

The question is regarding increase of freight on essential commodities.

[Translation]

MR. DATTA MEGHE (RAMTEK): I would like to ask that the subsidy which was provided by the Railways for orange and Bananas in Maharashtra earlier would be continued or it has been discontinued? You have discontinued it, therefore I want to ask.

MR. CHAIRMAN: If you have answer, please reply.

SHRI RAM VILAS PASWAN: Exemption has been continued on the essential commodities and I have read out the list of essential commodities in the Budget speech.

Losses by IA and AI

464. SHRI MOHAMMAD ALI ASHRAF FATMI:

SHRI ILIYAS AZMI:

Will the Minister of CIVIL AVIATION be pleased to state:

(a) the loss suffered by Indian Airlines and Air India during each of the last three years and the current years, so far;

(b) the reasons therefor and the routes on which loss is being incurred;

(c) whether these airlines are indulging in wasteful expenditure and aircraft operations are not taking place properly; and

(d) if so, the efforts being made by the Government to check such tendency?

[English]

THE MINISTER OF CIVIL AVIATION (SHRI C.M. IBRAHIM): (a) to (d) A Statement is laid on the Table of the House.

Statement

(a) Year	Net Profit/(Loss)	
	Air India	Indian Airlines
		(Rs. in crores)
1993-94	201.90	(258.46)
1994-95	40.80	(188.73)
1995-96	(271.84)	(109.98)
1996-97	(280.00)	(24.00)
	(estimated)	(estimated)

(b) Air India incurred losses due to increase in expenditure on account of interest and depreciation on new

aircraft, reduction in yield due to increased competition and cost of operations, increased landing, handling and navigational charges, agitation by engineers, depreciation of rupee value, etc. Air India has been incurring loss on its operations to the European Continent, Canada, UK, USA, Israel, East Africa, Hong Kong, Japan and freighter operations to USA and Singapore.

Indian Airlines has been incurring losses due to grounding of A320 fleet, entry of private airlines on trunk routes, exodus of pilots, unfavourable exchange fluctuations, increase in operational costs etc. Indian Airlines has been incurring losses on routes connecting stations in North Eastern India, Jammu and Kashmir, Andaman & Nicobar Islands and some stations in the South.

(c) No, Sir; and

(d) Does not arise.

[Translation]

SHRI MOHAMMAD ALI ASHRAF FATMI: Mr. Chairman, Sir, in the written reply, it has been stated that Air India had incurred a loss of about Rs. 201.9 crore in the year 1993-94 and Rs. 40.8 crore in the year 1994-95. Then again in the year 1995-96 it rose to more than 271 crores and it was Rs. 280 crores in the year 1986-87, so this jump from Rs. 201 crores to 40 crores and then again it rose to Rs. 270 crores ... (Interruptions)

MR. CHAIRMAN: Mr. Fatami, ask pointed question.

SHRI MOHAMMAD ALI ASHRAF FATMI: I am asking pointed question. I want to ask whether the reasons given in the reply are the very reasons for loss, whether it is not a fact that the staff capacity is more in Air India and Indian Airlines? Similarly, we do not have that type of aircrafts which we should have, such as we should have medium capacity long range aircraft. Similarly Indian Airlines should now 50 seater small plane, which Indian Airlines should have, they are also not there, similarly there is lack of facilities in long route flights of Air India. Besides our planes have been operating on such routes which are loss incurring routes. Whether the Minister would like to reply to it?

SHRI C.M. IBRAHIM: Hon'ble Member has raised a question, although it is a long question.

MR. CHAIRMAN: In the question shortcoming has been pointed out in your equipment.

[English]

Are you making any provision for getting the right type of aircraft?

[Translation]

SHRI C.M. IBRAHIM: So far Air India is concerned, you see, the estimate of Rs. 280 crore is last. Indian Airlines had incurred a loss of Rs. 258 crores, in the year 1994-95 it incurred a loss of Rs. 188 crores and in the year 1995-96 it incurred a loss of Rs. 109 crores and in

the year 1996-97 it reduced to only 24 crores. I am happy to say that in the coming years, these would not incurring loss. Whether it is Air India or Indian Airlines. I am giving assurance that we would make it profit making body.

SHRI P. NAMGYAL: We have been listening that.

