

THE

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PARLIAMENTARY DEBATES

(Part II—Proceedings other than Questions and Answers)

OFFICIAL REPORT

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HOUSE OF THE PEOPLE

Friday, 8th May, 1953

The House met at a Quarter Past  
Eight of the Clock

[MR. DEPUTY-SPEAKER in the Chair]

QUESTIONS AND ANSWERS

(See Part I)

9-15 A.M.

**Kumari Annie Mascarene:** (Trivandrum): I wish to raise a point of order, Sir.

**Mr. Deputy-Speaker:** On what?

**Kumari Annie Mascarene:** On a subject on which I wish to engage your attention.

**Mr. Deputy-Speaker:** Arising out of questions?

**Kumari Annie Mascarene:** Not on a question.

**Mr. Deputy-Speaker:** Then, hon. Member will give me notice about the point of order. Points of order cannot be raised on an abstract issue. When a question is put if a point of order arises, it may be asked, or when I come to some other matter. If it is on any of the clauses, I am willing to hear.

PAPERS LAID ON THE TABLE

**TARIFF COMMISSION'S REPORT ON THE CONVERSION CHARGES FOR BARS AND RODS ETC.**

**The Minister of Commerce and Industry (Shri T. T. Krishnamachari):** I beg to lay on the Table, a copy of each of the following papers, under subsection (2) of Section 16 of the Tariff Commission Act, 1951:

- (i) Report of the Tariff Commission on the conversion charges for Bars and Rods and the fair retention price of electric

furnace billets produced by the Registered Re-Rollers;

- (ii) Ministry of Commerce and Industry Resolution No. 3-T(2)/51 dated the 22nd April, 1953; and

- (iii) Statement explaining the reasons why a copy each of the documents referred to at (i) and (ii) above could not be laid on the Table within the prescribed period. [Placed in Library. See No. IV R. 38(a).]

**EVIDENCE TENDERED BEFORE THE SELECT COMMITTEE ON THE ESTATE DUTY BILL.**

**Shri H. N. Shastri (Kanpur Distt.—Central):** Sir, in the absence of Mr. Gadgil, I beg to lay on the Table with your permission, a copy of the evidence tendered before the Select Committee on the Estate Duty Bill on the 5th February, 1953. [Placed in Library. See No. S-47/53.]

**TARIFF COMMISSIONS' REPORT ON FLAX GOODS INDUSTRY**

**The Minister of Commerce and Industry (Shri T. T. Krishnamachari):** I beg to lay on the Table a copy of each of the following papers, under subsection (2) of Section 16 of the Tariff Commission Act, 1951:

- (i) Report of the Tariff Commission on the Flax Goods Industry (1953); and
- (ii) Ministry of Commerce and Industry Resolution No. 36(1)-T.B./53, dated the 7th May, 1953. [Placed in Library. See No. IV R. 103(33).]

**AIR CORPORATIONS BILL—concl'd.**

**Clause 3.—(Incorporation of the Corporations.)**

**Shri Nambiar (Mayuram):** I have got an amendment to clause 3. It is more or less like the one we disposed of under clause 2. It is about two Corporations. Instead of two, I want only one. That is my amendment.

**Mr. Deputy-Speaker:** That is barred.

**Shri Nambiar:** It is almost barred, but the hon. Minister did not reply to the points which we raised yesterday.

**Mr. Deputy-Speaker:** That cannot be helped. The House has accepted it, with or without argument. There has been enough argument.

**Shri Punnoose (Alleppey):** But you said, Sir, yesterday in this particular case it will not be barred.

**Mr. Deputy-Speaker:** No, no. Absolutely not. I am sorry hon. Members do not hear the whole thing. All that I said was that all amendments as to whether there should be one or two Corporations are barred, and if in addition to that there is anything else in an amendment which is not covered by this question as to whether there should be one or two Corporations, then I will allow that portion. This is pure and simple "two Corporations".

**Shri Nambiar:** My submission is only that the hon. Minister.....

**Mr. Deputy-Speaker:** No question of going back.

**Shri Nambiar:** He has not given his reply to certain points raised by us.

**Mr. Deputy-Speaker:** No, no. I cannot allow discussion on a matter which is closed. All amendments to clause 3 are barred.

The question is:

"That clause 3 stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

**Clause 4.—(Constitution of the Corporations)**

**Mr. Deputy-Speaker:** Hon. Members who want to move their amendments may kindly do so.

**Shri Nambiar:** I beg to move:

In sub-clause (1) of clause 4, for "not less than five but not more than nine Members" substitute "அரசு அல்லது அரசாங்க சிபார்சு மூலம், sending the Ministry of Communications, one representing organised labour, one expert to be recruited, the remaining two representing Ministry of Defence and Finance".

**Shri S. V. L. Narasimham (Guntur):** I beg to move:

In sub-clause (1) of clause 4, after "Central Government" where it occurs for the first time, insert

"of whom one member at least shall be a representative of organised labour".

**Shri Damodara Menon (Kozhikode):** I beg to move:

(i) In sub-clause (1) of clause 4, for "not less than five but not more than nine members" substitute "not less than three but not more than five members".

(ii) In clause 4, after sub-clause (1) add: "Explanation:—The members of the Corporation shall be full-time and one of them shall be an employec enjoying the confidence of the workers".

(iii) In sub-clause (2) of clause 4 after "that person" insert "or relatives of that person".

**Mr. Deputy-Speaker:** Does Mr. Damodara Menon want to say anything?

**Shri Damodara Menon:** My first amendment refers to sub-clause (1) of clause 4. This point has been discussed here during the general debate. My view is that if we have a compact body, it would be better for the Corporation to work in a proper manner and more efficiently. It will also certainly reduce the cost. I have already pointed out that my idea in suggesting that the number must not be more than five is that all the members can be whole-time if the number is not very large. I have already pointed out the advantages of having whole-time members. I do not want to elaborate that point further. I hope the hon. Minister will find his way to accept this suggestion.

**Shri Nambiar:** Sir, I have also moved an amendment and I want to say something.

**Shri Damodara Menon:** I want to know whether I may speak on the other amendments also.

**Mr. Deputy-Speaker:** He may speak on all his amendments, on Mr. Nambiar's amendment and others moved on the clause. No hon. Member will be given a second opportunity to speak on the same clause.

**Shri Damodara Menon:** In regard to my second amendment I have already stated the advantages of having whole-time members on the Corporation. The hon. Minister when he was replying to the debate yesterday said that he was very anxious to see that labour was given proper representation. He said he was second to none in his anxiety to see that labour interests

were properly safeguarded. Of course, then he will find no difficulty in accepting this suggestion that at least one of the members in the Corporation must be a person, an employee, who enjoys the confidence of the workers. The hon. Minister asked the question: "Why should you limit the number to one?" In his opinion, it appeared when he was speaking, he would go to the extent of saying that all the members of the Corporation must be persons who enjoy the confidence of the workers. That is a good idea. If he goes to that extent, I can see no reason why he cannot at least accept this amendment that one of them may be a person who enjoys the confidence of the workers. If he has only stated that by way of argument, then I am sorry that he has not understood this suggestion in its proper spirit. I doubt whether he was not really advancing his argument in his anxiety to pay a kind of lip homage to the idea of labour having proper representation. He stated yesterday in support of his contention that even the General Manager may be a person who will be very anxious to have the interests of labour in mind. If that is the manner in which he construes this suggestion, I am sorry, he has not understood the spirit of it.

[PANDIT THAKUR DAS BHARGAVA in the Chair.]

There may be many representatives of vested interests and also many capitalists who may sympathise with labourers. But that is not the spirit in which this suggestion is offered. If the hon. Minister thinks that by appointing a person who is a capitalist who apparently seems to have some sympathy for labour, he would be satisfied that the interests of labour will be safeguarded, he is really mistaken. That should not be the spirit in which he must take this suggestion. Therefore, I am afraid the hon. Minister has really misunderstood the suggestion, or rather he is countering the argument with a proposal which probably is meant only as an argument. Therefore, I suggest if the hon. Minister is really serious and really earnest about and anxious to serve the cause of labour, he must even now make a provision in this Bill whereby a representative of labour is made a member of the Corporation. Yesterday he said he had an idea to have some member, some respected public man who is associated with labour organisations, to be made a member of this Corporation. I do not know who is the person he has in view. But even that may not serve the purpose. What we want

here is not an outsider enjoying some kind of confidence of labour, an outsider who has done some kind of labour work, but an employee of the Corporation who enjoys the confidence of the workers who are serving in the Corporation. That would be the only way in which we can create a spirit of democracy in this nationalised industry and also take labour into the confidence of the Government. Therefore, I hope the hon. Minister will find his way to accept this amendment also.

The third amendment I wish to place relates to sub-clause (2) of clause 4, i.e. "Before appointing a person to be a member of either of the Corporations, the Central Government shall satisfy itself that that person"—here I want to add the words "or relatives of that person"—"have no such financial or other interest as is likely to affect prejudicially the exercise or performance by him.....". This is an elaboration of the idea that the hon. Minister himself has accepted. If we want to see that the public entertain no doubt about the integrity and impartiality of the members of the Corporations in their work, it is not only necessary that the persons who are appointed in the Corporations have no personal or financial interest in the undertaking of the Corporations or other matters, but their relatives also must be above suspicion. Therefore, this is only an elaboration of the idea contained in that section and I trust the hon. Minister will have no difficulty in accepting that.

**Shri Nambiar:** Here my arguments for my amendment are these. We must have a compact body, all the members of which must be responsible to the Government and thereby to Parliament direct. We do not want persons who have no direct interest in the Corporations, but who may be taken as members of the Corporations for obvious reasons, who do not sit in the Corporations whole time and do the work daily but occasionally come and sit in the Corporations, give their advice and go away as part-timers, in which case their paramount interest will be to see that their own private interest is safeguarded, whether it be outside or inside the Corporations, but not the interest of the Corporations as such. Yesterday, the hon. Minister stated that he would be all the more pleased if Mr. Tata would accept the Chairmanship of one of the Corporations. He said that he was stating what he felt and there was nothing like keeping things from the public eye. I appreciate his idea on that point. But the thing is in his mind

[Shri Mambiar]

that he wants to bring in a person like Tata. I have no grouse against Mr. Tata directly nor against Mr. Birla nor against Mr. Dalmia or anybody. The question is how could Tata, Birla or Dalmia directly contribute to the welfare of the Corporations because, after all, for Tata, Birla or Dalmia these Corporations are not the only concern; they are Managing Directors or Directors or proprietors of umpteen industries and concerns in this country. I cannot understand how their attention can be devoted to this. They may lend their agents—I am sure the hon. Minister may have some persons in view—they may lend their agents and through them Tata, Birla and other people may influence the Corporations. That is my fear. Therefore, we do not want persons other than those who are directly answerable to the people through the Government and Parliament. Otherwise, our interest will not be safeguarded. That is the reason why we say we should not have others.

Secondly, I want a representative of organised labour to be there. If he is on the Corporation, with the confidence that he commands among the workers he can straightaway advise the Corporation in labour matters so that the Corporation can work in the best interest of the staff as well as of the whole nation. Yesterday the Minister brought forth an argument that there was no organised labour and that there were several Unions and these Unions only formed an *ad hoc* Committee. It may be one Union or two Unions or any number of Unions. He extended an insinuation to these benches saying that there would be as many Unions as there were parties in the Opposition. That is not fair on his part. We only want to serve the interests of labour in the interests of labour, and not with a party feeling. If he wants to mislead the people, if he wants to mislead the country as such and the staff, that the Opposition parties here are working with that party feeling in mind, then he is absolutely wrong, and not only wrong, he is deliberately disrupting the unity of the staff, which is bad. It may give him an advantage today if he disrupts the unity of staff, because in that case he can play one against the other. But our own aim is not gained by disrupting the staff. It is only with the help and co-operation of the staff that you can run the show better. Therefore, that is a wrong conception and a wrong approach. If the hon. Minister has got any such view in his mind, he must cast it away here and

now. He must think afresh and consider the reasons the Opposition wants to place before him. If the Congress party, to which he belongs, is interested in labour, let them take up the cause of labour. We are not standing in the way; we are not at all concerned, if he will take up an attitude which will be conducive to the best interest of the staff as well as the people. We are here to extend our co-operation and give him all possible assistance. He must approach it in that way.

What exactly is his reason for not having a labour representative on the Corporation? Let us have it. If his reason is that there are several Unions, then let him take the opinion of the staff concerned. Let him take a ballot or any such thing and find out who is the person who has got the maximum confidence of the workers and then take him. Let him have a qualified man—I do not say that any Tom, Dick or Harry or anybody must be taken. What I say is, let him find out the person having the minimum qualifications but having the maximum confidence of the staff. You must begin in that way. The way in which you now proceed does not help. This is our genuine fear. We are not just talking in the abstract; we are giving you a concrete suggestion. There must be five members, a representative of labour, a representative of the Communications Ministry, a representative of the Defence Ministry, one expert and a representative of Finance. All these together must form a compact body as a Corporation which will look to the interests of all concerned and they can go ahead. This is the idea. This is the concrete suggestion which we are placing before you. This is not to obstruct you but it is only to give you help and assistance. It is not by disrupting labour, which he wants to do today, but it is only by taking them into your confidence and having their co-operation that the whole nation can be benefited.

**Mr. Chairman:** All these amendments are now before the House for discussion.

**Dr. Lanka Sundaram** (Visakhapatnam): I would like very briefly to speak on clause 4 and also the amendments moved. My reason for intervening is to congratulate the Select Committee which has in clause 29 made a recommendation for the appointment of a labour representative on the Air Transport Council. Having made that recommendation I had hoped the Select Committee would make a similar recommendation with respect to

clause 4 also. My hon. friends have already argued the necessity for the appointment of a representative of organised labour on the Corporation. This demand is nothing strange or new. My hon. friend, the Communications Minister would remember that when the Hindustan Shipyard Limited was organised and incorporated by the Government, a representative of labour was appointed a Director. I can mention his name, Michael John of Jamshedpur, a well-known labour leader. He is the Director today of the Hindustan Shipyard Ltd. The precedent is there and, as I said, I do sincerely hope and trust that the Communications Minister would not fight shy of some of these amendments. In particular, I commend to him the amendment moved by Shri S. V. L. Narasimham which runs as follows:

"of whom one member at least shall be a representative of organised labour".

I do sincerely trust that the hon. Minister, who had been Labour Minister of the Government in the previous years, would not fight shy of accepting an amendment of that character. Here there are two small difficulties. My hon. friend Mr. Nambiar made a reference to the representation of the employees themselves on the Corporation. But, I have given you the example of an alternative, of a well-known labour leader, the choice being that of Government, being appointed as Director of the Hindustan Shipyard Ltd. I personally would prefer one of the employees to be on these two Corporations. If for reasons, at any rate, in the initial period, such an employee is not available or is not found suitable for that matter. I do trust the Minister would consider the appointment of a labour leader on the analogy of the Hindustan Shipyard Ltd. Mr. Nambiar made a reference to the policy of the Government in regard to organised labour. I have said on a number of occasions in this House both in the last session and in the current session that I am not satisfied as yet with the policy of the Government in regard to the recognition of organised Labour Unions. I would not be wild in my approach to this problem, but I am convinced that as yet there has been no attempt made to secure the recognition of only one Union for any industry or industrial undertaking which is now being managed by the Government of India. I do hope and sincerely make an appeal to the hon. Minister of Communications to ensure this. When there was news about this Bill, those people working in the air lines made some attempt to bring

about an organisation. I am convinced that they are going to register it, this *ad hoc* Committee organisation. It is in the process of making. I am sure the hon. Communications Minister would welcome an organisation which is completely representative of the employees of various companies which are being clubbed together into these two Corporations. As such, I do hope he will use the enormous experience he has got as Labour Minister of the Government to encourage one Labour Union, and not two or three. If you take the structure of labour activity in the various departments, whether Railways or Posts and Telegraphs, you will find that because of the lack of policy on the part of Government to assist in the formation of only one Labour Union, all these troubles are taking place. I think, it is ultimately to the efficiency and advantage of the Corporations themselves to have only one labour Union. I do hope that the hon. Communications Minister would have a sympathetic attitude towards these people, namely, that since you are already having a precedent in an undertaking in which you have 66-2/3 of financial participation by Government,—as also in the administration—the same precedent may be followed here. I would sincerely suggest to have an outside labour leader of respect and standing in the country as one of the members of each of the Corporations, in default of finding a suitable person or persons from the employees of the Corporations themselves. I do hope my hon. friend, the Communications Minister would accept this plea.

Mr. Chairman: Before I call any other hon. Member, may I respectfully submit for the consideration of the House that we have a programme for this Bill. At 12-15 guillotine will be applied so far as the consideration of the clauses is concerned. At 12-15 we shall begin the third stage. At this rate, I am afraid, we may not have full time to consider the important provisions regarding compensation etc. I would therefore suggest that the hon. Members should see that this does not happen and they get full time to consider other important clauses also. But, if they spend too much time on these clauses they will have no time left for other clauses. Clause 4 is important, and it may be fully argued out. But, at the same time we should not spend more than necessary time over it: I would respectfully ask the Members to be brief and to see that this clause is not allowed to swallow all the time and some time is left for the consideration of clause 25 and the Schedule etc.

**Shri Joachim Alva (Kanara):** I shall be very brief. I raised this matter of a Director from the workers' ranks during the first reading stage of this Bill. I again say that somebody from the ranks of the workers should be associated with the Directors. I do not understand how a very competent and sympathetic Minister for Communications, who had also been a Labour Minister has aversion to have a member from the ranks of the workers in the ranks of the Directors. He is out to fetch Mr. J. R. D. Tata at any cost. The Air Lines are run by the ordinary men, men in the ground forces, ground personnel, the engineers, the pilots, the crew, the radio men and the hostesses. They are the people in the Air Line from A to Z and it is strange that the Government of India in the year 1953 does not find time enough to pull out men from the ranks of these workers to be members of these Corporations.

