the last several years to provide an aerodrome at Bareilly which is a tourist centre, a centre for onward journey to hill stations of west Uttar Pradesh. He made promises but did nothing. He is applying salt to our wounds. Instead of providing an aerodrome in our area he is making a joke of us.

SHRI GHULAM NABI AZAD : Sir, the hon. Member is a friend of mine. If he travels far and wide, he will realise how much change has taken place during the last two-three years.

As far as 'on time performance' is concerned the position has changed on this front also. It is true that some times, flights are cancelled. It is known to entire House that during the last 2-3 years, about 146 of our pilots have joined foreign and private airlines. But our fleet has increased considerably during these last 2-3 years and we are managing with half the strength of commanders. I think the hon. Members must pat us for operating the fleet with efficiency.

SHRI RAJVEER SINGH : The staff strength has been reduced to half, but still loss is mounting.

[English]

SHRI A. CHARLES : Sir, from the answer it is seen that the Gulf sector is the most profit making sector of the Air India. The Indian Airlines, of course, runs only a few flights in this sector. But, in spite of the fact that this is a profit making sector, sufficient number of flights are not operated in this sector from Trivandrum. There is a persistent demand from the State and through the reliable sources I have come to know that the Air India, Trivandrum has requested for operation of about a dozen flights in this sector. The workers working in the Gulf sector have to wait for weeks together to get a berth. So, I would like to know from the hon. Minister, whether in view of the fact that the Gulf sector is a profit making sector, at least sufficient number of flights — as demanded by the Air India — will be operated in this sector.

MR. SPEAKER : Does it come out of this question?

SHRI A. CHARLES : Yes, Sir.

SHRI GHULAM NABI AZAD : Sir, actually the question relates to Gulf only. So, I think this is the most relevant part of the question.

I agree with the hon. Member that 30 to 33 per cent of the revenue of the Air India comes from the Gulf region alone. Keeping this in view, yesterday I had a meeting

with the officials and I requested them that as far as in-flight service, on-time performance and conduct and behaviour of the cabin crew is concerned, it has to be improved. We have decided to recruit special officers for the Gulf region and the reason being this is the region which contributes one-third of the revenue of the Air India.

So far as Gulf region is concerned, we are running flights from Bombay, Delhi, Trivandrum, Madras, Hyderabad and Calicut. Out of these routes the maximum number of passengers are being carried on the route from Trivandrum to Gulf. In 1992-93 we carried 1,37,000 passengers and in 1993-94 about 1,80,000 passengers were carried on this route. So far as Delhi, Madras, Hyderabad and Calicut is concerned, the number is much less. The fact that while 1,80,000 passengers have been carried from Trivandrum to Gulf as against 44,000 from Calicut and 7,000 from Madras, that itself shows that much more flights are operating between Trivandrum and Gulf.

Sir, we would love to operate more flights in this sector but we have a problem of runways. We are in the process of extending the runways. We also have a problem of the terminal building. We are in the process of constructing a new terminal building. Meanwhile, Trivandrum will get the first priority as far as the Gulf region is concerned.

SHRI MUMTAZ ANSARI : Mr. Speaker, Sir, it has been stated by the hon. Minister of Civil Aviation that one of the most important reasons for reduction in the income of the Indian Airlines and the Air India is the depreciation. As a student of Economics I fail to understand this theory because depreciation is a regular charge on the profit and loss account of any concern. He has told in the House that because the new aircraft have been purchased from foreign countries, they charge heavy depreciation on these aircraft. I would like to have some sort of a clarification on the principle of depreciation. How can they charge heavy depreciation on new aircraft because so far as I understand, this is a regular expenditure?

SHRI GHULAM NABI AZAD : When we buy new aircraft, we take loan from the foreign banks. On that loan, we have to pay the interest. So, it is basically the interest that we have to pay.

SHRI MUMTAZ ANSARI : Sir, interest cannot be considered as a part of the depreciation. Depreciation is a different item and interest is altogether a different item.

SHRI GHULAM NABI AZAD : That is why I said that the depreciation includes interest and all that.