SHRI C.M. IBRAHIM: You would see it also. In this quarter the loss was Rs. 134 crore, then it came down to Rs. 84 crore and then it came down to Rs. 69 crore. This has been possible with the co-operation of the employees of Air India and Indian Airlines and with the path shown by the Government and the Ministry. We would further reduce this loss so far as M.C.L.R. is concerned, the Board of Air India and Indian Airlines have been informed that it may be procured at the earliest. If I show more eagerness, that would convey a wrong message outside. I have already stood in the times and I want to repeat that we have fully empowered the Board whether it a matter of 15 seaters or M.C.L.R. So far as rates are concerned, we would have to decide that those flights of Air India which are being operated on loss making routes are to be operated or not or whether we are to operate them only on such routes which are profitable. I am taking this matter to the cabinet. It would be decided there whether we should operate the flights in the loss making sector or only on profit making sector. I would like to give assurance to the House that the said loss has been reduced since I have assumed the change of the department and we are heading towards making profits.

SHRI MOHAMMAD ALI ASHRAF FATMI: The main reason has been in India and outside that there are old men in G.S.A. and they are not working properly. Will the Minister change them and would give G.S.A. in foreign companies where it is required? The other reason for this is that there is rampant corruption in Air India and Indian Airlines. Air India has taken Kairib Jet Aircraft on rent about which inquiry is being conducted by C.B.I. The Minister may please state as to what further action is being in this regard?

SHRI C.M. IBRAHIM: So far as GSA is concerned, we had held a meeting of G.S.A. of all the world for the first time in Delhi and it was clearly told in that meeting that we would review the performance of whole of the G.S.A. in February, March and the G.S.A. which were not showing improvement would be removed immediately. Therefore, I have ordered in the department of my ministry that it should be immediately reviewed at the Secretary level and those GSA whose performance not found upto the mark, would be changed. Not only this, at the time of appointing G.S.A. a limitation of 500 k.m. or 1000 k.m. should be fixed for that. Only G.S.A. cannot cop up with all big countries. Therefore, it is also being pondered over so far as the inquiry relating to the carrier Jet is concerned, it is being conducted for the last two years. I hope that the inquiry report would come at the earliest and action would be taken thereon.

[English]

SHRI NIRMAL KANTI CHATTERJEE: Sir, I have a very positive suggestion to make.

MR. CHAIRMAN: This is Question Hour. This is not the time to make suggestions.

SHRI NIRMAL KANTI CHATTERJEE: Allow me to finish, please. My question is: Would he be able to agree to my suggestion? My suggestion relates to the losses incurred in their flights to the Andaman and Nicobar Islands. My proposal is either you cut down the losses or achieve a profit. Our flights to Andaman and Nicobar Islands have to carry a fewer number of passengers than their actual capacity. If the aircraft's capacity is hundred plus or say, 137, actually, they will not carry more than 90 passengers because it flies over the sea and refuelling is not possible. They take more fuel than they normally take in our overland flights. My proposal is that when you are taking a fewer number of passengers, why should you not introduce the Executive Class there which will mean a fewer number of passengers? Many foreigners are going to Andaman and Nicobar Islands now. Therefore, introduce the Executive Class in the flights to Andaman and Nicobar Islands and you can cut down your losses ...*(Interruptions)*

SHRI C.M. IBRAHIM: The hon. Member has given a suggestion. I will pass it on to the Indian Airlines.

[Translation]

SHRI SATYA PAL JAIN: Mr. Chairman, one of the reasons stated by the Minister for incurring the losses is that the Airlines is operating some of its flights on loss incurring routes. One of these routes is stated to be Jammu and Kashmir. Less number of passengers in flight to Jammu via Chandigarh, has been discontinued for a considerable time, due to wrong timings. Many of the people of that place have demanded for changing its timings if timings are changed it would get plenty of passengers. My question is what steps are being taken by your Ministry to make up the loss and whether there is any proposal to constitute a high powered Committee comprising of members of parliament belonging to different political parties to discuss this issue amongst them, as most of the reasons mentioned by you are not practical. If some of the suggestions offered by the people are accepted, particularly in regard to routes timings, the loss of Air India, and Indian Airlines would be reduced to considerable extent. Would you like to examine this proposal?