In 1949, there was the first Air India strike in Bombay. It cost the Tatas about two lakhs of rupees daily. When the workers came into clash with the management, they found themselves very, very helpless because they had no one to speak on their behalf. It so happened that they had to resort to men who were neither in the Air services nor amongst the workers to fight their cause. It so happened that I as the then Sheriff of Bombay had a hand in the calling off of the strike which was called off unconditionally. Workers often find that there is no one to champion their cause in the higher ranks, from amongst top business men and top capitalists, who take a share in the running of the Air Lines. After all is said and done money is paid out by a few thousands of shareholders; that money is being paid out by Government today. That money will be controlled by Government. After all is said and done, when you bring a man of managerial rank in the Board of Directors, you should also have one from the ranks of the workers. I appeal on behalf of the House to the hon. Minister, who is very generous-hearted, and who can really understand the cause of labour, to bring in even at this stage, one member of the proposed corporation from the ranks of workers and thus yield to our demand. On the Air Transport Council he has yielded in the matter of bringing in a representative of the workers and their view point has to be heard at some stage or the other. Let them feel that in the matter of their salaries, their working hours and other service conditions, they have a man to champion

their cause. After all in the course of the next five or ten years, this Board would be fully composed only of the workers and let us take a long-range view of matters at this moment.

**Shri Punnoose:** Permit me to persuade the hon. Minister to make a change, I hope where others have failed I will succeed. *(Interruption)*, I would bring to his attention the extreme necessity of having a representative of organised labour. Yesterday he was pleased to give us a definition of nationalisation; what is nationalisation, he asked. He gave the reply himself that it is the eschewing of private profit or the motive of private profit. If that is so, and in nationalisation profit motive should be eschewed, why on earth should you deny representation of organised labour? Labour has no axe to grind. It has no motive for private profit. If the industry is in charge of the nation, then it can very well believe, absolutely believe labour being placed in a position of power.

Secondly, the hon. Minister was pleased to say yesterday, in a moment of excitement perhaps, that Tata is a greater benefactor of labour than some Members on this side of the House. We may differ in our ideologies. But the very fact that we have been elected to this House by lakhs of people, shows that we command popular confidence. Therefore the statement of the hon. Minister comparing some Members to Tata was a shock to me. That makes us very suspicious. If this is the Minister's conception of labour and benefactors of labour, then we have to take his declarations of love with a grain of salt.

He should have representatives of labour for another reason as well. The hon. Minister in the course of his speech, in a round about manner of course, said that some retrenchment has to be made and some dislocation there will be. If it is your intention, if it is your desire to carry through without a hitch, you should have a representative of organised labour. It will strengthen the hands of the Corporation and the public will have the confidence that the affairs of the Corporation are in the hands of men that can be trusted working not merely for earning profits.

**Shri N. Somana (Coorg):** I regret I have to oppose this amendment. As the amendment stands it is said that a representative of organised labour must be put on the Directorate. Now

I think it is very dangerous to put such a clause in this Bill. I think it would be much more advisable to put the provision in a general way so that when the employees organise themselves into one Union and Government is satisfied that the Union represents the actual labour, one of its representatives may be appointed on the Directorate. On the other hand if we put this provision in a specific way and if later on there are two or three organisations, I do not know what Government could do at that time. There is bound to be conflict. It would be much better in the initial stage to leave it in a general way and when the employees actually organise themselves into one Union, as Dr. Lanka Sundaram put it, to have one of their representatives on the Directorate. It would be very dangerous to put this clause in a specific way as is sought to be done in this amendment. So, I oppose this amendment.

**Shri B. S. Murthy (Eluru):** I am unable to appreciate the stand taken by the hon. Minister. While he was in charge of the Labour portfolio, he had won a name for himself for having put the Indian Trade Union movement on a sound footing. All the legislation that he has been able to get through in the Provisional Parliament stands to his credit.

While advancing his argument as to why he was not able to take a representative of labour on the Corporation he said that theirs is an *ad hoc* Committee. I think this is begging the question. How could you have an All-India Trade Union for a number of air companies as they are existing today. Once the air corporation comes into existence, there will certainly be an All-India Trade Union for the workers who are employed in the Air Corporation. Now the workers are not slow. They have realised the necessity and therefore have formed themselves into an *ad hoc* Committee. They have also approached the hon. Minister and have put forward schemes before the Members of the Select Committee. It is no argument to say that we cannot give representation, because there is only an *ad hoc* Committee. It is the bounden duty of the Government to see that in India the Trade Union movement is given all facilities to progress from strength to strength. If a right like this is denied, I am sure it will go against the interests of the Corporation.

Another apprehension which the hon. Minister expressed was that there may be some dislocation—this is the word that he used in his speech. If such

dislocation is expected, it is all the more necessary why he must take labour into confidence. Otherwise the Corporation will become '*namo Birlaya*', '*namo Tataya*', '*namo Kuberaya*'.

**Dr. Lanka Sundaram:** What about '*namo Dalmiaya*'?

**Shri B. S. Murthy:** I leave it to Dr. Lanka Sundaram.

Shankara has given us:

गजम् मिथ्या पलायनम् मिथ्या

After all these two Corporations will become a *mythia* and *maya* if there is no representation of labour. Sankara has told us that there will be only *adwaita*; but these people are for *dwaita*. *Dwaita* and *adwaita* are very interesting things. Now it is better we have *adwaita*. Therefore I request the hon. Minister to see that a representative of labour is given a place in this organisation. If not there will be a hiatus which can never be filled.

**Shri K. K. Basu (Diamond Harbour)** rose—

**Mr. Chairman:** Clause 4 has been sufficiently discussed. If the hon. Member has any new point to make, I would request him to be brief.

**Shri K. K. Basu:** I would like to emphasise one aspect of this clause.

Government says that there is a possibility of one person presiding over the two Corporations. So, they visualise a dearth of personnel to guide the affairs of the Corporation. But it is nowhere stated whether the Chairman would be an official or a non-official. We feel very apprehensive because of the softness shown by the hon. Minister about one of the great captains of industry, that there may be a possibility of his presiding over both the Corporations. I would like to impress upon the Government, that whatever might be the reasons which have prompted them to have two Corporations, there should never be a non-official to be the head of both the Corporations, though I may not be particular of applying that to an official.

I would also like to emphasise that the Chairman should, as far as possible, be a Government official. After all who are the shareholders of the Corporation? It is the nation. It is the nation that is paying the money. In spite of the Corporation being an autonomous body we would like to have an official as head of it, because Parliament can ask Government to

[Shri K. K. Basu.]

give a directive to that person to behave in a particular manner. If it is a non-official it is difficult for us to have any control over him.

Again sub-clause (2) of clause 4 says:

"Before appointing a person to be a member of either of the Corporations, the Central Government shall satisfy itself that that person will have no such financial or other interest as is likely to affect prejudicially the exercise or performance by him of his functions, etc."

We may have a freight service and different interests may be involved. If Mr. Tata is brought in as Chairman, or even as a member of the Corporation, then what happens? He, as captain of the industry is vitally interested in having a certain standard of freight rates, or he would like the Corporation to work in a manner which is conducive to the interest he represents. The point is whether the financial interests he holds will be construed as acting prejudicially to the interests of the Corporation. I go further. There is the Tata house of business. Mr. J. R. D. Tata may not be connected.

**The Deputy Minister of Communications (Shri Raj Bahadur):** Sir, may I know whether we are discussing the amendment or the clause?

**Shri K. K. Basu:** That was the direction given by the Deputy-Speaker, that the whole thing can be discussed.

**Mr. Chairman:** When the amendments are there, the amendments as well as the clause are before the House.

**Shri K. K. Basu:** I am discussing the whole thing. We know very well that under the provisions of this particular legislation there is no directive that these concerns or companies should be liquidated. They might continue in non-schedule services. Suppose Mr. J. R. D. Tata is brought in. Unfortunately his name has been discussed so long. But here he has been brought in as a member of this concern. Another member of the family or the institution, other directors—there is always a group of men connected with a particular set of industries they may be interested in running this particular concern who only work in non-schedule services. In that event it has to be considered whether their interests are prejudicial to the Corporation.

Similarly, unless Government completely monopolises the entire air routes and all the air services in the country and Government brings in person who have no interest either indirectly or directly—either industrialists or in any other way—I am very apprehensive that this clause might act against the interests of the Corporation. To be frank, there may be one or two individuals who may behave well, so far as the captains of industry are concerned, but if we look to the history of these institutions I think many of us will confess to the feeling, which has also been corroborated by several enquiries including the Income-tax Investigation Committee, as to how this industry behaved much to the detriment of the interests of the nation and actuated by the greed for profit-making. I feel that this clause should be more specific and Government must give a guarantee in the House that they shall not bring in such persons who may be construed or thought to have some interests even indirectly so far as the running of air services is concerned.

I am dealing with sub-clause (3) of clause 4. It is unfortunate that even in this nationalised Corporation Government has tried to copy the provisions of the Indian Companies Act. In the Indian Companies Act the provision is that when there is a matter relating to a contract in which the directors are indirectly benefited, they shall stand out from the meeting and do not vote. We have had the report of the Company Law Enquiry Committee and here is their history for the last several years, particularly after World War II, we know in what manner the directors have tried to utilise their position much to the detriment of the shareholders and have their own nominees and persons to give them sub-contract or some other benefit adversely affecting the interests of the companies which in no time might go into liquidation. The entire history of the liquidation of banks is a standing monument in what way the directors have behaved. Unfortunately groups of directors have behaved in a particular manner and taken advantage of whatever loophole there is in the Companies Act. According to the report of the Company Law Enquiry Committee we are going to amend that Act, so that all these loopholes which give room to misbehaviours and misdeeds on the part of these recalcitrant and dishonest directors—if I may be permitted to use that expression—may be removed and rectified. But how in a nationalised Corporation they can incorporate the



same thing I fail to understand, where the entire money and the entire risk is of the nation. It is the nation that is paying the money. It is the nation that will have to shoulder the burden and bear whatever loss the Corporation might suffer. And we are bringing them in, for what reason? Because they have the experience in running the industry. The whole theory of the role of the entrepreneur so far as industry is concerned is gone. In the economics of today nobody feels that the entrepreneur is such an important factor. And he is the man who advances the money? Except for Mr. Tata I do not know whether any other champions of the airways, Birlas and Dalmias, have ever touched the wheels of the aeroplane. But we might bring them in as champions of the industry, because they had come forward to develop this industry. And why? Because during the war they took advantage of the situation and amassed enormous fortune, white or black, and they could go in for a new industry getting the planes at low prices, at the cost of the nation, from Disposals. This provision must be altered and Government must give a guarantee that they are not going to appoint persons who might even indirectly be construed as having some interest in the concern—not only himself, but his group, in his own house of business, whether as relations or friends who are connected with the concern, in the same group of managing system, the same group of directors. You know very well, Sir, and if you go through the list you will find a particular set of individuals who are connected and who are usually appointed as directors of the Tata concern, and similarly in the Birla concern or Dalmia concern or any other concern. Unless that point is taken into consideration I am very apprehensive that Government will be taking a dangerous step which would go adversely against the interests of our country and this Corporation.

10 A.M.

The last point is about the amendment moved. I do not want to repeat the same point, but I would like to say this. Who are the shareholders of this Corporation? It is the nation. It is the taxpayers' money that is going to finance the Corporation. Therefore it is necessary, even if you take the principle of the Companies Act, that we must have the largest number of representatives of the taxpayer in this Corporation. And although they may be paying less it is the productive force, namely labour which constitutes the largest percentage of the taxpayer which goes to run and man this indus-

try. Their representation is absolutely necessary, whether it is four Unions or one Union. And I fully appreciate that in all these concerns there should be one Union. Even if it is not, it is easy for the Government to find out their opinion. If in the modern democratic set-up you could have an experiment of vast general elections in the whole country with such a low illiteracy, it should not be difficult to have the opinion of labour in this industry. And in this particular industry fortunately it is, technician and technically skilled men that are wanted, unlike in many other industries. It is not as if a man works for ten days and goes away. The person needs a certain amount of education, technical education and technical training before he joins this industry. Government can judge the persons who may have knowledge, who will have to man the new industry, who have served during the last war and who fortunately belong to a class above the normal level of education in the other strata of labour. Therefore I feel that when the taxpayer is paying the money, when the nation has to foot the bill and the nation has to be responsible whether we gain by this industry or lose, it is absolutely necessary that the most important and the vital part of the productive force must be represented. It is easy for Government to have their opinion. Government can make up their own mind. I do not understand why it cannot be done. It is very easy if they want to make this concern a real, *bona fide* national concern. For instilling the support and sympathy of the people that man it it is absolutely necessary that they should consider the possibility and the dire necessity of taking representatives of labour into this Corporation.

**Shri Raj Bahadur:** To start with I would like to make it clear that the clause that we have under discussion essentially relates to the constitution of the Corporation. It does not purport to specify, define or lay down the categories or classes of people from whom selections will be made for the membership of this Corporation. As I submitted earlier, we have purposely made the provisions to this clause flexible and wide so that a wide scope of selection is afforded. If it is reported that we should define or specify here and now, as proposed in one of the amendments, the persons who should go to compose this Corporation, we shall be striking a completely un-beaten track. I would like my hon. friends to point out the constitution of a single Corporation or any other industrial undertaking of this type where they have defined or specified the

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persons to be nominated on a particular Board or Corporation. I do not think in the U.K. Act, they have got anything like that. It lays down that there will be so many members. The same is the case with Australian airlines and other bodies. Therefore, it would be better if we keep this clause sufficiently wide and flexible, because we cannot visualise all the exigencies a situation that may develop at any particular moment to meet which we may have to appoint people with sufficient calibre, sufficient experience, etc. On the other hand if we specify that we should have this particular class of people or that particular class of people, it will essentially limit and restrict the field of choice. I would add that any restriction about classes or restriction of categories of persons to be appointed will not be advisable in the present situation.

Now, much has been said about the representation of labour on the Corporation. I need hardly repeat that the Minister has already said that he would definitely consider the appointment of a man experienced in labour like Michael John whose name was mentioned by the hon. member Dr. Lanka Sundaram. So there it is hardly necessary for me to repeat that a man experienced in labour may be appointed. This point has already been met.

**Shri Nambiar:** Is he for the Corporation?

**Shri Raj Bahadur:** The Minister said about that also. We will consider the appointment of a man with labour experience.

**Dr. Lanka Sundaram:** May I interrupt the hon. Minister? Under section 29, the Select Committee reported and recommended that a man who is an employee of either of the Corporations..... Why we cannot have a similar arrangement under clause 4?

**Shri Raj Bahadur:** Surely even Dr. Lanka Sundaram himself, when he was speaking mentioned about Mr. Michael John and I feel that people of that type can be considered for appointment and represented on the Corporation. I do not at all say that this cannot be done but to lay down and specify this in the body of the clause will be too much.

श्री के० के० बसू : गलत बात है ।

श्री राज बहादुर : सही बात है ।

Now I will come to the amendment tabled by my hon. friend, Mr.

Damodara Menon and his colleagues saying that the members should enjoy the confidence of the workers. Does he visualise a plebiscite or an election to find out the workers' confidence? I do not know whether it is physically possible at all in the beginning. The same thing can be said about organised labour. It has been admitted on all hands that so far as the employees in the various airlines are concerned, they are not organised. If you take the wider meaning of the phrase 'organised labour', it will mean various labour organisations and we have got more than one in India and one organisation hardly agrees with the other. I would submit that so far as this question of organised labour or the appointment on the Corporation of a person enjoying the confidence of workers is concerned, it is impracticable. And then as I said earlier, we do not want to limit the scope of this clause.

Some points have been made by my hon. friends Mr. Nambiar and Mr. Basu about the capitalists and that if they are appointed, they will exploit the whole thing. They have taken it for granted that we are going to appoint sun-dried capitalists on this Corporation. It is not that. As a matter of fact, we require persons who have got knowledge in this field. I think nobody can quarrel with us and doubt our *bona fides* if we take advantage of the business acumen, the experience and knowledge of any Indian citizen to come and help us in the running of Corporation and making it a success and that too on our own conditions. They say they will be able to exploit it to their own advantage and to the advantage of other industries in which at present they may be engaged. They also say that perhaps they might enter upon non-scheduled flights also. It was made absolutely clear that the new provision that the Select Committee has incorporated in the Bill is wide enough to furnish a safeguard for that. Just a cursory glance must convince even the biggest sceptic about it, because clause 4 says:

"Before appointing a person to be a member of either of the Corporations, the Central Government shall satisfy itself that that person will have no such financial or other interest as may prejudicially affect the due discharge of functions entrusted to him."

That means the remotest possibility of his.....(Interruptions). If there is any legitimate question, I will answer.

**Shri K. K. Basu:** I tried to put it this way. Supposing you appoint Mr. Birla as a Director. He has got

his brothers in his other concerns. He is interested in all his concerns. So this will have an adverse effect.

**Shri Raj Bahadur:** Both the sub-clauses, 2 and 3, should be read together. As I said earlier sub-clause (2) says:

".....a person will have no such financial or other interest....."

and sub-clause (3) says:

"A member of either of the Corporations who is in any way directly or indirectly interested..... disclose the nature of his interest....."

So far as this officer is concerned...

**Shri Damodara Menon:** I think the Minister has no objection to accept that amendment.

**Shri Raj Bahadur:** That amendment is not before me. That has not been moved.

**Mr. Chairman:** Which amendment?

**Shri Damodara Menon:** My third amendment.

**Mr. Chairman:** It has been moved.

**Shri Raj Bahadur:** Even so, Sir, the words in the clause "Directly or indirectly" cover everything. Therefore there should be no apprehension on that score. He says that perhaps they will serve other interests. Mr. Nambiar has thought it proper to say that the Minister or the Government is trying to mislead the labour and they have doubted our motives and challenged them. I will only remind him of what is happening and what is being done in those parts of the world from which he draws his inspiration. I will simply refer to what obtains at the moment in Soviet Russia about the representation of the Trade Unionists on Corporations or on industrial undertakings. I would read out what has been defined and laid down specifically as a result of resolutions adopted in the 11th Congress. I will read *verbatim* from that.

"The main task of the proletariat after it has conquered power is to increase the volume of output and to raise the productive forces of society. This demands that the managements of the factories should concentrate full power in their hands. Any direct interference of the Trade Unions which the management of enterprises must in such circumstances be regarded as absolutely harmful and inadmissible."

This is the principle which is being followed in places from which some of my friends draw their inspiration. (Interruptions.)

**Shri Namdhari (Fazilka-Sirsa):** On a point of order, Sir.

**Mr. Chairman:** There is no point of order.

**Shri Namdhari:** The hon. beautiful Member has already spoken. Why is he again disturbing the Minister every now and then?

**Mr. Chairman:** There is no point of order.

**Dr. Lanka Sundaram:** Who wrote that book?

**Shri Raj Bahadur:** In the 12th Congress held on April 23, the first in which Lenin did not participate, the following policy was laid down. Continuing it says:

"Aiming by all means at an improvement in the condition of the working class, the State authorities and Trade Unions ought to remember that a prolonged and all round improvement is possible only on the basis of an expanding, i.e. profit bearing industry...."