[Translation]

SHRI HARISINH CHAVDA : Mr. Speaker, Sir, the services of Air-India and Indian Airlines are very poor. The private airlines want to charge lower fares. But he is

not prepared to reduce the fares because of monopoly. Many private airlines are prepared to provide efficient service provided he is prepared to permit them to reduce their fares. Therefore, I would request the hon. Minister to allow them to reduce their fares in the interest of the people of the country. May I also request the hon. Minister to take up construction of an airport in our backward region which was inaugurated by former Minister, Shri Gadhavi 20 years ago?

SHRI GHULAM NABI AZAD : Sir, this is absolutely incorrect to say that private airlines are prepared to operate on lower fares. Rather, they say that fares are on a very lower side, Same is the case of Indian Airlines; the reason being that the aviation fuel cost in India is 166% more than that is obtaining in other countries. Keeping this in view our fare structure is the lowest. So, there is no question of reduction in fares.

SHRI HARISINH CHAVDA: There are two-three companies which want to reduce their fare. If you permit, I shall name them.

SHRI RATILAL VARMA : Two or three companies already have lower fare structure.. (Interruptions)

SHRI HARADHAN ROY : The hon. Minister has said that because of the entry of foreign companies both of our airlines incurred a loss Rs. 70 crore and Rs. 535 crore which together comes to more than Rs. 600 crore. If this kind of loss continues, our airlines will have to be wound up. What is the official policy in this regard? Why does not the government ban operation of flights by foreign companies and operate its own airlines? This he has to answer.

SHRI GHULAM NABI AZAD : Sir, there is some misunderstanding. No foreign airline company is operating here. They are Indian Companies..

(Interruptions)

You will have to differentiate between private and foreign companies.

[English]

SHRI AMAL DATTA : Sir it seems to me that both Air India and Indian Airlines have been following their earlier policy of trying to market their services in only the ethnic routes where Indians are by far the majority of passengers. This policy has been followed from the very inception. I do not know why. We have before us examples of very small countries, of course not very small economies, like Singapore and Hong Kong. One is a case of 27 lakh people and the other is a case of 50 lakh people. They have been flying very successfully airlines much bigger than Air India because they are not flying their own people, they are flying other people. This is a service they are selling to the whole world.

I feel that Dr. Manmohan Singh's policy of globalisation somehow has not got into the area where they should have gone global and where nobody would have minded their going global. In other cases when Indian economy goes global, some interest is hurt and so we do not want to do it. Does Air India, or Indian Airlines, or the Ministry have any policy of extending these services to non-traditional routes and try to sell this service to the entire world.

SHRI GHULAM NABI AZAD : Sir, I am very thankful to the hon. Member that at least he is talking of globalisation of late.

SHRI AMAL DATTA : In this area only.

SHRI GHULAM NABI AZAD : After all they have fallen in line with our policy.

SHRI AMAL DUTTA : You have no policy and that is what I am saying.

SHRI GHULAM NABI AZAD : It is true that we are still carrying mostly the ethnic passengers but we would definitely like to go to the areas where we have not been going.

SHRI AMAL DATTA : What is the policy?

SHRI GHULAM NABI AZAD : The reason was the constraint of the fleet. But in the very recent past we have gone to a number of areas. We have gone to South Africa; we have gone to Australia after a long time. We are acquiring some more aircraft. As and when new aircraft are acquired we will be going to some other areas.

SHRI AMAL DUTTA : You charter them; you can double the aircraft in 24 hours if you charter.

[Translation]

SHRI HARI KISHORE SINGH : Sir, one of the reasons for the difficulty being faced by Indian Airlines and Air India in their operation in other countries, particularly in Gulf-countries is that the other airlines charge lower fares and the passengers prefer travelling by those airlines. That is why the volume of traffic of Indian Airlines and Air-India is not increasing. Will the hon. Minister take steps to stop this under cutting of prices?

SHRI GHULAM NABI AZAD : He has asked specifically about Gulf-countries. As far as my knowledge goes there is an agreement between Air-India and Indian Airlines and all the Gulf airlines that they shall charge the same amount of fares. All are operating under this agreement.