SHRI C.M. IBRAHIM: So far as operation of flights to North East India, Jammu and Kashmir, Andman and Nicobar and some other areas in the south which I don't remember are concerned, we would have to run flight there. It is the social obligation of Indian Airlines because this airlines belongs to India, it is the utmost duty of the Indian Airlines to provide facilities to the citizens of the country whatever loss it may incur in the process. Therefore, we would not back out so far as loss is concerned, the ticket fare has to be hiked to reduce the losses. If we hike the

fare to make up the loss, no passenger would come whether it is North East or J&K whatever may be the loss, we would continue to run flights to these areas and try to make up for the loss from the profit earned from the trunk routes. We are trying to make a balance.

[English]

SHRI PINAKI MISHRA: Mr. Chairman, Sir, the hon. Minister said that they are weighing the various options between loss-making sectors and non-loss-making sectors. This is the height of hoax. His reply says that the Air India has been incurring losses on its operations to the European Continent, Canada, the UK, the USA, Israel, East Africa, Hongkong and Japan. What is left? I do not understand what kind of options he is weighing.

Air India seems to be making losses on every conceivable route. So, when he says that he will take it to the Cabinet; there are certain routes which are profitable and certain routes which are non-profitable. It seems that for Air India, every route is non-profitable. In relation to this, why does he not pinpoint the fact that the whole of the Civil Aviation industry worldwide knows that between six to eight weeks, Air India has laid up two of its aircraft always mortgaged to VVIPs travellers. I do not say that the VVIP travel is not important. The hon. President has to go out, the hon. Prime Minister has to go out. But why does Air India have to suffer losses for six to eight weeks? Why do they not make alternative arrangements? Why does Air India have an Albatross cross around its neck? Why do they not buy some other aircraft?

SHRI C.M. IBRAHIM: Sir, the hon. Member's first question is as to how these losses occur. If I ask the MD, Air India, to provide a passage to him, the hon. Member of Parliament, it will be done. Not only that. I wanted to send some MPs from the Consultative Committee to know about the losses which are being incurred. Really, those routes are making losses and we have calculated them.

About the flights to other countries, I want to tell one thing. It is only our flights which are having 500 peoples working in every flight.

[Translation]

25,000 people are working on 28 flights. We have got them in dowry. We can't retrench them due to social obligation. We are watching this social obligation helplessly ... (Interruptions)

[English]

The gulf routes are profitable. Our Moscow route is profitable. Our Jakarta route is profitable. So, except these three routes, whatever European and other routes are there, they are not profitable routes. That is why I have told Air India Board to work out the countries where these are making losses. Should I run the airlines to that country or on the commercial viability, should I stop it?

So, I am putting the proposal before the Cabinet.

SHRI PINAKI MISHRA: Mr. Minister, can you stop the flights to Europe and America? Can you do that? You cannot stop the flights to Europe and America. It is not possible. I mean to say to Japan, Europe and America, how can you stop the flights? It is an extraordinary suggestion. That means, you will fly only to the gulf and Jakarta. That is it! I am amazed to hear the answer.

...(Interruptions)

MR. CHAIRMAN: Now, we will go to the next question.

(Interruptions)

MR. CHAIRMAN: We have already had four supplementaries on this question.

(Interruptions)

SHRI RAJESH PILOT: Sir, I want to say about merger ... (Interruptions)

MR. CHAIRMAN: So, it is the last supplementary. Yes, Shri Rajesh Pilot, who is an ex-Air Force Officer should be given a chance.

[Translation]

SHRI RAJESH PILOT: Mr. Chairman, Sir, discussions for merger is going on for many days. It is being argued that there is a need to merge Air India and Indian Airlines to cut, reduce operational losses. My colleagues, who have been the Ministers here, All have given priority to this. I would like to know the progress made in regard to merger and the reasons for which Air India and Indian Airlines could not be merged? The operational cost and Administration cost at these two places is on increase due to having top heavy administration. If merger takes place, then the cost comes down. I would like to know the views of the Government in the regard.

Secondly, I would like to know from the Minister how much importance is given to Air India and India Airlines professionals in the Boards and the number of retired pilots, Engineers, Air traffic controllers and operational trained persons in the Board who can guide you?