But Sir, the profit bearing motive is challenged here by our friends opposite.

"To keep in operation businesses with low employment or to keep employed in any factory a number of workers which does not correspond with the actual productivity of that factory is a wasteful and irrational form of social security and is therefore detrimental to the working class interests of tomorrow. The saddling of industrial enterprises with all sorts of overhead costs...etc."

It concludes like this:

"It goes without saying that the manager of a Soviet factory ought to show the greatest attentiveness to the material and spiritual needs of the workers, to their feelings and moods. But, at the same time, he must not lose sight of his supreme duty towards the working class, as a whole a duty which consists in raising productivity of labour, lowering costs of production and increasing the volume of material goods available to the proletarian state. Trade Unionists and party members ought to cooperate in every way with the Soviet manager for this purpose. Attentiveness, determination and

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discrimination are the indispensable qualities of the Soviet manager. But, his best testimonial is the favourable balance sheet of the business."

I wish to point out to the House...

**Shri Raghavaiah (Ongole):** Is there any Air Corporation in Soviet Russia? (Interruption).

**Shri Raj Bahadur:** ... that in places and countries from which some of the hon. Members opposite draw their inspiration, those things which the hon. Members suggest here are absolutely unheard of. I can quote *verbatim* the same conditions of things from the Chinese literature also. But let me assure the House, Sir, that we are not going to slavishly copy the ways either of this or that bloc. (Interruption.)

**Mr. Chairman:** Order, order. This is not the way to interfere.

**An Hon. Member:** The Minister must be allowed to speak.

**Shri Raj Bahadur:** We should utilise all the best possible men available in the country and see in what manner we can serve the interests of labour and society and make this first great venture of the nation a complete success.

**Shri Raghavaiah:** Is there any Air Corporation in Soviet Russia?

**Mr. Chairman:** Order, order. I have already said that the hon. Member should not interfere in this manner. It does not add to the decorum of the House. As soon as the hon. Minister finishes, he rises up and makes some remarks. Supposing also the hon. Minister retorts, what happens? There is nothing but pandemonium in the House. I do not want that. He should not interrupt in this manner. Decorum should be maintained.

**Shri Raghavaiah:** I only wanted to put a question.

**Mr. Chairman:** The question need not be put; I do not allow questions at this stage.

The question is:

In sub-clause (1) of clause 4, for "not less than five but not more than nine Members" substitute "five members namely, one representing the Ministry of Communications, one representing organised labour, one expert to be recruited, the remaining two representing Ministry of Defence and Finance".

The motion was negatived.

**Mr. Chairman:** The question is:

In sub-clause (1) of clause 4, after "Central Government" where it occurs for the first time, insert "of whom one member at least shall be a representative of organised labour".

The motion was negatived.

**Mr. Chairman:** The question is:

In sub-clause (1) of clause 4, for "not less than five but not more than nine members" substitute "not less than three but not more than five members".

The motion was negatived.

**Mr. Chairman:** The question is:

In clause 4, after sub-clause (1) add:

"Explanation.—The members of the Corporation shall be full-time and one of them shall be an employee enjoying the confidence of the workers."

The motion was negatived.

**Mr. Chairman:** The question is:

In sub-clause (2) of clause 4, after "that person" insert "or relatives of that person".

The motion was negatived.

**Mr. Chairman:** The question is:

"That clause 4 stand part of the Bill"

**Dr. Lanka Sundaram:** May I be permitted just to seek a clarification, Sir?

**Mr. Chairman:** I am not going to allow any question at this stage.

**Dr. Lanka Sundaram:** The clause is...

**Mr. Chairman:** It was already announced by the Deputy-Speaker that the clause as well as the amendments are before the House. Full discussion has already taken place.

**Dr. Lanka Sundaram:** I am not asking for a discussion.

**Mr. Chairman:** I am not allowing any question at this stage. I will put the clause to the House.

The question is:

"That clause 4 stand part of the Bill."

The motion was adopted

Clause 4 was added to the Bill.

Clauses 5 and 6 were added to the Bill.

**Clause 7.—(Functions of Corporations)**

**Mr. Chairman:** Mr. Sinhasan Singh: not in the House. None of the amendments are moved. I will put the clause to the House.

The question is:

“That clause 7 stand part of the Bill.”

The motion was adopted

Clause 7 was added to the Bill.

Clause 8 was added to the Bill.

**Clause 9.—(Corporations to act on business principles)**

**Shri Damodara Menon:** I beg to move:

In clause 9, for “business principles” substitute “public utility principles”.

Clause 9 gives a direction that in carrying out any of the duties vested in it by this Act, each of the Corporations shall act so far as may be on business principles. I want to add this also to it that public utility principles must also govern the activities of the Corporation. The hon. Minister himself stated that when we nationalise a concern, the main principle underlying such nationalisation is that we do away with the profit motive. When we enjoin on the Corporation the necessity of following business principles alone, we are really placing more emphasis upon the profit motive. Therefore, it goes against the very principle enunciated by the Minister here. I hope therefore that the activities of the Corporation will be guided mainly by public utility principles. We should not work the Corporation with a view to earn profit. I do not mean to say that we should not earn a profit. But, the main motive should not be one of profit. Therefore, we should take good care to see that a positive direction to the effect that only business principles must govern the activities of the corporation should not be given to the corporation when it launches upon its activities. Air service is a public utility service and its main purpose is to make air travel cheap and also safe. In carrying out this principle of service to the public in a cheap and safe manner, the guiding factor must be that we do not work merely to make money. If the corporation works only with that motive, it may be that principles of safety to the public and also cheap travel may be forgotten. I do not mean to say that it will always be affected. But, in all cases where public utility services are worked by the Government they must keep

before the public and before themselves principles of public utility services. Therefore, I am moving this amendment which is perfectly in keeping with the idea expressed by the Minister himself. I cannot see any reason why the Minister should not accept this suggestion.

**Mr. Chairman:** Amendment moved:

In clause 9, for “business principles” substitute “public utility principles”

**Shri Nambiar:** I beg to move.

In clause 9, add at the end “keeping public utility of cheap travel with more safety as the main objective.”

Mr. Damodara Menon has advanced arguments. I want to add this to them. Today we know that air travel is a very costly business. If it is cheaper, then, we can accommodate more passengers and there will be no vacant seats. Today there is loss. The main consideration must be cheap travel and maximum safety. When I used to travel by air, on many an occasion I have seen vacant seats: not because people do not want to use air services, but they are unable to use it because it is so costly. Air travel is very costly today, and our aim is to make it cheaper. By seeing that all the seats are filled up, you can get more money. So, economy can be achieved not by making air travel costly but by making it cheaper and seeing that no aircraft goes half-filled up. All the while, you have to remember that this service should be within the reach of the public at large. It is not merely a question of following business principles. If by business principles you mean cost accounting, maintenance of proper accounts, etc., I can understand it and even agree with you. But the main objective should be to benefit the public at large. This point was emphasized in the Select Committee but neither the hon. Minister nor the majority accepted this principle. You accept that you want to run it as a service for the benefit of the nation. You also say that you look upon it as a second line of defence. If that is so, then you cannot run it only on business principles.

Today, in spite of the petrol rebate and the subsidy, these companies have been losing. The Exchequer is not gaining anything. But you are not scrapping the air services. You do not say that there is no necessity to nationalise them. You would have scrapped them if you took only business principles into account. But you are taking them over, not because of principles of business, but because you

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are keeping the national interests in view. You look upon them as a second line of defence. When that is so, we suggest that you should not hesitate to declare them as a public utility service. Now, a letter can reach Madras in a day. That is a good thing for the people. It benefits the public at large. Railways are a nationalised concern. There is bound to be competition between the railways and the airways, and if there is some loss in the airways and you follow business principles, you cannot begin to run the airways on any other basis than as a public utility service. That would go against the public good. That is why we suggest that you should declare these Corporations as public utilities. After all, there can be no objection to the amendment we have proposed, unless it be that you want to oppose it because it comes from the Communist benches. We are not arguing for labour or Communism. Do not be frightened of Stalin, Lenin or Communism.

**An Hon. Member:** But we are afraid of Ananda Nambiar.

**Shri Nambiar:** Communism need not be brought in here. The hon. Minister referred to the 19th Party Congress in the Soviet Union. We never know what relevance it has.

**Shri Raj Bahadur:** I said 11th and 12th Congress.

**Mr. Chairman:** The hon. Member's remarks also are not relevant. If he goes on making these remarks, the hon. Minister also will have to reply, and this process will go on endlessly.

**Shri Nambiar:** I have finished, Sir. I only say: let him accept this amendment, and let him not refuse to accept it because it comes from a Communist Member.

**Mr. Chairman:** Amendment moved:

In clause 9, add at the end "keeping public utility of cheap travel with more safety as the main objective."

**Shri Jhunjunwala (Bhagalpur Central):** Sir, I had spoken on this clause during the consideration stage.

**Mr. Chairman:** That is exactly the reason why he should not speak now! (Laughter.)

**Shri Jhunjunwala:** It is not a matter for laughter, Sir. As was pointed out by me during the consideration stage, I accept totally the principle contained in the amendment of my hon. friend. But the moment

one says that it is a public utility concern, then the whole background changes. People begin to think that there is no need for any economy; there is no need for any efficiency; and the money can be spent in any manner we like. Instead of such an organisation becoming a public utility concern, it will become a public fund waste concern. That has been my experience when similar things have been done.

In running these Corporations, safety should be the first consideration. I agree. But that does not mean that, when we keep safety in the forefront, we cannot run the service economically or on business principles. It does not mean that we should say, "Well, it is a public utility concern. So public utility is the only thing. Economy does not matter." Take these air companies which have been in existence hitherto. Some of them ran economically with provision for full safety and made a profit. Others did not manage affairs properly and lost money. Therefore, what I mean is that this suggestion should not be embodied in the Bill, but it should be kept in view that this is a public utility service and everybody in the country should get the advantage of it.

When we talk of air travel, we should remember the teeming millions who are under-fed and under-clothed. So, before we can think of the luxury of air travel and reducing the fares therefor, we should bear in mind that the public money cannot be wasted on this luxury item. Safety should, no doubt, be the first consideration, but at the same time, there should be economy. When I say 'economy', I do not suggest that economy should be effected at the sacrifice of safety, but we should run the service with safety and economy.

**Shri Punnoose rose—**

**Mr. Chairman:** This point has been discussed sufficiently. The hon. Minister himself, during his speech on the initial motion for consideration, suggested that this is a public utility service and that is why he wanted this clause to be brought in. So there is no difference of opinion. Both sides agreed. The only question is whether the proposed words ought to be added in the Bill or not, and on that, there has been enough discussion. I would therefore request the hon. Member to keep his powder dry for another occasion.

**Shri Raj Bahadur:** You have already explained the position correctly Sir. As a matter of fact, it is agreed on all

hands that the air transport industry is not a manufacturing industry or an industry of the productive type. It is necessarily a public utility service, and as such we have got to see that the considerations of safety and cheapness are borne in mind by those who run it. This clause has a history behind it. As has been pointed out by Mr. Jhunjhunwala, we do not want to leave any loopholes or scope for wastage or leakage. Therefore, we have incorporated this clause, so that we may ensure that those who run the industry and are in charge of it do try to harmonise and reconcile the two principles of safety and economy. That is the basis on which this clause has been brought in.

**Shri K. K. Basu:** Do you mean to say that in the railways, which are nationalised, there is waste?

**Shri Raj Bahadur:** No. It never means that.

**Shri Nambiar:** May I seek a clarification? Supposing there is a strike or something, then, will not the hon. Minister say, "It is a public utility concern" and take recourse to the relevant law?

**Shri Raj Bahadur:** Strikes have become an obsession with him. I wonder how he can import that aspect of the question into the question of economy in the present context.

**Mr. Chairman:** The question is:

In clause 9, for "business principles" substitute "public utility principles".

The motion was negatived.

**Mr. Chairman:** The question is:

In clause 9, add at the end "keeping public utility of cheap travel with more safety as the main objective."

The motion was negatived.

**Mr. Chairman:** The question is:

"That clause 9 stand part of the Bill."

The motion was adopted.

Clause 9 was added to the Bill.

Clauses 10 to 16 were added to the Bill.

#### **New Clause 16-A**

**Shri Jaipal Singh** (Ranchi West—Reserved—Sch. Tribes): The hon. Minister has taken away the Mover of this particular amendment, and they have gone out to consult over this particular

amendment. If you defer it. Sir he may be able to come back to the House.

**Mr. Chairman:** Hon. Member in charge of the amendment should have been in the House.

**Shri Jaipal Singh:** He was in the House, but he was taken away by the hon. Minister.

**Mr. Chairman:** If the Government agrees, I have no objection to postponing it. Otherwise, I shall have to take it up.

**Shri Raj Bahadur:** Let it be postponed, Sir.

**Mr. Chairman:** Clause 16-A, amendment No. 117 is postponed for the time being.

Amendment No. 135. Is this also to be postponed?

**Shri Heda** (Nizamabad): It should also be postponed, because it relates to the same thing.

**Mr. Chairman:** May I take it that this should also be postponed?

**Shri Raj Bahadur:** It is a connected amendment.

**Mr. Chairman:** Connected with what? This is entirely different. Amendment No. 117 is not connected with amendment No. 135.

**Shri Raj Bahadur:** I think it is in a way connected.

**Mr. Chairman:** That also has to be postponed?

**Shri Raj Bahadur:** Yes, Sir.

**Mr. Chairman:** That means clause 16-A may be postponed for the time being—both the amendments Nos. 117 and 135.

Then Clause 17, Amendment No. 136. Does the hon. Member propose to move?

**Shri Raj Bahadur:** The hon. Member, Mr. N. C. Chatterjee has returned now.

**Shri Mulchand Dube** (Farrukhabad Dist.—North) rose—

**Mr. Chairman:** May I just interrupt the hon. Member? I understand Shri Chatterjee has arrived. Does he propose to move his Amendment No. 117?

**Shri N. C. Chatterjee** (Hooghly): I am sorry, Sir, I was not here when I was called. May I move amendment No. 117?

**Mr. Chairman:** Yes.

**Shri N. C. Chatterjee:** I beg to move:

"After clause 16, insert—...

**The Minister of Communications (Shri Jagjivan Ram):** May I intervene just now, Sir? We were discussing the constitutional aspect of this amendment. In the meantime we learnt that this clause had reached.

**Mr. Chairman:** If the hon. Minister wants a postponement, I am quite agreeable. It can be taken up subsequently.

**Shri Jagjivan Ram:** Yes, Sir.

**Shri N. C. Chatterjee:** It will be helpful if you can give us a little more time to consider it.

**Clause 17.—(General effect of vesting of undertakings in the Corporations)**

**Shri Mulchand Dube:** I beg to.....

**Shri Jaipal Singh:** May I just intervene before the hon. Minister leaves the House? There is another amendment, cognate, relating to New clause 25A. I take it that will also be postponed.

**Mr. Chairman:** Of course.

**Shri Mulchand Dube:** I beg to move:

In clause 17, to sub-clause (4) add the following Provisos:

"Provided that a claim for compensation or damages based on a cause of action on the basis of which no suit has been instituted in a court of law shall not be enforceable against the Corporation unless notice of such claim has been served on the Central Government within ninety days of the appointed date.

Provided further that if the claim or any part of it is not admitted by the Central Government it shall be referred to the tribunal constituted under section 26, and the tribunal shall thereupon, after impleading the claimant, the company concerned and the Central Government, adjudicate on the claim and the adjudication shall be final, and not liable to be questioned in any court or tribunal. This amount, if any, shall be treated as a liability of the company and taken into account in assessing compensation."

The Corporation takes into possession all the assets of the companies, and also takes upon itself all the liabilities of the companies. These liabilities may or may not be ascertained. These liabilities may not be contained in the books. Liabilities of the com-

panies are conceivable which may not be entered in the books, which may be disputed by the companies themselves or they may arise out of claims for future contracts or such other things. There is no provision in this Bill as to how those claims have to be decided. Clause 17, sub-clause (1) merely mentions those cases which are entered in the books because it refers to clause 22. Clause 22 deals with debts or liabilities which are entered in the books of such claims would be anything but liabilities which are not likely to be entered in the books of the company and the limitation for the enforcement of such claims would be anything between one to three years. Therefore, the Corporations in taking upon themselves the payment of a liability would be in the dark as to the extent of the liabilities that they are taking upon themselves.

Clause 17 (4) reads as follows:

"Subject to the other provisions contained in this Act, any proceeding or cause of action pending or existing immediately before the appointed date by or against any of the existing air companies in relation to its undertaking may as from that date be continued and enforced by or against the Corporation in which it has vested by virtue of this Act as it might have been enforced by or against that company if this Act had not been passed, and shall cease to be enforceable by or against that Company, its surety or guarantor."

The liability of the Company is altogether taken away, and the clause refers to existing causes of action as well as those causes of action which are pending, i.e., in respect of which a suit has been brought. Then there is the existing cause of action in respect of which there may be no suit pending. The Corporation would be taking upon itself the liability of settling even such claims which are based on existing causes of action, and in respect of which no suit has been brought. The object of the amendment is that such claims may be notified to the Central Government within 90 days so that Government may be in a position to examine whether the claims are good or not, and if the Government do not accept the claims, the matter may be referred to the Tribunal for the purpose of a decision. In this way, the Corporation would be enabled at least to find out the extent of the liabilities which it has to undertake. My submission, therefore, is that this is an amendment which should be allowed, and is clearly clarificatory, and I expect the hon. Minister will accept it.



**Shri K. K. Basu rose—**

**Mr. Chairman:** There is another amendment also. Let that also be moved. Amendment No. 86. Mr. Rajagopala Rao. Absent.

Amendment moved:

In clause 17, to sub-clause (4) add the following Provisos:

"Provided that a claim for compensation or damages based on a cause of action on the basis of which no suit has been instituted in a court of law shall not be enforceable against the Corporation unless notice of such claim has been served on the Central Government within ninety days of the appointed date.

Provided further that if the claim or any part of it is not admitted by the Central Government it shall be referred to the tribunal constituted under section 26, and the tribunal shall thereupon, after impleading the claimant, the company concerned and the Central Government, adjudicate on the claim and the adjudication shall be final, and not liable to be questioned in any court or tribunal. This amount, if any, shall be treated as a liability of the company and taken into account in assessing compensation."