DR. G.L. KANAUJIA : Sir, the hon. Minister has said that no Airline is prepared to reduce the fares. If that is so, whether he will give an assurance to that effect? All the routes on which our airlines are operating, are profitable and hence he is not allowing other airlines to operate on

them. In case he allows them, the Indian Airlines will suffer further losses. What has he to say on this?

SHRI GHULAM NABI AZAD : If the hon. Member gives me in writing that such and such airlines is prepared to operate on fares lower than that of Indian Airlines, I shall issue permission within 24 hours, but the responsibility for operation on lower fares will be his.

(Interruptions)

MR. SPEAKER : He is promising funds.

SHRI GHULAM NABI AZAD : I promise.

SHRI RAJVEER SINGH : Lest he may cancel their licence. (Interruptions).

[English]

MR. SPEAKER : That is not the policy of the Government.

SHRI SRIBALLAV PANIGRAHI : Mr. Speaker, Sir, the loss of Indian Airlines is attributed mainly to two reasons, one is the grounding of A-320. I think grounding of A-320 aircraft has resulted in a loss of about Rs. 197 crore.

Secondly because of competition from the private airlines, these services were not introduced. Sir, I would like to know at this point of time from the hon. Minister whether the decision to ground A-320 aircraft was correct or was that not avoidable at that point of time. It is because, now, these aircraft are running properly.

Thirdly, is there any element of connivance between them - because, now, there are allegations - because of which many of our pilots after retirement or after resigning, are joining private airlines on very lucrative scales with the result that you have to suffer losses? In addition to this, because of this competition, I want to know whether there is more saturation in some of the airlines. There are many areas which have been left without any air services. So, I want to know whether the Government is thinking of regularising or rationalising these air services.

SHRI GHULAM NABI AZAD : As far as part (a) of his question is concerned, I would like to say that the grounding was done, unfortunately, on the basis of political consideration.

As far as Part (b) of his question is concerned, I would like to say that the loss was not only on account of the coming in of private airlines but as I have said earlier, the loss was also on account of a number of reasons viz., shortage of pilots and so on. Because of shortage of pilots, optimum utilisation of the aircraft was not possible.

As far as Part (c) of his question is concerned, I would like to say that rationalisation of all the routes had already been done. Both the Government-owned airlines and the private airlines have to operate both in the profit-making and loss-making routes.

[Translation]

SHRI ARVIND TRIVEDI : Sir, I would like to know whether introduction of private airlines is not one of the factors for losses being incurred by the Air-India and Indian Airlines. What are the arrangements the Government has made to check the private airlines from charging higher fares than that of Indian Airlines and whether the excess amount so charged goes to Government account? What measures have been stipulated to bring down the fares? The two airlines operating on Delhi-Bombay sector are charging more than the Indian Airlines and we have to pay the difference from our own pocket. This has to be checked.

SHRI GHULAM NABI AZAD : There are contradictions in it. His friends say that private airline operators are charging less and he complains that they are charging more. It is not correct to say that both airlines are running in loss. Air India is not incurring loss. As for charging higher fare, there is no provision to control the fares. It is for the airlines to charge less or more keeping in view the market factors.

[English]

DR. VASANT NIWRUTTI PAWAR : Mr. Speaker, Sir, I would like to ask in relation to Part (a) of the question, whether the Government has effected any changes in the policy of seating capacity of the aircraft so that they can cater to the needs of the sub-trunk routes like Nasik-Bombay and Bombay-Pune-Nasik.

SHRI GHULAM NABI AZAD : Sir, because the hon. Member is very much concerned about it, I had promised him the services of one of the aircraft. So, last year, we had announced that we will not allow big aircraft like A-737 and above to operate till the infrastructure is through, but we will allow bigger aircraft only through the private airlines which are scheduled ones.

As far as new-comers are concerned, we will not allow the bigger aircraft but we will allow the 30-seater aircraft. Our experience in the past was that the 30-seater aircraft were either not available for operation or if they were available, they were not making profits.

So we have decided to extend this facility from 30 seater to 50 seater.

MR. SPEAKER : The Question Hour is over.

WRITTEN ANSWERS TO QUESTIONS

[English]

#### Jute Prices

322. SHRI SULTAN SALAHUDDIN OWAIISI : Will the Minister of TEXTILES be pleased to state:

(a) whether the Government have invoked the