[English]

If you put politicians on the Board, if you put your own people on the Board who do not know how does the aircraft fly, how can they guide the Board? Do you have that guidelines for implementation by the Board?

Thirdly, the Minister has said that he always makes a Department profitable.

[Translation]

He takes charge of only those departments which are profitable. He won't take charge of loss making departments. He takes departments such as Information and Broadcasting and civil Aviation departments. Let him take the charge of Power Sector Department and run it into profit. The Prime Minister should be asked to hand over

him Power Sector Department and Surface transport Department.

SHRI C.M. IBRAHIM: Mr. Chairman, Sir, as far as merger is concerned, you will be glad to note that we have merged the posts of Chairman and MD for the merger of Indian Airlines and Air India. Earlier Chairman and M.D. used to be two different persons. Now, M.D. and Chairman is the same person. We are saving at least Rs. 31 Lakhs from this and moreover we are saving more time ...*(Interruptions)*

MR. CHAIRMAN: Rs. 30 Lakh has been saved?

[English]

Do you mean to say that by merging two posts you have saved Rs. 30 lakh?

SHRI C.M. IBRAHIM: That is the rough estimate that I have told you.

[Translation]

I am giving a rough estimate that we have saved this much amount. I can't say exactly how much have been saved, but a lot of amount has been saved ...*(Interruptions)* Secondly, the Board which has been constituted. ...*(Interruptions)*

SHRI RAJESH PILOT: When will you merge these airlines?

[English]

SHRI C.M. IBRAHIM: About the merger, I cannot tell you definitely now. But the thinking is that as far as the Board is concerned and as far as the Department is concerned.

[English]

25-25 thousand employees are engaged in each of these two Departments. It is a bit difficult to merge these two departments at a time in a single decision but we are taking steps in this direction. We have taken steps in this regard.

[English]

For the first time I have got a very good Managing Director whom I have made the chairman. He is now Chairman-cum-Managing Director.

[Translation]

So you can see that there was a loss to the extent of Rs. 8 crores on 250 in 1993 whereas in 1997 it is Rs. 24 crores and I would like to tell you that during the current year or during the ensuing year.

[English]

This will go towards profit.

Regarding constitution of the Board, for your information, we have not nominated any politician. Whatever the

lower recommendations have come, based on those recommendations we have constituted the Air India and the Indian Airlines Boards.

MR. CHAIRMAN: Mr. Minister, his question was very specific. Is there any technocrat, any flier, any engineer on the Board? Are there any technocrats on the Board?

SHRI C.M. IBRAHIM: There are professionals from tourism and from hotel industries. From HAL, its Chairman Shri Sharma is represented on the Board.

SHRI RAJESH PILOT: As a special invitee?

SHRI C.M. IBRAHIM: No. He is a Board Member. As special invitees, we wanted to take three NRIs for which there is no provision. But I have told the Indian Airlines and the Air India Boards to make a provision in their company law, so that they can invite the NRIs to the Board.

SHRI RAJESH PILOT: Why do you not put senior pilots and senior engineers on the Board? They will guide you.

MR. CHAIRMAN: There appears to be a number of hon. Members wanting Supplementaries. The time does not allow this. If they want, one hon. Member can send a requisition for a Half-an-Hour discussion and I would request the speaker for the Half-an-Hour discussion.

Now the next question.

SHRI NIRMAL KANTI CHATTERJEE (DUMDUM): This will be the twelfth Half-an-Hour discussion which will never be taken up.

MR. CHAIRMAN: That is also possible. It may come up in the next session.

[Translation]

STD Facility to Panchayats

*465. SHRI BACHI SINGH RAWAT 'BACHDA': Will the Minister of COMMUNICATIONS be pleased to state:

(a) whether the Government have plan to provide STD facility at all Panchayats in the country;

(b) if so, the number of villages under hilly areas of Uttar Pradesh and other States where this facility has been provided so far; and

(c) the time by which STD facility is likely to be provided in all Panchayats in the country?

[English]

THE MINISTER OF WELFARE (SHRI BALWANT SINGH RAMOOWALIA): (a) Government is having a Plan to provide STD Facility in Village Public Telephones (VPTs) where it is Administratively and Technically feasible.

(b) The figures are being collected and will be laid on the Table of the House.

(c) The Government is having plan to extend the STD facility to all the Exchanges from where Village Public