**Shri K. K. Basu:** I would not take long. I would only like to get a clarification as to the interpretation to sub-clause (4) of clause 17. It says that on the appointed date if there is any contract or any cause of proceeding or cause of action against a particular company, those shall immediately vest in the Corporation. We are only having the scheduled routes in this Corporation. What I want to know is this. An air line may have a contract so far as working on the non-scheduled routes is concerned or a contract for carrying freight, and they might not be in a position to fulfil that contract because we are immediately taking over all the aeroplanes, or air ships or whatever they have got. I want to know whether in the event those third parties may come up and say that because that particular airline is not in a position to fulfil the contract entered into with them and because of the taking over of the assets and liabilities of the airline on the appointed date, that claim will also arise against the Corporation. There may be certain other contractual liability as to non-scheduled routes. That position has not been made clear by sub-clause (4) of clause 17. I would like to know what is actually

in the mind of the Government and whether this sub-clause is explicit enough to debar those proceedings or action that may arise against the particular company which had been taken over by the Corporation. That is the only short point I want to get clarified.

**Shri Raj Bahadur:** I think clause 17 shall have to be read along with clauses 22 and 23. As a matter of fact, sub-clause (4) is a sort of corollary and a necessary provision in relation to clauses 22 and 23. In clause 22 it has been made incumbent upon the existing air companies to disclose within a given period their book debts and investments belonging to them and all liabilities and obligations of the companies subsisting immediately before the appointed date, and also all agreements entered into by the existing air companies and in force on the appointed date, including agreements whether express or implied...etc. Then, with regard to the right of the Corporations to disclaim certain agreements, it is provided:

"Where it appears to either of the Corporations that the making of any such agreements as is referred to in section 22 under which the Corporation has or will have or may have liabilities was not reasonably necessary for the purposes of the activities of the existing air company or has not been entered into in good faith, the Corporation may, within six months from the appointed date, apply to the Tribunal for relief from such agreement, and the Tribunal, if satisfied after making such inquiry into the matter as it thinks fit that the agreement was not reasonably necessary for the purposes of the activities of the existing air company or has not been entered into in good faith, may make an order.....etc."

So the discretion has been vested with the Corporation. Now, it will be a question whether it was reasonable or not, whether it was in good faith or not in good faith. If it was in good faith, the liability, of course, will be transferred....

**Shri K. K. Basu:** My point is this. Here you are restricting it by saying 'whether it is done in good faith or whether it was reasonable or not'. It may not have been an absolutely genuine agreement. But so far as the third party is concerned, he may come up and say: 'I am not concerned whether the Corporation has done it or not. I must have my claim'.

**Shri Raj Bahadur:** That is a pure question of interpretation of law. If it is a genuine agreement which was entered into in good faith for the good and benefit of the company, how can we resile from it? There is no morality or legality in resiling from that. So clauses 22 and 23 are perfectly clear and adequate.

So far as the amendment of my hon. friend, Mr. Mulchand Dube, is concerned, I may say that I do not visualise that any claims for compensation would be pending at the appointed date. Claims for compensation will, of course, come afterwards. So the proviso he wants to add 'Provided that a claim for compensation or damages based on a cause of action on the basis of which no suit has been instituted...' will all come after that. The eventuality hardly arises now. Apart from that, in case we were to have a proviso like that, it would mean an open invitation to all people concerned to go to the court immediately because all of them would be anxious to have their claims registered or brought to the notice of the court. As a matter of fact, it is obvious that we want to take upon ourselves the responsibility for meeting the obligations arising from genuine *bona fide* agreements which were entered into for the purpose of the undertaking we have taken over. All such cases shall be disclosed in good time. If they are not disclosed, we are not bound by that at all. We have got no responsibility.

**Shri K. K. Basu:** But the third party may come up.

**Shri Raj Bahadur:** If it is not disclosed in time, the suit would lie against the company and the company shall have to indemnify the third party, not the Corporation.

**Shri Mulchand Dube:** Sub-clause (4) of clause 17 says:

"Subject to the other provisions contained in this Act, any proceeding or cause of action pending or existing..."

That is, cause of action existing at the time immediately before the appointed date. Now that may be a disputed cause of action; the claim may be a disputed claim. What provision has been made in the Bill for meeting such claims? You say that you will be liable for all existing cause of action. That cause of action may be a good cause of action and that cause of action may still be disputed by the company. The company also will not give

you that information and you make yourself liable because it is an existing cause of action. Therefore, something has to be done to make the position clear.

**Shri Raj Bahadur:** I think the position is clear. At any rate, the amendment suggested...

**Shri Mulchand Dube:** Clause 22 does not help in the solution of this matter. Clause 22 reads as follows:

"Where the undertaking of an existing air company vests in either of the Corporations under this Act, the existing air company shall, within thirty days from the appointed date or within such further time as the Corporation concerned may allow in any case, supply to the Corporation particulars of book debts and investments belonging to and all liabilities and obligations of the company subsisting immediately before the appointed date, and also of all agreements entered into by the existing air company and in force on the appointed date....."

**Mr. Chairman:** Order, order. Clause 22 has nothing to do with clause 17(4). Clause 17(4) only deals with pending causes of action. Therefore, in regard to that the liability has been imposed upon the Corporation and not against the company. How that is to be decided, what is the procedure and other questions will be determined by the ordinary provisions of the Civil Procedure Code.

**Shri Raj Bahadur:** May I make the point clear, Sir? He says there may be a cause of action existing before the taking over. If there is a genuine dispute about that, the provisions of clause 23 will meet the case, particularly the amendment proposed by the Select Committee. The case will come before the Tribunal in case the Corporation deems that the particular agreement is not *bona fide* or not entered into for the purpose of the genuine business of the company. The third party will be there. Therefore, all such matters can be decided under clause 23. All the three parties will be there and the finding of the Tribunal would be final.

**Mr. Chairman:** I will now put it to the vote of the House.

**Shri Mulchand Dube:** There can be cases in which without there being an agreement, the company may be liable. Those cases are not covered, but I think there will be hardly any such case.

**Shri Raj Bahadur:** I do not know whether some may be barred. So far as the functions of the companies are concerned, they are going to be based mostly on agreements. The causes of action, if any, would arise from agreement. The majority of them will be covered by that. May be there is a case or two based on an action under "Law of Torts". And, moreover as you have rightly pointed out, Sir, the question will be decided under the Civil Procedure Code by the Courts.

**Mr. Chairman:** The question is:

In clause 17, to sub-clause (4) add the following Provisos:

"Provided that a claim for compensation or damages based on a cause of action on the basis of which no suit has been instituted in a court of law shall not be enforceable against the Corporation unless notice of such claim has been served on the Central Government within ninety days of the appointed date.

Provided further that if the claim or any part of it is not admitted by the Central Government it shall be referred to the tribunal constituted under section 26, and the tribunal shall thereupon, after impleading the claimant, the company concerned, and the Central Government, adjudicate on the claim and the adjudication shall be final, and not liable to be questioned in any court or tribunal. This amount, if any, shall be treated as a liability of the company and taken into account in assessing compensation."

The motion was negatived.

**Mr. Chairman:** The question is:

"That clause 17 stand part of the Bill."

The motion was adopted.

Clause 17 was added to the Bill.

**Clause 18.—(Reservation of scheduled air transport services to the Corporations)**

**Shri Damodara Menon:** I beg to move: For clause 18, substitute:

"18. *Reservation of scheduled air transport services to the Corporations.*—After the appointed date, it shall not be lawful for any person other than the Corporation to operate any scheduled or non-scheduled air transport service from, to, in or across India:

Provided that this section shall not apply to the activities of flying clubs"

This matter also has been sufficiently discussed. The idea that we should not have any sector in this industry, after the Government have taken it over which will be managed by private institutions, is generally in keeping with the principle of nationalisation. Therefore, it is necessary for us to see that non-scheduled lines are also taken over by the Government.

Now, the Minister in his reply to this suggestion stated that nothing prevents the Corporation from running the non-scheduled lines. That may be true; but the point is whether the Government should allow any kind of competition in respect of non-scheduled services also. When we nationalise this industry, we should not leave any outlet for private enterprise, for private persons to compete with Government in any particular sector. It has been pointed out by several Members quoting facts and figures, that non-scheduled lines are very often very profitable and therefore they are.....

**Shri K. K. Basu:** Growing.

**Shri Damodara Menon:** .....they are growing, as pointed out by my hon. friend. From the point of view of profit also we must nationalise non-scheduled lines. I hope that this suggestion will find acceptance from the Government. I know it is a lone hope and still I am trying to press on the hon. Minister to accept my amendment.

**Mr. Chairman:** Amendment moved: For clause 18, substitute:

"18. *Reservation of scheduled air transport services to the Corporations.*—After the appointed date, it shall not be lawful for any person other than the Corporation to operate any scheduled or non-scheduled air transport service from, to, in or across India:

Provided that this section shall not apply to the activities of flying clubs."

**Shri Nambiar:** My amendment is the same in principle, but I have made it short by saying take off the schedule.

I beg to move:

In clause 18,—

- (i) in the heading omit "scheduled"; and
- (ii) in sub-clause (1), omit "any scheduled".

I fully support the arguments of my hon. friend Mr. Menon. Apart from

[Shri Nambiar]

that, I have to remind the hon. Minister that as facts show that one third of the passenger traffic today is through non-scheduled lines and so far as internal freight that is carried is concerned, it is more than that of the scheduled line today. These facts are there and many of the non-scheduled operators are making profits. We have many instances to prove it. Apart from that we are giving a right to the non-scheduled operators. The argument of the hon. Minister is this: if it is so, we can take over those non-scheduled lines as well. In time we will. Why should we start the non-scheduled lines also? That is his argument. I say they can circumvent. Between Calcutta and Delhi there may be a scheduled line. But they can run a line between Calcutta and Agra and charge 60 per cent. or 75 per cent. People will try to travel up to Agra by that line at less cost and from Agra to Delhi they may go by train. So, the non-scheduled operators can circumvent it. Our doubt is more emphasised by the fact that the interest of the non-scheduled operators is also getting into the Corporation. That is the fear which we have expressed already. The same operator, through an agent who comes and sits in the Corporation can jeopardise the interest of the Corporation from within and help his own brothers in trade who are outside the scope of the Corporation. That is the danger. He says, if there is the slightest danger, we can take action. How can we take action? The non-scheduled operator may have some person, who may be a share-holder or a Managing Director, or a paid agent, or a person who has interest in him in the Corporation. We should not have any competitive conditions. That is why we say that once you nationalise the industry nationalise it thoroughly so that the Government will get a monopoly over the whole trade and the Government can, in the larger interests of the nation and for the benefit of the passengers find out and fix certain conditions and terms of travel etc. so that there will be no competitor at all in the field. That must be the principle. Otherwise, we will start with a corporation and in the long run we will find that it is not profitable and we may have to say that we should give concession to non-scheduled persons more and more and we may come to the conclusion that after all this nationalisation theory is wrong. We have got proof of it by our nationalisation business. Therefore, hereafter, the idea has to be given up. We will slowly drive the whole nation to a stage which will do harm to the

future idea of nationalisation. That is why we say that we should have true nationalisation here; apply it fully and work it out with all the efforts at our command; see that it succeeds so that we can bring in more and more nationalisation of industries. That is the idea with which I have moved my amendment.

11 A.M.

**Mr. Chairman:** Amendment moved:

In clause 18,—

(i) in the heading omit "scheduled"; and

(ii) in sub-clause (1), omit "any scheduled".

**Shri Jaipal Singh:** I oppose both the amendments and support the clause as it is. I regret I have to point out to my hon. friend Mr. Damodara Menon that he has completely forgotten that there are international airlines that fly through India, whereas his amendment, if it be accepted without any provisos, would mean that the Pan American would not be able to fly across India; so also the KLM and various other international air routes. Does he want that we should not have any international services? He cannot have it both ways. I think in his anxiety, as it were his thirst, for expanding his endeavour at nationalisation, he has completely forgotten our international obligations. We have international obligations; we have entered into agreements with other countries for our own benefit and in return we have reciprocated it. I think that amendment falls to the ground completely. I do not think there is any one in this House who desire the effect of this amendment, that is, we are debarred from having any external route.

**Shri Nambiar:** That is not at all.

**Shri Jaipal Singh:** Whatever the idea is, the word is very clear. He asks the House to substitute; it simply means no international routes would be able to fly across India. I do not think that is his intention.

**Shri Nambiar:** Accept my amendment.

**Shri Jaipal Singh:** Now, I oppose the amendment of Mr. Nambiar more vehemently. I am afraid people are not quite fully acquainted with what is known as non-scheduled operations. If they go further on in this Bill and read they will find that in regard to

internal Corporation or for the matter of that even with regard to external Corporation, there will be associates. There is always the problem of utilising aircraft that the new Corporations will be taking over. They will not be able to utilise everything. Obviously, they will have to go away from their usual scheduled operations also. At the present moment, there are only three non-scheduled operators. Now, I am very glad that Government have changed and has seen wisdom in retaining for the time being non-scheduled operators. The reason why I support non-scheduled operations is the fact that while Government can go off to sleep, the non-scheduled operators will always be alert; they will be developing. The actual history of the country is such that new routes have been developed by non-scheduled operators because they are not allowed to ply on scheduled routes and it is their job to extend—as it were to become feeder services—or look out for new business. Knowing Government endeavours as we do, I think that is a very very healthy pep for the nationalisation of Air Corporations and, on that basis, I oppose both these amendments.

**Shri K. K. Basu rose—**

**Mr. Chairman:** I think it has been sufficiently discussed. The time is running and we have got.....

**Shri K. K. Basu:** Only four or five minutes, Sir.

**Mr. Chairman.** I do not want to stand between the Member and the House.

**Shri K. K. Basu:** I would only like to emphasise the doubts that have been raised with regard to non-scheduled service operation as it is today. I quite see the reason why hon. Mr. Jaipal Singh tried to speak on behalf of the non-scheduled operators. I cannot agree with him so far as the operation of the non-scheduled lines India is concerned, because the basis of this Bill is that we see the existing Air Corporations are not in a position to run efficiently or keep in view the safety of travel. If you once concede the position that they are in a position to run it efficiently and safely then what is the point in nationalisation of these Air Corporations? If we accept the proposition that it should be run efficiently and economically with safety to the travelling public, it is necessary that the Government should take over all these companies and run them. We say that when the Corporation is going to be organised, we must look to the future possibility of

extension of the activities of these Corporations. Even today, if you look at the organisation of the Corporations, you will find there is enormous possibility of utilising the aircraft for carrying out other business. If you want to expand the Corporation, if you want the Corporation to run efficiently and in the larger interests of the country, it is necessary that you should have a programme of expansion and we feel that that programme of expansion is likely to be prejudicially affected if the non-scheduled operators are allowed to continue. In allowing the non-scheduled services to continue the very premise that these companies are not able to run the air services efficiently is given a complete go-by. So far as the internal services are concerned, there is no justification for allowing the non-scheduled services to continue and adversely compete with our Corporation.

Another apprehension that we have is that the international air services will be allowed to carry passengers, say from Calcutta to Delhi and compete with our nationalised Corporation. We cannot allow the foreign companies which have international air services to carry passengers within the country itself and deprive our Corporation of its legitimate revenues.

Therefore, keeping in view the objects which prompted this legislation, there is no justification for the non-scheduled services to continue. Government should, keeping in mind the tremendous possibility of expansion of the air routes, the safety of air travel and the wider interests of the country, decide that there should not be any further non-scheduled services other than those of the Corporation.

**Shri Raj Bahadur:** I think the reasons for which Members opposite have tried to include the non-scheduled services also in the ambit of nationalisation is that they are apprehensive of the fact that perhaps their continuance might prejudicially affect the whole scheme of nationalisation itself. I may assure them once and for all that such apprehensions are not well-founded. The permission for non-scheduled flights are given by the D.G.C.A. under prescribed rules, the Indian Aircraft Rules. As such wherever the question arises of the great national undertaking being prejudicially affected, good care can and will be taken. I am thankful to Mr. Jaipal Singh for the apt manner in which he has put the case of those international services which have got to fly across our country and also the necessity and desirability of.....

**Shri Nambiar:** Why should he labour Mr. Damodara Menon's amendment?

**Shri Damodara Menon:** May I suggest to the hon. Minister that once he accepts the idea, the language may be left to the draftsmen to decide.

**Shri Raj Bahadur:** At the moment the scheduled services that are being run do not cover all parts of the country. My senior colleague explained yesterday that we want the air transport industry to be developed, more and more routes to be found and more and more important towns to be connected by air services. Therefore, it is necessary in the interest of development to allow the non-scheduled services to continue. As I said the interests of the Corporation and the scheme of nationalisation will be borne in mind and they will not be allowed to be prejudicially affected in any way.

**Mr. Chairman:** The question is:

In clause 18,†

- (i) in the heading omit "scheduled"; and
- (ii) in sub-clause (1), omit "any scheduled".

The motion was negatived.

**Mr. Chairman:** The question is:

For clause 18, substitute:

"18. *Reservation of scheduled air transport services to the Corporations.*—After the appointed date, it shall not be lawful for any person other than the Corporation to operate any scheduled or non-scheduled air transport service, from, to, in or across India:

Provided that this section shall not apply to the activities of flying clubs."

The motion was negatived.

**Mr. Chairman:** The question is:

That clause 18 stand part of the Bill."

The motion was adopted.

Clause 18 was added to the Bill.

Clause 19 was added to the Bill.

**Clause 20.**—(Provisions respecting Officers and employees of existing air-companies).

**Shri Nambiar:** I beg to move:

In sub-clause (1) of clause 20, omit:

"unless and until his employment in the Corporation is terminated or until his remuneration, terms of conditions are duly altered by the Corporation".

**Shri Damodara Menon:** I beg to move:

In sub-clause (1) of clause 20, for "and still" substitute "or still".

**Shri Jaipal Singh:** I beg to move:

In sub-clause (1) of clause 20, for "and still" substitute "or".

**Shri Tulsidas (Mehsana West):** I beg to move:

(i) In sub-clause (1) of clause 20, after "terms and conditions" where it occurs for the first time, insert "of employment".

(ii) In sub-clause (1) of clause 20, after "rights and privileges as to" insert "leave, retirement".

(iii) In sub-clause (3) of clause 20, add at the end:

"The individual provident fund balance of employees, when so transferred to the Corporation concerned shall together be constituted by it into a provident fund and shall be credited to the individual accounts of each such employee in such provident fund and shall thereupon be treated wholly as that employee's contribution, no portion thereof being treated as the employer's contribution."

**Shri Nambiar:** The object of my amendment is this. Now there is an apprehension among the employees of the air companies that their terms and conditions of service may be revised. The hon. Minister has already said in the course of his speech yesterday that there will be standardisation, rationalisation: all sorts of 'tions' are coming now, which will affect the interest of labour. I may in this connection quote from a letter of notice of termination of service dated the 29th April, 1953, given by the Himalayan Aviation to its employees.

"We have been given to understand by the Ministry of Communications, Government of India, that the management of Himalayan Aviation, Ltd., will be taken over by a Corporation which is likely to come into being with effect from the 1st June, 1953, in accordance with the provisions of the Air Corporations Bill, 1953. The services of the employees of this Company will be taken over by the Corporation in accordance with the terms of such Bill. In view of this, we hereby give formal notice that your services in this Company will cease to continue after the 31st May, 1953."

This means that the services of all the employees in this Company will be treated as terminated after the 31st May, 1953. Government are bound to

take only such men as come under the provisions of this clause. Sub-clause (1) to this clause reads:

"(1) Every officer or other employee of an existing company (except a director, managing agent, etc.) employed by that company prior to the first day of July, 1952, and still in its employment immediately before the appointed date... shall be retained."

That means those persons who are appointed after 1st July, 1952 need not be taken back to duty by the Government. Therefore in the Himalayan Air Company those persons who have been appointed after 1st July, 1952, whose notice of termination of service has already been issued by the company, will not be or need not be taken back to duty by the Government. That means a large number of persons do stand retrenched already as per this notice. This is the sum and substance of this so-called nationalisation and it is put in paper now.

The hon. Minister may say, "I have given you a guarantee that all *bona fide* cases will be looked into". This is so ambiguous. He will look into all *bona fide* cases—*bona fide* within quotations, for which he has his own definition—and after looking into it he will say, "I regret, but 150 people have to go out". Then we will be powerless. I am putting the case straight to him.

The same sort of notice has been issued to 55 persons in Calcutta by the Airways. And the notice begins with the words "We regret to inform you that under the provisions of section 20" and so on. They are quoting the section of a Bill. It has not become an Act. But even before it becomes an Act notices are being served and things are going on. I cannot understand whether a company can take cognizance of a Bill which is under discussion in Parliament and issue executive orders under a section in the Bill. How can they know that section 20 will come into being at all and that there will be no amendment. This is the sort of operators serving. Of course the Minister has tried to give an assurance. But he will say "*bona fide* cases", the same thing is there. This notice has been served on 55 persons. What all we feared has actually come into being and here are the cases concrete. Now, the hon. Minister must clear out this ambiguity about "*bona fide*" etc. He must tell us that all those who are in service today will be retained—not on the appointed day, because by the time we reach the appointed day many hundreds will get out of employment and therefore on the appointed day

there may be a very small number of persons. It must be those who are in service prior to 1st July, 1952 or after 1st July, 1952. That is why we tried to move an amendment in the Select Committee. But the hon. Minister took another view of it and said, "you are aiming at those who are victimised or those who are retrenched due to some strikes or some other thing". Then he brought in the proviso saying that such persons' cases will be considered. But now a danger which was lying in the background has come to the foreground. That is the danger of retrenchment, more than the case of victimised persons. Here I want to get a clarification from him that he will guarantee that none of the present men who are in service in any of the companies which we are going to take over will be retrenched. He may say, "What am I to do? How to utilise them?" The economy question will come. My answer to him is immediately he must think of expansion of the airways. Thereby he can pool all the resources and employ all, and in the meanwhile he can help the staff also. Then he may say, "I have given an assurance that alternative employment will be found". What is this alternative employment? We have got 813 people retrenched in the shipyards. We have 1,316 persons or so—the number given by the Defence Minister—retrenched from the Ordnance Depot.

**Shri Raj Bahadur:** The hon. Member will excuse me if I interrupt him. I think the whole argument can be cut short if I simply point out and draw his attention to the provisions of sub-clause (2) of clause 20, the one added by the Select Committee. It clearly covers the cases of such persons as have been referred to by the hon. Member, namely the Himalayan Aircraft people who he says are given notice of retrenchment to take effect from 31st May. It has been stated here that "the Central Government may direct either of the Corporations in which the undertaking of any existing air company has vested to take into its employment any officer or other employee who was employed by the existing air company prior to the first day of July, 1952, and who has been discharged from service in that company on or after the said date for reasons which, in the opinion of the Central Government, appear to be inadequate for the purpose, and where the Central Government issues any such direction, the provisions of subsection (1) shall apply" etc. So the case is clearly covered by this provision. Apart from that, the assurance is already there in the statement of objects and reasons. Both read together cover such *bona fide* cases.

**Shri Nambiar:** If it covers such cases, a positive assurance in so many words may be given.

**Mr. Chairman:** He says an assurance has been given. If the hon. Member wants a reiteration of that assurance, by reason of the argument the hon. Minister has placed before the House, he has given that assurance again.

**Shri Nambiar:** Let him inform the companies not to undertake any retrenchment today.

**Shri Raj Bahadur:** Have we got the legal power to do so, Sir?

**Shri Nambiar:** The companies are taking the law into their own hands.

**Mr. Chairman:** The two things cannot be confused. At the present time those companies do exist and a Corporation has not come into being when all their rights and liabilities shall vest in the Corporation. Government is not in a position to order them to behave in a particular manner. All they can do is if they are retrenched Government has given the assurance that they will look into the reasons and if the reasons are inadequate (some words have been quoted) Government will do the right thing.

**Shri Nambiar:** The clause as it reads does not give that assurance.

The clause says:

"Notwithstanding anything contained in sub-section (1), the Central Government may direct either of the Corporations in which the undertaking of any existing air company has vested to take into its employment any officer or other employee who was employed by the existing air company prior to the first day of July, 1952, and who has been discharged from service in that company on or after the said date for reasons which, in the opinion of the Central Government, appear to be inadequate for the purpose...."

So that discharge only refers to certain acts of victimisation arising out of certain strikes or certain other discharge motivated by some other ulterior objective. But the question of persons retrenched, pure and simple, is not covered there. The companies are not going to hand over all the men to the new Corporation. Before it is handed over to the new Corporation they want to chop off some and give the remaining number.

The Himalayan Company man quotes, "We have been given to understand by the Ministry of Communications, Government of India .. etc." It is not by some imagination that these companies take advantage of the Bill and themselves issue orders. They say, "We have been informed by the Ministry of Communications". So the Ministry of Communications has told them : by such and such date we are going to take over the company and as per section 20 of the Bill we cannot take all the men who are in service, those who are there after 1st July, 1952, so you can dispense with those persons who come under that class straight-away. There must be some communication from the Ministry to that effect. Otherwise the Himalayan Company cannot quote the Ministry.

**Mr. Chairman:** This relates to a question of fact whether Government have written to them that they should take action under the section, that they are going to assume the management and therefore the surplus should be retrenched. If Government has written, then there is some foundation for this allegation. Otherwise it is all conjectural. The company must have known beforehand and Government might have written that they are going to take over the management. It may be true. But the latter portion that Government have written to the companies to retrench workers is only a conjecture.

**Shri Nambiar:** I am giving you a copy of the order.

**Mr. Chairman:** Let us be sure of the facts before we allege them.

**Shri Nambiar:** Sir, we have the hon. Minister of Communications here in flesh and blood and it is up to him to say.

**Shri Jagjivan Ram:** It is clear that unless the clause has been passed by this House Government cannot take any action according to the provision. It is clear that the Communications Ministry cannot write any letter to anybody to say, "Here is a provision in the Bill and so you work according to that provision". We cannot act according to a provision which has not been passed by the House as yet. So the allegation that the Communications Ministry has issued any instruction has no basis at all.

**Shri Nambiar:** I thank him for the information given. My point is the Government of India should not take into cognizance any such order issued by these companies. Suppose the companies give discharge notices to 55 people. The Government should not



treat them as discharged personnel when they take over these companies. They must take over these 55 also along with the companies. The notice issued by this Himalayan Co. is on the plea that the Communications Ministry had informed them to this effect. If he has not done this it is all the more reason that he should refuse to take cognizance of any such order issued by these companies. Let him give that assurance. He should not treat all of them as surplus on that particular date. If he does further reorganisation and if he finds that certain men are surplus, he can make use of them, but not retrench them. He can, by doing this, serve the interests of the nation as well as the interests of the staff. I want categorical, straightforward and a clear statement from the Minister without any ambiguity. Then only I will be satisfied.

**Some Hon. Members rose—**

**Mr. Chairman:** It is already 11.25 A.M. and the guillotine has to be applied at 12.15 P.M. and very important provisions yet remain to be discussed. I would ask hon. Members to be very brief and try to finish these clauses as soon as possible.

**Shri Damodara Menon:** The hon. Minister referred to sub-clause (2). That sub-clause refers to persons who have been employed in the company before July, 1952 or who have been victimised by these companies. I want the Minister to apply his mind and give me a clarification about those persons who have been employed after 1952. The Minister during his speech said that there may be a necessity for retrenchment. I can well appreciate that point. It may be possible that after July, 1952, many persons may have been employed in some companies which Government are going to take over. These people may get employment in Government Departments. In such cases it may be necessary for the Government to retrench some of them if they are not useful for the company or if they are not properly qualified. All these things will have to be considered by the Government. The cases of those who can normally remain in the companies or who are qualified to remain there will be sympathetically considered by the Government. When Government takes over the companies, their own people will be kept and others will be thrown out. Such a danger will have to be guarded against. I want to know what steps Government have taken

before giving effect to retrenchment. It is a hard case. To say now that sub-clause (2) will apply to them is not quite right.

A provision is added in the Bill about persons who have been victimised but I want the Government even now to apply their minds to the Corporation and to see that these victimised people are re-employed even now. Probably these victimised persons have been without employment for a long time and the sooner they are employed, the better for all concerned. They will have some satisfaction. After the appointed date, the Government may have to appoint a Committee to go into the question of amalgamation. Are Government contemplating that the question of giving a direction to the Corporation to re-employ all these victimised persons can be taken up only after a Committee has gone into the question of amalgamation of the air services or will they direct that Committee to go into the question of these people and give direction for their re-employment at the time of amalgamation? This point may be clarified.

**Shri Jaipal Singh:** I would like to say a few words in regard to the amendment that I have moved. I think my friends on the Treasury Benches will agree that my amendment is an improved one.

**Mr. Chairman:** Identical to the amendment moved by Shri Damodara Menon, I think.

**Shri Jaipal Singh:** I think so.

Anyone who has any knowledge of civil aviation will appreciate the fact that employment in it is very fluid indeed. By fixing a definite date like this, we will be leaving out quite a large number of technical personnel. That is the only reason why I would like my amendment to be accepted because in no way it affects the sense of the clause as a whole.

I would also appeal to the Treasury Benches to make some suitable change because an assurance is not enough from the Minister. I would like to say something in regard to the people who come within the brackets "except a director, managing agent, manager or any other persons entitled to manage the whole or a substantial part of the business and affairs of the company under a special agreement" as the rest of them would be automatically carried over by the two Corporations. There are instances where

[Shri Jaipal Singh]

technical personnel are doing managerial work. I can give the name of one person in Deccan Airways, Mr. Manilal. He is one of our leading pilots. Just because he is a Deputy Manager, you are leaving him out.

There is another person by name Lalkaka, a very experienced engineer. Just because he happens to be on the managerial staff, you leave him out. I think something should be done in this respect. I myself have not tabled an amendment to cover such cases. Whereas other people's transfer is automatic, you are leaving out technically qualified people. I think the Minister should give an assurance on the floor of the House that no technical personnel will be left out or he should make a suitable amendment.

**Shri Heda:** He was not satisfied with an assurance then. Will an assurance do now?

**Shri Jaipal Singh:** I certainly am not satisfied with what people say from that side. At any rate then I will be able to quote their own words and when they go wrong, I will have that quotation to cite against them. I think my hon. friend will appreciate what I am saying. I hope you will permit my colleague who is the fellow-mover of this amendment to speak on the consequences of my amendment.

**Shri G. S. Singh (Bharatpur-Sawai Madhopur):** Sir, I crave your indulgence to speak a few words. One other point which was brought up by the Select Committee with regard to this amendment was raised by my friend, Mr. Rohini Kumar Chaudhuri. Suppose an individual is in the employ of a company before July, 1952 and after 1st July, 1952 he resigns from that company and joins another company. He is automatically barred from employment in the Corporation. If this amendment is accepted, the individual who has been in an air line continuously regardless of which company he is in, should, I think, be entitled to service under the Corporation. As it stands at the moment he is barred.

I would like to have one other clarification. The latter half of this clause says:

"... at the same remuneration and upon the same terms and conditions ..... until his remuneration ..... are duly altered by the Corporation".

Now, there are cases in most of the companies where increments have been withheld and people have accepted that, shall I say, voluntary cut in their salaries because they could not get jobs elsewhere. The increments were held up because the companies were not doing very well financially. Is the Corporation going to take them on the terms and conditions on which they signed up or is it going to take them on the pay which they happen to be getting? Take the case of a pilot who signed up at Rs. 500 a month and the term was that every year, he will get an increment of Rs. 100. Unfortunately that increment was withheld and he is still getting Rs. 500 whereas according to the terms, he has done three years, he will be entitled to those increments. I would like to have a clarification just on that point.

**Shri Tulsidas:** I have got some amendments.

**Mr. Chairman:** The amendments have already been moved and are before the House for discussion. They do not require any argument at all.

**Shri Tulsidas:** My amendments are entirely different.

**Mr. Chairman:** Are they not so expressive that they do not require any explanation?

**Shri Tulsidas:** I want to have a clarification.

**Mr. Chairman:** The hon. Member will understand that his amendments regarding compensation and schedule will all be barred. They will be guillotined. I have no objection if the hon. Member wants to take time.

**Shri Tulsidas:** I know that my amendments are quite clear. I would like to point out to the hon. Minister a few things. The first point is, I want the words "terms and conditions" to be made clear as "terms and conditions of employment". This addition makes the meaning clearer. So also 'rights and privileges' mean leave, retirement, etc. I want these words 'leave, retirement' to be included. With regard to provident fund, I feel that there is a lot of apprehension amongst the employees that there is no assurance that this will be so constituted, that the new Provident Fund Act and the rules may not be so liberal

as the existing rules, moreover that the spirit in which these rules may be interpreted may be more rigid, and that a retrenched employee may under the new rules lose a portion or the whole of the present employer's contribution if a new Provident Fund Act were to be passed. He would like to have it in full. These are the points that I would like the hon. Minister to consider. I have moved these amendments and I hope the hon. Minister will accept these amendments because they are actually in the same spirit in which he has made provision in the clause. I am only making it more clear.

**Shri Sarmah (Goalhat-Jorhat):** May I have your leave, Sir, without making a speech, to seek clarification of two or three points?

**Shri Jagjivan Ram:** When I speak, the hon. Member may perhaps get the clarification.

**Shri Sarmah:** I am raising new points. I will take only a couple of minutes. Before I proceed further, I must say, that even by implication, I do not oppose this clause. The object of the Bill is to establish safe, efficient and economic service. As regards the employees, we heard from a senior Member that the sponsors of the companies appointed a lot of inefficient people their sons-in-law, nephews, etc. How is the Corporation going to effect efficiency and economy if they keep the whole lot of these employees? Secondly, every State was not lucky to sponsor an air line. Now the corporations will be operating in the States also which were unlucky and the people of those States will have an aspiration to get a share in the employment. The other point is, I support two Corporations in the circumstances. One of the reasons given for having two Corporations is that the Air India International is having a very good reputation and if we combine all into one, we will run the risk of not having the same reputation. That means, the service may deteriorate. That is a great risk. If they think in terms of deterioration of service, what do they say about that explanation that we do not want to run the risk of deterioration?

**Shri Jagjivan Ram:** The last point which the last speaker has raised is irrelevant to the discussion on this issue.

**Shri Sarmah:** It is irrelevant: but I did not get a chance then.

**Shri Jagjivan Ram:** He has not followed the debate on the question of two Corporations.

Two or three issues have been raised. One is about employees. I will take this amendment first. It says that 'and' may be substituted by 'or'.

**Shri Jaipal Singh:** 'And still'.

**Shri Jagjivan Ram:** Perhaps the hon. Member has not realised the implication of his amendment. The implication of his amendment would be that a person who was in employment in an air company even four years ago, prior to July, 1952, and has not been in touch with any air company, will be covered. I do not think that that is his intention.

**Shri Jaipal Singh:** No.

**Shri Jagjivan Ram:** But, his amendment will inevitably lead to that conclusion. It goes much beyond his own intention. Now, comes the question of those who are in employment. So far as those who have been in employment from before 1952 and are still in employment, are concerned, they are covered. The case of those who have been discharged or dismissed after that date is also covered. The only question is about those who have been employed after that date, and may be still in service or may have been discharged. It has been brought to my notice that in one or two companies, retrenchment is going on. If retrenchment affects the employees who have been in employment from before 1952, their case will be taken care of by the provision I have already made. Difficulty arises about those who were employed after that. As I have said in the Statement of objects and reasons, I again repeat that the cases of *bona fide* employees employed even after that date, whether still in employment or discharged, will be considered by the Government. There are obvious difficulties in making a provision in the Bill itself. You will have to say *bona fide* employees and it becomes very difficult sometimes to prove judicially whether an employment is *bona fide* or *mala fide*. I have information that recruitments have been made,—which recruitments are not quite *bona fide*—after that date in the expectation

[Shri Jagjivan Ram]

that these employees will be passed on to the Government and that very extravagant salaries have been given to these persons. Their number may be a few; but all the same, their case is there. I say that we will examine these cases, the cases of persons employed after June, '52, on their merit and try to do justice to them also. It is very difficult to make any provision for cases where increments have been surrendered or have not been given. There also, every case will be examined on merits. No uniform or set formula can be laid down. I hope my hon. friend will agree that there is chance of misuse to a very great extent if we provide anything.

**Shri G. S. Singh:** I do not want you to provide; I only wanted this assurance.

**Shri Jagjivan Ram:** There may be collusive agreements as regards these salaries and increments. The salary may have been fixed at Rs. 1,000 and the agreement may have been that for the present, he will get Rs. 500 so that when the Corporation takes over, he will get Rs. 1,000. We have to deal with all these cases. I can only say that all these cases will be taken care of on individual merit. That is all I have to say.

**Shri Jaipal Singh:** In view of the explanation of the hon. Minister, I wish to withdraw my amendment.

The amendment was, by leave, withdrawn.

**Shri Tulsidas:** Is he accepting any of my amendments?

**Shri Jagjivan Ram:** I think the expression "terms and conditions of service" is wide enough to cover everything.

**Shri Tulsidas:** What about provident fund?

**Shri Jagjivan Ram:** As I explained in reply to a question by Shri Bansal, we will take care of that by rules and regulations.

**Mr. Chairman:** Then, I shall put the rest of the amendments to vote.

The question is:

In sub-clause (1) of clause 20 omit "unless and until his employment in the Corporation is terminated or until

his remuneration, terms of conditions are duly altered by the Corporation".

The motion was negatived.

**Mr. Chairman:** The question is:

In sub-clause (1) of clause 20, after "terms and conditions" where it occurs for the first time, insert "of employment".

The motion was negatived.

**Mr. Chairman:** The question is:

In sub-clause (1) of clause 20, after "rights and privileges as to" insert "leave, retirement,".

The motion was negatived.

**Mr. Chairman:** The question is:

In sub-clause (3) of clause 20, add at the end:

"The individual provident fund balance of employees when so transferred to the Corporation concerned shall together be constituted by it into a provident fund and shall be credited to the individual accounts of each such employee in such provident fund and shall thereupon be treated wholly as that employee's contribution, no portion thereof being treated as the employer's contribution."

The motion was negatived.

**Shri Damodara Menon:** I would like to withdraw my amendment.

The amendment was, by leave, withdrawn.

**Mr. Chairman:** The question is:

"That clause 20 stand part of the Bill."

The motion was adopted.

Clause 20 was added to the Bill.

Clauses 21 to 23 were added to the Bill.

**Clause 24.—(Transaction resulting in dissipation of assets)**

**Shri Tulsidas:** I beg to move:

(i) In part (f) of sub-clause (1) of clause 24, add at the end "without

consideration or for inadequate consideration."

(ii) In sub-clause (1) of clause 24, add the following Explanation at the end:

"Explanation.—For purposes of clause (f) book value means original cost less depreciation provided upto the date of sale or transfer."

These are very simple amendments. If any assets are sold and no consideration is received or only inadequate consideration is received, they should be excluded, but if adequate consideration has been received, the assets should not be excluded. That is one amendment. The second one is that I want to add an explanation saying that the book value means the original cost less depreciation provided up to the date of sale or transfer.

**Shri Jagjivan Ram:** I have nothing to say. I cannot accept the amendments.

**Mr. Chairman:** The question is:

In part (f) of sub-clause (1) of clause 24, add at the end "without consideration or for inadequate consideration."

The motion was negatived.

**Mr. Chairman:** The question is:

In sub-clause (1) of clause 24, add the following Explanation at the end:

"Explanation.—For purposes of clause (f) book value means original cost less depreciation provided upto the date of sale or transfer."

The motion was negatived.

**Mr. Chairman:** The question is:

"That clause 24 stand part of the Bill."

The motion was adopted.

Clause 24 was added to the Bill.

**Shri Namblar:** Are we taking up the Schedule along with clause 25? If clause 25 is passed, can we propose amendments to the Schedule?

**Mr. Chairman:** The Schedule will be taken up in due course and amendments can be moved to it.

**Shri V. B. Gandhi (Bombay City—North):** I wish to speak on this clause. I thought that some amendments were going to be moved, but I now find that none is going to be moved.

**Shri Jaipal Singh:** At this stage, may I enquire from you, Sir, what the position is with regard to new clauses 16-A and 25-A? If this is clarified, then we would be in a better position to make our submissions on clause 25.

**Mr. Chairman:** Yes. It will facilitate matters if we take up new clauses 16-A and 25-A before we take up clause 25, because those two new clauses have a bearing on clause 25. Is that the sense of the House?

**Several Hon. Members:** Yes.

**Mr. Chairman:** In that case, I call upon Shri N. C. Chatterjee to move his amendment in respect of new clause 16-A.

**Shri N. C. Chatterjee:** I am not moving for new clause 16-A. I have had an opportunity to discuss the matter with the hon. Minister, and I have tabled two amendments, one in respect of clause 28 and one in respect of clause 28-A.

**Shri Jagjivan Ram:** Clause 16-A does not arise in view of this. It is not going to be moved. I am going to accept the two amendments proposed to be moved to clauses 28 and 28-A.

**Mr. Chairman:** There was another amendment in respect of clause 16-A by Mr. Heda.

**Shri Heda:** I do not propose to move it.

**Mr. Chairman:** So, the position is that before taking up clause 25, we shall consider the amendments to clauses 28 and 28-A. Shri Chatterjee can move his amendments.

#### Clauses 28 and 28-A

**Shri N. C. Chatterjee:** Sir, I beg to move:

In clause 28, in sub-clause (1), after the words,

"The Central Government may", insert "on the application of any existing air company or on the application of a majority in number representing three-fourths in value of the members holding ordinary shares".

[Shri N. C. Chatterjee]

I also beg to move:

After clause 28, insert;

"28-A. *Authorisation under section 28 may contain certain directions.*—Any authorisation granted under section 28 may include a direction requiring an existing air company the voluntary winding up of which has been authorised under that section to distribute its net assets among the various classes of members of the company in such proportion as the Central Government may, having regard to the amount subscribed by each class of such members or having regard to the circumstances relating to the issue of the shares to the various classes of members, specify in the direction, and any such direction shall have effect notwithstanding anything contained in the Indian Companies Act, 1913 (VII of 1913), or in the articles of association or resolution of the company or in any agreement, and every such company shall be bound to comply with any such direction."

Briefly, I may explain to the House that the reason for my seeking to amend clause 28 is that the Supreme Court has held that, in spite of article 14 of the Constitution, you can make a classification, and that classification is possible even in respect of one company and one person. They have laid down two tests. They say that it must not be left to the sweet will and pleasure of the Executive to discriminate. If that is done, it may be struck down as an unconstitutional assumption of power in violation of the fundamental right of equality guaranteed by article 14. In the case of Anwar Ali Sarkar, Mr. Justice S. R. Das has said that if there is no principle or criterion at all prescribed in the Act which bears some nexus or a reasonable relationship to the object of the statute, then it is open to attack. Therefore, I am submitting that it should not be left to the sweet will and pleasure of any member of the Central Government to direct the winding up of any undertaking he chooses. There must be some condition prescribed, and the condition that is being suggested here is fair and reasonable, if we remember section 153 of the Indian Companies Act. Section 153 of the Indian Companies Act also says that on the application of the Company itself or on the application of a majority representing three-fourths in value of the Members holding shares

**Shri V. B. Gandhi:** On a point of order, Sir. Is it fair to this House that at this last hour, just about 20 minutes before the time fixed for guillotine, we should be presented with an entirely brand new amendment of this kind? (An Hon. Member: Not brand new). This House has not had enough time to consider it. We have not even seen the thing, and it is dealing with such a very important question in the Bill, viz., that of compensation. We have not had an opportunity to say something on clause 25. Now, clause 25 is being bypassed, and with just 20 minutes before the time fixed for guillotine, here is a new amendment being sprung on us. Is it fair?

**Shri Gadgil (Poona Central):** There is nothing new.

**Mr. Chairman:** So far as the point of order is concerned . .

**Shri Gadgil:** The question is . .

**Mr. Chairman:** I would request the hon. Member to resume his seat because I have made up my mind. The question is that of a new amendment being made. The rule is that if a new amendment is to be made, notice can be waived with the consent of the Member in charge of the Bill. The hon. Minister in charge of the Bill has already given his consent, and at the same time, this is not a very abstruse matter. We have been dealing with this matter for the last few days. It was also considered in the Select Committee. The real purport of this new amendment is one, which has been agitating the minds of many Members. I, therefore, think that we should be well advised in waiving this rule about notice, and I rule that notice is waived. It can be moved.

**Shri N. C. Chatterjee:** All that I am trying to do by this amendment is to see that the uncontrolled power of the Central Government should be controlled by some definite conditions prescribed. Therefore, it is not a wide departure from the existing provisions of the Bill.

Secondly, by clause 28-A all that we are saying is that we are trying to solve the problem which has been agitating all the Members of this House for so many months, and we are thinking, in the case of a winding up, would it not be possible to do something equitable and fair, so that the different classes of shareholders may get equitable proportion of the amount that will be payable for distribution. We all know this problem. There are preference shareholders who

are entitled to certain higher rates, but we at the same time feel that there should be some machinery devised by the statute whereby the ordinary shareholders should not be completely at the mercy of the preference shareholders who may be few in number or who may be dominated by the persons who run the company for the time being. Therefore, only the power is given, and this power will be exercised under certain conditions—not at the sweet will of the Minister or at the uncontrolled arbitrary pleasure of one member of the Executive, but under certain prescribed conditions. And then we say that the Central Government shall pay due regard to the amounts subscribed by the preference shareholders and the amounts subscribed by the ordinary shareholders. They must also pay regard to the circumstances relating to the issue of the shares, and having regard to the relevant factors, they may determine in what proportion they should be paid. I think that is the only feasible scheme which will afford some kind of satisfactory solution. It is, to my mind, the best way to avoid any attack on the constitutionality of the statute. You cannot make a perfect statute, however well drafted it may be. But we have given some thought to it, and we have consulted the best men of experience who are running companies, and they are also advising us that this will be the best possible way of being just, equitable and fair to all the interests concerned, and at the same time, we make the statute the least vulnerable. If in the Supreme Court or any Court any one attacks it, the attack will be only on section 28-A. The rest of the Act will be immune from attack, and the whole Act cannot be held invalid and the doctrine of severability can be invoked. It can be worked consistently with the principles of the Bill. I submit that this suggestion is practicable and feasible and should be accepted.

**Shri Bansal (Jhajjar-Rewari):** May I request the hon. Member to read the amendment once again?

**Mr. Chairman:** I will read out the amendment.

I may submit for the consideration of the House that it is already 12. At 12-15 the guillotine will be applied. I want to forewarn hon. Members that they should take as little time as possible, so that the whole thing may be got through.

The amendment runs as follows:

In clause 28; in sub-clause (1), after "The Central Government may", insert "on the application of any existing air company or on the application of a majority in number representing three-fourths in value of the members holding ordinary shares".

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And then, there is another amendment which is related to this amendment.

After clause 28, insert:

"28-A. *Authorisation under section 28 may contain certain directions.*—Any authorisation granted under section 28 may include a direction requiring an existing air company the voluntary winding up of which has been authorised under that section to distribute its net assets among the various classes of members of the company in such proportion as the Central Government may, having regard to the amount subscribed by each class of such members or having regard to the circumstances relating to the issue of the shares to the various classes of members, specify in the direction, and any such direction shall have effect notwithstanding anything contained in the Indian Companies Act, 1913 (VII of 1913), or in the articles of association or resolution of the company or in any agreement, and every such company shall be bound to comply with any such direction."

**Shri Gadgil:** May I say that on this particular question which was discussed and for a right solution of which every Member of this House was anxious, after a good deal of discussion and with the help of legal luminaries, a satisfactory formula has been found out. Apart from the fact that it is going to do justice to the ordinary shareholders, what I was personally more anxious to see was that as a result of nationalisation, some unhappy political consequences should not follow. Now, everybody will feel that when nationalisation comes, every little interest that is being acquired is looked after in an equitable manner. It is from that point of view that I agreed to join Mr. Chatterjee to table these amendments. I entirely support them.

**Shri Jagjivan Ram:** I need not say anything more. As a matter of fact, I am thankful to my friend Shri Chatterjee whose help we have sought in this matter. Of course, the officers of the Law Ministry and others have examined it. As a matter of fact, these are our own amendments, but I

[Shri Jagjivan Ram]

thought that it would be better if we got the help of Shri Chatterjee in moving these amendments. And I accept the amendments.

**Mr. Chairman:** The question is:

In clause 28, in sub-clause (1), after the words "The Central Government may", insert "on the application of any existing air company or on the application of a majority in number representing three-fourths in value of the members holding ordinary shares".

The motion was adopted.

**Mr. Chairman:** The question is:

"That clause 28, as amended, stand part of the Bill".

The motion was adopted.

Clause 28, as amended, was added to the Bill.

**Mr. Chairman:** The question is:

After clause 28, insert:

"28-A. Authorisation under section 28 may contain certain directions.—Any authorisation granted under section 28 may include a direction requiring an existing air company the voluntary winding up of which has been authorised under that section to distribute its net assets among the various classes of members of the company in such proportion as the Central Government may, having regard to the amount subscribed by each class of such members or having regard to the circumstances relating to the issue of the shares to the various classes of members, specify in the direction, and any such direction shall have effect notwithstanding anything contained in the Indian Companies Act, 1913 (VII of 1913), or in the articles of association or resolution of the company or in any agreement, and every such company shall be bound to comply with any such direction."

The motion was adopted.

Clause 28-A was added to the Bill.

**Mr. Chairman:** Clause 25. Is any amendment going to be moved?

**Several Hon. Members:** No amendment.

**Mr. Chairman:** The question is:

"That clause 25 stand part of the Bill".

The motion was adopted.

Clause 25 was added to the Bill.

**Mr. Chairman:** Clause 25-A. I take it Shri Chatterjee does not want to move his amendment now. ●

**Shri N. C. Chatterjee:** No, Sir. I do not want to move it.

Clauses 26 and 27 were added to the Bill.

**Clause 29.—(Constitution of Air Transport Council)**

**Mr. Chairman:** Any amendments?

**Shri Nambiar:** I have no amendment, but I have a request to make. After considerable discussion in the Select Committee, the hon. Minister has accepted that one person who is an employee of either of the Corporations...

**Shri Jagjivan Ram:** The hon. Minister accepted, or it was at the suggestion of the hon. Minister himself? Why twist facts?

**Shri Nambiar:** The hon. Minister has accepted it. We are thankful for that.

**Shri Raj Bahadur:** You want to take the credit even though the Government itself sponsored that.

**Shri Nambiar:** But then it must be an employee who has the maximum confidence of the employees; then it will be of use; otherwise it will be any employee, and it will not serve the purpose. That is what I have to say.

**Mr. Chairman:** The question is:

"That clause 29 stand part of the Bill."

The motion was adopted.

Clause 29 was added to the Bill.

Clauses 30 to 39 were added to the Bill.

**Clause 40.—(Advisory and Labour Relations Committee)**

**Shri Nambiar:** I have got an amendment, Sir. I beg to move:

In sub-clause (2) of clause 40—

- (i) for "to advise the Corporation on matters which relate to the welfare of the employees or which are likely to promote and secure amity and good relations between the two;"

Substitute—

"to seek consultation with the employees representing or-



ganised labour with a view to the conclusion of agreements between the Corporation and the employees' organisation for the establishment and maintenance of good relations and for—

(a) the settlement by negotiation of terms and conditions of employment of persons employed by the Corporation; and

(b) the discussion and settlement on methods affecting the safety, health, welfare, employment of persons employed by the Corporation and other matters of mutual interest to the Corporation and such persons, including efficiency in the operations of the Corporation's service"; and

(ii) add the following proviso—

"Provided that in default of any such settlement the dispute shall, if not otherwise disposed of, be referred to the Industrial Court for settlement."

I do not want to take much time because we may lose time for the compensation clause. My amendment is to the effect that the Labour Relations Committee must be expanded to such an extent that labour problems can be dealt with in that Committee and there may be methods evolved for solution and also that representatives of organised labour who have the confidence of labour must be on that Committee; otherwise it will be of no use; it will be something like a Works Committee with no powers. That is why I have suggested an amendment which is more or less similar to the relevant clause found in the United Kingdom Air Corporation Act, wherein it has been laid down that the employees will have an opportunity to discuss along with the Corporation members on equal terms the day to day needs of the workers and a settlement can be reached. Therefore, I think the hon. Minister can accept my amendment at least at this late hour.

**Shri Jagjivan Ram:** I have every sympathy with my friend and I may assure him that we will see that the maximum use is made of this Labour Relations Committee. We have to prescribe the constitution, the manner in which these Committees are to be constituted, and we will see that really useful purpose is served by this Labour Relations Committee

**Mr. Chairman:** The question is:

In sub-clause (2) of clause 40—

(i) for "to advise the Corporation on matters which related to the welfare of the employees or which are likely to promote and secure amity and good relations between the two"

substitute—

"to seek consultation with the employees representing organised labour with a view to the conclusion of agreements between the Corporation and the employees' organisation for the establishment and maintenance of good relations and for—

(a) the settlement by negotiation of terms and conditions of employment of persons employed by the Corporation; and

(b) the discussion and settlement on methods affecting the safety, health, welfare, employment of persons employed by the Corporation and other matters of mutual interest to the Corporation and such persons, including efficiency in the operations of the Corporation's service;" and

(ii) add the following proviso—

"Provided that in default of any such settlement the dispute shall, if not otherwise disposed of, be referred to the Industrial Court for settlement."

The motion was negatived.

**Mr. Chairman:** The question is:

"That clause 40 stand part of the Bill."

The motion was adopted.

Clause 40 was added to the Bill.

Clauses 41 to 44 were added to the Bill.

**Shri Jagjivan Ram:** Have you adopted clause 16 as well?

**Mr. Chairman:** Clause 16 has already been adopted, so far as I remember.

**Shri K. K. Basu:** Yes.

**The Schedule**

**Shri Nambiar:** I beg to move:

In the Schedule, in Paragraph I, for "computed in accordance with the provisions of paragraph II, less the sum of the amounts computed in accordance with the provisions of paragraph III"

substitute—

"to buy up the shares at their market value as on the first day of July, 1952"

OR

In the Schedule, in Paragraph I, for "computed in accordance with the provisions of paragraph II, less the sum of the amounts computed in accordance with the provisions of paragraph III"

substitute—

"at the cost value minus depreciation and reserve funds already provided for by the Companies."

My amendment states that the shareholders may be paid at the market value of the shares as on the 1st day of July, 1952. Either he may accept this, or I have another alternative, namely, at the cost value minus depreciation and reserve funds already provided for by the Companies. This is a simple method of computing the correct compensation. I am not at all against the interest of the ex-operators, nor against the interest of the shareholders. I want the shareholders to be given an equitable share. They should not lose. That is why I say that the date on which the Government thought of nationalising it must be considered the date so that whatever may be the market value of the shares on that date may be considered and that may be the compensation. The compensation formula which we are adopting now is a very wrong formula. I have already spoken about it and I do not want to take much time. I also explained the position in the Select Committee. Therefore, I have moved my amendment. This will be the equitable thing in the interest of the shareholders as well as the companies as well as the nation at large.

**Mr. Chairman:** Any other amendments?

**Shri Sarangadhar Das (Dhenkanal—West Cuttack):** I beg to move:

In the Schedule, for Paragraph II, substitute:

"Paragraph II.—The market value of shares obtaining on the 30th June, 1952."

**Shri Tulsidas:** I beg to move:

(1) In part (a) of Paragraph II of the Schedule,—

(i) for "Rs. 12,000/-", wherever it occurs substitute "Rs. 24,000"; and

(ii) for "Rs. 24,000/-", wherever it occurs, substitute "Rs. 48,000".

(2) In part (a) of Paragraph II of the Schedule,—

for "ninety days" substitute "one hundred and eighty days"

(3) In the Schedule in part (b) (i) of Paragraph II,—

(a) for "Rs. 6,000", wherever it occurs; substitute "Rs. 12,000"; and

(b) for "Rs. 12,000", wherever it occurs, substitute "Rs. 24,000"

(4) In the Schedule, in part (b) (i) of Paragraph II,—

for "ninety days" substitute "one hundred and eighty days".

(5) In the Schedule, in part (b) (ii) of Paragraph II,—

(a) for "Rs. 2,000", wherever it occurs, substitute "Rs. 4,000"; and

(b) for "Rs. 4,000", wherever it occurs, substitute "Rs. 8,000".

(6) In the Schedule, in part (b) (ii) of Paragraph II,—

for "ninety days" substitute "one hundred and eighty days".

(7) In the Schedule, after part (k) of Paragraph II, insert—

"(kk) The amount of deposits, advances and prepaid expenses made or incurred by any existing Air Company to the extent that they or any benefits arising thereunder remain due and outstanding to such Company on the appointed date."

I feel that companies which had to incur development expenditure have not been really compensated in this Bill. With regard to the development expenditure, many companies had to suffer the pioneering losses and those losses would not be accounted for.

श्री जगजीवन राम : हम भी कुछ कहने लगे, अगर वह यह सबाल उठायेगे।

**Shri Tulsidas:** With regard to the question of air-frames and other

things, the present market value outside the country is very high. I may quote here the report...

**Mr. Chairman:** I may just warn the hon. Member that if he goes for another two or three minutes, there is every likelihood of his amendment not being put to the vote. The hon. Minister has to reply; so I may not be able to put them to the vote of the House. Therefore, I would request him to be very brief, if he wants them to be put to vote.

**Shri Tulsidas:** I cannot explain it, Sir, in two or three minutes. Anyway, I leave it to the Minister to decide.

**Mr. Chairman:** Mr. Sarangadhar Das. He wants the same thing to be done as Mr. Nambiar.

**Shri Sarangadhar Das:** The position is the same as explained by my friend, Mr. Nambiar.

**Mr. Chairman:** Mr. Nambiar has already explained it.

**Shri Sarangadhar Das:** Yes, I support what Mr. Nambiar has said. And particularly, although the ordinary shareholders' share of the compensation is conceded, we should also see that the taxpayers' money is not squandered. And from that point of view the value of the shares that was quoted in the market on the 30th June, 1952 should be the basis of compensation. There is a precedent to this, when the Reserve Bank shares were acquired. So I strongly urge that this should be the basis and that is why I have moved an amendment.

**Shri Jagjivan Ram:** Sir, I have nothing to say. On two occasions this has been discussed more than necessary. I do not propose to add anything.

**Mr. Chairman:** The question is:

In the Schedule, for Paragraph II, substitute:

"Paragraph II.—The market value of shares obtaining on the 30th June, 1952."

The motion was adopted.

**Mr. Chairman:** The question is:

In the Schedule, in Paragraph I,

for "computed in accordance with the provisions of paragraph II, less the sum of the amounts computed in accordance with the provisions of paragraph III"

substitute,—

"to buy up the shares at their market value as on the first day of July, 1952"

OR

In the Schedule, in Paragraph 1,

for "computed in accordance with the provisions of paragraph II, less the sum of the amounts computed in accordance with the provisions of paragraph III"

substitute—

"at the cost value minus depreciation and reserve funds already provided for by the Companies."

The motion was negatived.

**Mr. Chairman:** The question is:

In part (a) of Paragraph II of the Schedule,—

(i) for "Rs. 12,000/-", wherever it occurs, substitute "Rs. 24,000"; and

(ii) for "Rs. 24,000/-", wherever it occurs, substitute "Rs. 48,000".

The motion was negatived.

**Mr. Chairman:** The question is:

In part (a) of Paragraph II of the Schedule.—

for "ninety days" substitute "one hundred and eighty days".

The motion was negatived.

**Mr. Chairman:** The question is:

In the Schedule, in part (b) (i) of Paragraph II,—

(a) for "Rs. 6,000", wherever it occurs, substitute "Rs. 12,000"; and

(b) for "Rs. 12,000", wherever it occurs, substitute "Rs. 24,000".

The motion was negatived.

**Mr. Chairman:** The question is:

In the Schedule, in part (b) (i) of Paragraph II.—

for "ninety days" substitute "one hundred and eighty days".

The motion was negatived.

**Mr. Chairman:** The question is:

In the Schedule, in part (b) (ii) of Paragraph II.—

- (a) for "Rs. 2,000", wherever it occurs, substitute "Rs. 4,000"; and  
 (b) for "Rs. 4,000", wherever it occurs, substitute "Rs. 8,000".

The motion was negatived.

**Mr. Chairman:** The question is:

In the Schedule, in part (b) (ii) of Paragraph II.

for "ninety days" substitute "one hundred and eighty days"

The motion was negatived.

**Mr. Chairman:** The question is:

In the Schedule, after part (k) of Paragraph II,—

insert—

"(kk) The amount of deposits, advances and prepaid expenses made or incurred by any existing Air Company to the extent that they or any benefits arising thereunder remain due and outstanding to such Company on the appointed date."

The motion was negatived.

**Mr. Chairman:** The question is:

"That the Schedule stand part of the Bill."

The motion was adopted.

The Schedule was added to the Bill.

Clause 1, the Title and the Enacting Formula were added to the Bill.

[**MR. DEPUTY-SPEAKER** in the Chair]

**Shri Jagjivan Ram:** I beg to move:

"That the Bill, as amended, be passed."

On this occasion, I wish only to express my heartfelt thanks to the hon. Members of this House. It is only due to the cooperation which I have received from all sections of the House that the passage of this Bill has been expedited. At present, I do not propose to say anything more except to reiterate what I said yesterday about the constitution of the Corporations. Much has been said about the representation of organised labour on these

Corporations. I made it clear yesterday, that I myself have been thinking to have on these Corporations at least one person, who may not necessarily be a representative in that sense of the word representative, of the organised labour, but who will necessarily be a person who is well-known for his work among the working classes of this country, who is well known for his sympathy for labour. And, I do not think after what I said yesterday on this matter, there was any occasion for any lengthy argument to urge the claim of the representation of labour on the Corporation

I again take this opportunity of expressing my thanks to all sections of the House and also to hope that the co-operation which has been extended in this House will continue to be extended outside so that we may make a success of the first big step towards nationalisation and pave the way for future economic revolutions in this country.

**Mr. Deputy-Speaker:** Motion moved:

"That the Bill, as amended, be passed."

**Shri H. N. Mukerjee** (Calcutta North-East): We have had a fairly exhaustive discussion of the Bill, but I intervene at this late stage in order to make clear our response to what the hon. Minister has just chosen to say. He has said very gracefully that he expects the co-operation of all in putting into effect the provisions of the Bill, the third reading of which we are going through now. I feel, however, that though we welcome the principles of this Bill as tending in a direction which is in conformity with the interests of the country, we are by no means satisfied with the ultimate shape of the Bill as it has emerged in this House so far and we feel there is room for very much improvement that could have been done if the hon. Minister was much more serious about the objectives which he had set in view.

I feel that in respect of certain assurances which the Minister has repeated today regarding steps he is going to take against the possibility of retrenchment and unemployment, we are not re-assured anything like completely on the point. As a matter of fact yesterday he made certain observations which were rather frightening. He said, for example, that the necessity of starting two Corporations was based on the fact that in the internal sector they had to rationalise a large number of employees and that there would consequently be a certain

amount of dislocation, not in air services, but in other respects, which might require tactful and separate handling. And, this is very tactful and diplomatic language and behind those words we sense something which is somewhat disturbing. He went on later to say, of course, that as far as possible he was anxious that the technical staff should not be thrown out of their jobs and that they should naturally be absorbed in the Corporation itself. But, he later added that he could not be so sure about the non-technical staff. Now, certain instances of retrenchment already taken recourse to by certain companies by reference to the measure which we are now discussing have been referred to in the speeches in the House this morning. The hon. Minister, of course, has given certain assurances but, I have to say that we are not so very happy about them. This is because—I am repeating what I said a few days ago—the Government's record in regard to implementing their assurances against retrenchment and that sort of thing has not been particularly satisfactory and particularly helpful. Besides, we find there has been for quite some time a substantial measure of unemployment among the civilian pilots and a number of them have been unemployed for quite some time. Now, for these commercial pilots, for their training Government spends a great deal of money by way of subsidies to the Flying Clubs and the students have also to spend a great deal of money for their training. But, there is a good number of Indian commercial pilots who are unemployed in this country.

In this connection I would like to refer to the attitude of Government as it was illustrated in a letter which was sent last year on the 4th June, by the Director-General of Civil Aviation to a person who wanted the assistance of Government in finding a job. He had been trained as a commercial pilot and the Director-General of Civil Aviation had told him in this letter that the Government could not assist him in that matter and he added—

“Normally, it is expected that before one selects a particular career, he weighs the pros and cons of it.”

Coming from the Director-General of Civil Aviation, who should have welcomed the idea of our young men taking recourse to commercial pilot training, this letter is very significant. It shows how the Government seems to have thought that after all this is not a matter about which serious

attention ought to be given. That same attitude has persisted, and that is why in spite of the need for expansion of air services, we are not proceeding in the manner that we ought to. Because, if we realise the need for their expansion, then we could have found ways and means not only to give an assurance against retrenchment but also to give an assurance that there would be an extension of employment, there would be an extension of opportunities for training as commercial pilots in this country. But, we have got nothing of that sort. The hon. Minister has also tried to have a sort of condemnation of our attitude by pointing out that we have a horror of such names as the name of Tata for example. He paid a very handsome tribute to Mr. J. R. D. Tata. I do not know whether Mr. J. R. D. Tata deserved that tribute or not. I do not know him from Adam. But, as far as we are concerned we take an impersonal attitude, whether it is Tata or Birla or Scindia or Dalmia or whoever else it may be, because we happen to have an ideology that lends an impersonality to our approach to these problems. Fortunately for the hon. Minister he is blissfully ignorant of our ideology and so he says that whenever we refer to these people we refer to them personally. When we are presented with all sorts of encomiums to these captains of industry, I am afraid, we cannot quite accept them at their face value. We are told about their valuable experience as leaders of industry but we know the value of their experience. It seems as if this business of air operations is the ground on which these people could thrive by wage-cuts and retrenchment on one hand and Government subsidy on the other. So, the less said about the experience of these wonderful people, the better for everybody concerned. I would say, of course, there are among our employers a certain number of good people. They have the experience, they have experience of administration but when the industry is essentially a collective enterprise and you want a team of technical and non-technical people operating together, and if we get the real spirit functioning in that atmosphere, then and then alone shall we have a kind of air system in this country which we desire.

In regard to these companies, these bigwigs of industry who are going to get a fairer deal than perhaps they deserve, attention was drawn by an hon. Member yesterday to the Calcutta weekly published in Bengali which printed a photostat copy of a most disturbing document. I am told

[Shri H. N. Mukerjee]

the document has already been passed on to the Minister. This particular company which is one of the biggest private concerns in this country has produced two invoices in respect of goods purchased from an American company. One of the invoices was meant for payment to the American company and the other concocted invoice in which the amount shown was double the original was for submission to the Government, the idea being to get from the Government 200 dollars in place of 100 dollars. Now, we cannot vouch for the absolute accuracy of this, but this sort of photostatic copy of a document which on the face of it seems to be genuine is very disturbing.

These are the people who run our industries, who try to claim all credit for whatever industrial development has been achieved in this country and they are the people who are coming forward to have a lion's share of the compensation which is now going to be offered to the owners of the air operating systems.

Now, as far as our position is concerned, it has been made clear on so many occasions. We have said that the basis of compensation should have been changed. Only a few moments ago my hon. friend Mr. Namblar referred to it and I need not repeat it. But this is a matter to which Government should give more of its attention. I do not think we have had the last of legislation in regard to air companies. Possibly, something more would have to be done in the not very distant future and I want Government to take note of these circumstances.

I want also to refer to certain matters which I consider to be of very great importance and in this regard we have got a lot of assistance from those workers who have technical qualifications for the job and who have offered the Government certain suggestions in regard to the manner in which we can run our industry much better, much more efficiently. For example, there is a heavy drain on our industry by reliance on foreign supplies of fuel, oil and spare parts at very high prices. Government should make courageous attempts to obtain supplies of these things at more reasonable rates. Now we are told that prices which prevail in Australia, the prices which are offered there, are lower than the prices which are offered here. Now, Government should go into this matter very carefully.

As far as fuel and oil is concerned, the calculation of the Air Transport Enquiry Committee was that of the total cost about 37 to 40 per cent. was covered by fuel and oil expenses—actually it is more. So, it means super profit for those foreign concerns like Burmah Shell, Standard Vacuum and Caltex. Now, in regard to this we get certain facts supplied publicly into which I am sure Government ought to make a proper investigation.

Now, as far as fabrication of spares is concerned, we have got our own Hindustan Aircraft where the possibility of manufacturing sufficient spares for our requirements can easily be investigated. Now, we find that during the last four years—this is the information we get—there have been five increases in the rates of aviation fuel, while fuel is being supplied to Australia at a price 35 to 37 per cent. lower than the prices charged to us. But we do not raise our voice against it. We are told also that the oil companies fix the rates in close consultation with the Ministry of Works, Mines and Power—that is the old Ministry. Anyhow, Government may be consulted before the prices are fixed, but we should see to it that in the fixation of prices the Australians do not get a better deal.

We should see to it also that other sources of supply of oil and fuel are tapped. For example, it was reported in the *Free Press Journal* of the 11th of February this year that Western European countries like Italy for example were getting fuel and oil at cheaper rates from elsewhere, from the USSR, from Rumania. Now, I want Government to find out more about these things.

In regard to spare parts, possibly our own factories can be employed for the purpose of manufacturing some of these spares. In regard to new equipment also our dependence on foreign monopolists should not continue. There again, we see that from time to time, aircraft is offered in the market which is cheaper for us to buy and we should investigate possibilities in this direction.

In regard to insurance we find that this item, the high insurance premium, amounts to seven and a half per cent. to nine and a half per cent. of the total cost of airframes and aero engines. This insurance is handled by British interests through the intermediary of Indian insurance companies. If Government takes over this industry, Government can also consider the desirability of taking over the insurance aspect of the

matter. In regard to these matters there is a lot of room for economy.

I come now to expansion. By means of expansion we can reduce fares, we can open new branches, we can utilise air fields which were constructed during the last war and we can set up air travel facilities between places like Delhi and Agra, places more or less not very remote from each other, and as a result of it we shall be in a position to reduce fares. I say this because the Air Transport Enquiry Committee had reported that when the night Viking service on the Delhi-Bombay route was introduced in March, 1950 on a reduced fare, then the day services were not affected at all. That is to say, we get an expansion of the travel facilities in our country and at the same time we get a decrease in the cost of running our airways system.

Then again we have to fight against the inroad of foreign airlines to which reference was made by my hon. friend Mr. Basu. In regard to this also the Air Transport Enquiry Committee Report has made certain observations at page 60, paragraph 305. Before that Committee Mr. Tata, evidently the same Mr. Tata to whom the hon. Minister paid compliments yesterday, made certain observations against these foreign operators. He said that foreign operators were taking away a good proportion of the traffic which legitimately belonged to Air India International.

So, we require new equipment, we require new schemes of expansion, and there is scope for expansion. For example, we can try to economise by going away with the system by which all sorts of agencies, intermediary business establishments who book seats, unnecessarily take away a lot of money from Government coffers.

Above all I would say in conclusion that we need to enlist the workers' cooperation. Actually this is a matter in which the hon. Minister himself gave a very unequivocal assurance which I hope will be implemented. I was rather disturbed to hear from the hon. Minister that as far as Civil Aviation employees are concerned the organisation setup is perhaps not representative of the real Trade Union interests of the workers concerned. I had occasion on an earlier day to point out a very remarkable fact, namely that the C.A.D. employees have come together in a Union which almost a hundred per cent. Union;

it is a Union which has amongst its office-bearers not one person who is an outsider. I said also at that time that for some reason which we cannot fathom—because if we say something, we shall be accused of imputing motives to the Ministry—the hon. Minister does not like them, perhaps because he does not like the look of the people who are the office-bearers. So, here is an attempt by the working people to come together. They are not ordinary working people, without professional or technical qualifications. They are running our air services in a manner which is so efficient that everybody, the hon. Minister including, paid them rich compliments. They have got together in a Union which is hundred per cent: they are running it on their own. They are coming forward to supply facts. They look upon their labour as a matter of heroism, as a matter of dignity, as a matter of national service. Enlist their cooperation. If you do not succeed in enlisting the cooperation of these people, all this talk about nationalisation is moonshine and nonsense, it is so much abracadabra.

That is why if nationalisation is really and truly to be a success, if nationalisation of the air services which the hon. Minister is bringing about is to be in the common interest of the country, then he has to behave very differently from the way he has done as far as the passage of this legislation is concerned. I would say in conclusion that it is incumbent upon the Government, if it is at all serious about nationalisation, to enlist the cooperation of the workers and if that is done, then the hon. Minister will find that there is tremendous scope for the expansion of our air services and if we have that expansion then we can run our services cheaply and efficiently and we can stand up to the foreign competitors and can tell them that they have no business as far as our air services are concerned and they cannot butt in. We can also try to be as independent as we can of the stranglehold which is represented by the control of Burmah-Shell, Standard Vacuum and Caltex and their tribe about whose doings we have too much experience so far.

**Mr. Deputy-Speaker:** Mr. Lakshmayya, I will call those who have not taken part in the earlier stages.

**Shri Sarangadhar Das:** I have not taken any part at all.

**Mr. Deputy-Speaker:** Three minutes each.

**Shri Lakshmayya (Anantapur):** Sir, I thank you very much for the opportunity given to me at the fag end of the debate when the Bill is about to be passed in a few minutes. At the outset let me heartily congratulate the hon. the Communications Minister for the great venture undertaken in bringing forward a Bill of such vital and strategic importance and for seeing to its passage. This air transport is one of the youngest industries in our country and it has come to occupy a very prominent place in the political and economic life of our country. It also forms a second line of defence. Though the beginning of its history can be traced back to 1930-32 it has seen glorious days and the boom period just after the termination of the Second World War. Rise and fall would follow in succession in the natural course of events. After seeing this boom period, again this industry has come to reach a critical stage. Though the Government has actively aided with finance and subsidy and by several other ways, unfortunately it could not stand firmly and it came to a stage of crisis. Now the Government has rightly come to the rescue of this industry. The Planning Commission examined this question, they determined and decided that this should be taken over by Government.

The Bill seeks to establish two Corporations, one for internal and the other for international services. One is to be called Air-India International and the other Indian Airlines. These two Corporations should work side by side with probably one or two Chairmen as they like and with a certain number of members appointed by the Central Government. I hope these two Corporations now proposed to be established will march ahead and run this industry successfully, economically, cheaply and to the public interest.

Now, the question is whether it should be run as a business concern or as a public utility service. There was much controversy over that. Later on, it was decided that it should be run as a business concern. It does not mean that it should not be a public utility service. It is already there. All that the Government do and have been doing is for public utility. But if it is taken and run as a public utility service I fear the taxpayer's money will be squandered away and there would be no end for this. That is why in the Bill, it is provided that it should be run on a business principle. These air services should be run on an economic basis.

Our country is ideally suited for civil aviation by its vast expanse and

virgin resources, and on account of fair and good weather, throughout the year this business may flourish well. The planes can fly day and night except in a very few months when there is the monsoon. I am sure it will thrive very well and maintain a high level of standard. During the period of floods and also during evacuation time our air services have done very good and useful work. They have established a very high reputation. I hope this industry under this new enterprise will flourish well and maintain the same very high reputation as it has already proved in the case of international services.

The controversy was over two things: one was in regard to the scheme of compensation and the other was whether there should be one Corporation or two Corporations. The point made in favour of one Corporation was that the existence of two Corporations would duplicate overhead charges and would result in extravagant expenditure and inefficiency. Now it has been decided that there should be two Corporations. The hon. Minister of Communications was kind enough to assure us that it would begin with two Corporations but later on, after they are found to be working satisfactorily, they can be merged into one at any time in future. This is an appreciable thing. We have followed the example of U.K., Australia and other foreign countries where there are at present two or three Corporations, the number being reduced subsequently.

With regard to compensation also there was much controversy. Later on our hon. friend Mr. Chatterjee came to the rescue of the shareholders and really the whole House must be thankful to him, including the hon. Minister for his valuable suggestion. A new clause has been added now and I hope by the provisions of this clause all the ordinary shareholders will get fair compensation for the shares they have invested. Most of the ordinary shareholders come from the poor classes and they have invested the amounts by their hard earnings with the hope that they would get some profit from it. Whatever it may be, we are only anxious about the ordinary shareholders. I hope and trust that they will get their due share in the scheme of compensation newly proposed.

I again heartily congratulate the hon. the Communications Minister for bringing forward this important and useful Bill with courage and caution and for getting it passed without any



obstacle or hurdle as we find to-day. I wish the best of luck to this industry and also glorious success for these services. I hope that they will maintain a very good reputation and that the industry will prosper well as a business concern as well as a public utility service.

**Shri Bansal:** On a point of order, Sir. I have been noticing that speakers after speakers, after firing off their speeches, run away from the House without listening to the persons who speak immediately after them. I understand that the normal practice both in the House of Commons and in this House is that at least the Member who has spoken should listen to what the next Member says. This will be courteous to the House. I want your ruling on this point.

**Mr. Deputy-Speaker:** I have been repeatedly saying that hon. Members owe to themselves and to the House also that those who are anxious to speak must hear the reply at least. I even threatened to take some steps. I am at a loss to see how I can control this except by appealing to them.

**Shri Venkataraman (Tanjore):** Do not call them again.

**Mr. Deputy-Speaker:** If the House agrees, I will note down the names of all those who speak and go away and will not give them a chance for two or three occasions. If the House agrees I have no objection to do this. I shall consult the party leaders and when we meet again in the next session, I shall pursue this practice.

**Shri Gadgil:** I hope it will not be too rigorously followed.

**Mr. Deputy-Speaker:** It is wrong. I feel it is an insult to the House. If hon. Members in extraordinary circumstances have to be unavoidably absent they can leave a word with the Speaker. If hon. Members cannot catch hold of the Chair's eye, they can catch hold of the ear. It is not merely haranguing. They must hear what others say. Others cannot address empty benches.

I find some hon. Members are anxious to speak. I will call Mr. Thakur-das Bhargava first. Hon. Members will restrict their speeches to three minutes.

**पंडित ठाकुर दास भार्गव (गुडगांव) :**

जनाब डिप्टी स्पीकर साहब, मैं आपका बहुत मशकूर हूँ और मैं तीन मिनट से ज्यादा

लूंगा भी नहीं। मैं गवर्नमेंट को और आनरेबुल मिनिस्टर साहब को मुबारकबाद देता हूँ कि उन्होंने एक ऐसी खूबसूरत आरगनाइजेशन पैदा की है जिससे कि हम को उम्मीद है कि न सिर्फ़ इस सारे हाउस के अन्दर बल्कि सारे देश में बड़ा इतमीनान होगा।

**Mr. Deputy-Speaker:** I am calling also Mr. Sarangadhar Das.

**पंडित ठाकुर दास भार्गव :** मैं साथ ही यह अर्ज करना चाहता हूँ कि जो क्रीटीसियम अभी हमारे अगोजीशन के लीडर साहब ने की है, वह वाजिब और माकूल नहीं है; चन्द ही रोज़ हुए हमारे श्री बुरागोहिन ने फ्रीगर्स दी थीं कि आस्ट्रेलिया के मुक्ताबले में हमको तेल महंगा नहीं मिलता है। मैं यह अर्ज करना चाहता हूँ कि यह हमारी बदकिस्मती है कि इतना खूबसूरत नक़शा इस देश में पैदा हुआ, लोगों को बड़ी खुशी हुई, लेकिन उस सुन्दर नक़शे में एक काला टीका अब भी रह गया और वह काला टीका शायद इसलिए रक्खा गया है कि इसको नज़र न लग जाय। मैं अब से अर्ज करना चाहता हूँ कि मैंने उसको हटाने के लिए पूरी कोशिश की और मैं अब भी उन बेचारे छोटे शेयर होल्डर्स का केस आनरेबुल मिनिस्टर साहब की खिदमत में रखना चाहता हूँ और उनके लिए हमारे एन० सी० चटर्जी और गाडगिल साहब ने ला मिनिस्ट्री से मिलकर इस बात की कोशिश की कि किसी तरह से उन आइडनरी शेयर होल्डर्स का भला हो सके और वह किसी हद तक शायद इसमें कामयाब भी हुए हैं, आज सारा देश इस आपके आरगनाइजेशन के नक़शे से खुश है, लेकिन यह बड़े दुःख और अफ़सोस की बात है कि जो आइडनरी शेयर होल्डर्स हैं उनको बड़ी तकलीफ़ है और चाहिए यह था कि आज जब क्रोड दस करोड़ रुपये की लागत का माल आपको पांच करोड़ में मिलने जा

[ पंडित ठाकुर दास भार्गव ]

[ रहा है, तो हमें यह देखना चाहिये था कि वह छोटे शेर होल्डर्स जिनकी तादाद कई हजार बतलायी जाती है—भारत एयरवेज में सारे कम्पनियों के शेर होल्डरों को मिला कर उनसे दुगनी तादाद है,—उनको कुछ रिलीफ दिया जाता। इस उनकी अर्जी में दर्ज है कि उनके साथ इंसाफ नहीं हुआ, क्योंकि उनके दो स्काई मास्टर की क्रीमत आज पचास लाख रुपये बतलायी जाती है और उनको मिलेगा ७ 1/2 लाख। अगर उनको पांच लाख रुपये की और रिलीफ दी जाती, तो वह बेचारे भी इस खुशी में शामिल हो जाते। मैं अदब से अर्ज करूंगा कि अब भी वक्त नहीं गया है कि आनरेबल मिनिस्टर इस तरफ ध्यान दें और हर आडिनरी शेर होल्डर को कम अज कम पचास परसेंट पेड अप कैपिटल दे दें। जहां तक प्रीफ़ेस शेर होल्डर्स का ताल्लुक है, मुझे उस सम्बन्ध में कुछ नहीं कहना है। लेकिन मैं आडिनरी शेर होल्डर्स के बारे में जरूर आपकी तबज्जह दिलाऊंगा ताकि उनको भी इसमें कुछ इंसेंटिव रहे, गरीब आदमी भी समझें कि हमने इस कंसर्न में कुछ दिया है और अगर वह उस कंसर्न के मालिक न रहें, तो कम से कम उनको नक़सान पचास परसेंट से ज्यादा तो न हो। इस वक्त जो वह लोग सैकीफ़ाइस करते हैं, वह दूसरे लोगों के मुकाबले में बहुत ज्यादा हैं और यह बहुत मुनासिब और माकूल चीज होगी अगर उन आडिनरी शेर होल्डर्स के साथ जितना इंसाफ़ मुमकिन हो वह किया जाय। आखिर शेरज की पोटेनशरु क्रीमत का ठीक अन्दाज़ा हो ही नहीं सकता।

**Shri Tulsidas:** I did not want to say much but at the time of introducing this Bill and even after the second reading, there have been certain remarks made by my friends to my right to the effect that the industry or the people who are managing this industry have not been able to play their part

properly. They must remember that this industry was started only six years ago and it had to undergo several handicaps and difficulties. I personally believe and everybody knows that this airline industry was continuously struggling against the adverse circumstances which was mostly created by the Air Licensing Transport Board. I am sorry to say that because they issued licences indiscriminately to different companies, those companies would not work economically. The Licensing Board when giving licences should have seen that the companies to which licences were given function economically.

With regard to the record of these air services, the Rajadhyaksha Committee have said as follows. With your permission I am quoting the relevant portion.

*"Record of Private Air Companies.—*The private air companies have, in our opinion, not done so badly as to require a drastic change of system. Their operational efficiency has been uniformly good. An outstanding example of operational and business efficiency, under a system of private management, is afforded by Air-India International which in the second year of its operation has, we understand, been able to break even and show a small profit."

I do not want to go further into this matter but the Rajadhyaksha Committee has gone into this and has shown that the industry as a whole was working efficiently.

Then there is the question of subsidy. I would like to point out that with regard to subsidy, Government have derived more income from the airlines. I would like to give the various items which have benefited the coffers of the Government. The Government have been receiving money by way of landing fees, parking and housing fees and petrol taxation alone has given Rs. 1,20,00,000 a year. Income from landing fees alone for the previous year amounted to about Rs. 57 lakhs. The subsidy is very insignificant compared to the revenues which Government get.

I would like to come to the question of these Air Corporations. I would like the hon. Minister to bear in mind that the Air Corporations which are

now coming into being should be run on a proper basis. The Rajadhyaksha Report said:

"It is obviously essential that if the Air Transport Industry is to be efficient, there should be flexibility of management. Personal initiative and responsibility involving quick decisions in the administrative, operational and engineering organisations is called for to an extreme degree, as more operational and technical emergencies are encountered in air transport than in any other field of enterprise."

It goes on and says that with regard to state enterprise, it is difficult to run in the same manner as that of private enterprise. We have accepted the principle under clause 9 that these Corporations will be run on business lines but I do not know how this will be effected by the overriding control of the Government by way of different Committees which have been appointed. I do not know how far these Committees will be able to advise the Corporations. In my opinion, it is more or less a dictation than an advice. I would urge upon the Minister that if these Corporations are to succeed, they should see that these are run without much interference and they must have all the powers of deciding what to do with regard to the working of this industry. That is a point which I would very strongly urge upon the hon. Minister. Government should not create a body where day-to-day interference will come from Government.

**Shri Sarangadhar Das:** Sir, I thank you for the opportunity which you have given me to speak on this subject. Though I welcome this measure of nationalisation, I am afraid I cannot give any encomiums to the hon. Minister who has brought this Bill. My reasons are, first, whether there should be two Corporations or one Corporation. This has been discussed thoroughly in the Select Committee as well as here. I only want to point out one thing. It is claimed by the Minister and it is admitted by every one that the Air India International has been running very efficiently and giving a little profit, giving service to the passengers, mostly foreigners, and that outsiders also are full of praise for the Air India International. I would suggest to the Minister, although it has now been decided to have two Corporations, to see to this point that that efficiency and that standard of service for which we all praise the

Tatas, should be combined with the internal services so that the people running the internal services may have the advantage of the experience of the Tatas. That, I think, has been lost sight of.

As far as compensation is concerned, in his zeal to compensate the companies, although they have been running at a loss—most of them—and were able to run only with the subsidy, without which they would not have been able to run, though he is solicitous of their welfare, he should also look to the interests of the taxpayer. It is no use paying compensation which is out of all proportion to the value of the assets. Therefore, I again urge that compensation should have been on the basis of the value of the shares on a certain date before the announcement was made. In this case, I am not able to see eye to eye with the Minister for the reason that the taxpayers' interests are being absolutely thrown overboard.

Then, there is the question of associating the representatives of labour at all levels of the corporations. The Minister who was in charge of labour at one time was always saying that labour should be given a fair deal and he had been trying with all kinds of legislation to give that fair deal.

**Shri B. S. Murthy:** Including profit sharing.

**Shri Sarangadhar Das:** But, now when a new industry is being nationalised, I am afraid he is absolutely throwing overboard the ideas that he had as a Minister for Labour. From this I conclude that our Ministers, our Government, say a lot of fine things but when it comes to brass tacks, they get frightened that something is going to happen, that labour is going to destroy this Corporation and all that. I want to point out the way in which labour co-operated with the British Government at the time of the war, in changing the peace production to war production. Their full co-operation was obtained because the Government, since the second decade of this century, had trust in labour. They trusted labour and that is why labour fully co-operated in the war efforts and a good deal of the success and victory of the British in the war was due to the co-operation of labour. For the future guidance of the Minister, I would ask him to remember this: not to distrust labour, whether they are sponsored by this political party or that political party. As soon as possible, the representation of labour should be determined by a secret ballot. After

[Sarangadhar Das]

all, in these two Corporations, the people who work, the labour force, are highly skilled, educated people and they are not ignoramuses to be huddled together by one party or the other. Representatives of labour should be associated at all levels. The Minister told the House a little while ago that he is thinking of somebody to be a member of the Corporation, who has full sympathy with labour, that is to say, an outsider. We say, one who has the confidence of labour and is an employee. You have in the amendment that was adopted in the Select Committee, as it has already been passed, an employee who is acquainted with labour matters. The manager of the Corporation, whoever the manager is, is also an employee. He is handling labour and consequently he is acquainted. If you have an employee of the company who has the confidence of labour, then, there would be no objection. This point, I hope, the hon. Minister will bear in mind for his future guidance.

1 P.M.

Then, about the scales of pay, I have here a large sheet giving the scales of pay in the several companies, some on a higher scale, some on a lower scale. When they are all integrated, what will have to be their scales of pay? To my mind, the Air India have a uniform scale of pay and a liberal dearness allowance. Although, I understand, some of the increments have been stopped, for some reason or other, of some of their employees, lately. That should be considered as a scale which would be satisfactory to all the workers. Although in several companies, pilots and some grades get a little more than the Tatas, the Tatas scale is rather uniform all the way through. I wish that the Minister considers that question from that point of view. The salary should be standardised at a level which will be satisfactory to all. Not one of the workers should feel that he has lost anything by this integration.

**Shri Pocker Saheb (Ma'apuram):**

Sir, I thank you very much for giving me this opportunity at this stage of the discussion. Anyhow, I have only to confine my remarks mainly to one point.

The word nationalisation has been freely used in this House all through this discussion. But, when I look at the Bill, I do not find that word there. When I look into the facts, there is no nationalisation at all. The word

nationalisation to be used with reference to this Bill is a misnomer. I say that the Government ought to have taken up the responsibility of running this industry themselves instead of creating some Corporations which are of their own making and contributing everything that is required from the Government coffers. Why should they fight shy of that responsibility which they should have taken? Either they should have left it to private concerns which would have run it efficiently or if they felt that they were not able to run it efficiently, they should have taken the responsibility upon themselves. Why undergo this farce of creating two Corporations or one Corporation, whatever it may be, and throwing the responsibility on them? Are not Government running the Railways themselves? Are the Railways not being run efficiently? I should think that Government fight shy in this case, because, as I am told, some Committee has reported that the red-tapism of the Government may stand in the way of quick decisions being taken and so on. I think that it is a myth. I find that this question was raised in the Select Committee by some of my hon. friends with whom I do not see eye to eye on fundamental principles, but I cannot but agree with them on this question when I find that what they pleaded for is the right thing. I do say that there is a legal flaw and Government are shirking their responsibility. Suppose something untoward happens and some lives are lost and damages are claimed. I ask: who is responsible legally? Not the Government, but these Corporations. If they have no funds, and people who have suffered damage claim compensation, they can only get at the assets owned by these Corporations. They cannot get at the Government. So, I ask: why could not Government undertake the sole responsibility of contributing all the capital and maintaining the service at any cost? Even legally, why could not they have undertaken these concerns themselves? They ought not to have fought shy of it. They ought to have taken the responsibility upon themselves. *De facto*, it is Government that is running it, but *de jure*, it is the Corporations who are going to run it. This puts people at a disadvantage. I do not see why Government should not have gone the whole hog and taken the responsibility upon themselves.

**Shri Joachim Alva (Kanara):** The discussion on this Bill has given rise to a memorable debate in the Indian

Parliament. I would like to congratulate the Communications Minister and his redoubtable Deputy for piloting this Bill. This is only the beginning. We have achieved a great objective. Something has been accomplished. This debate excited so much interest in this House that irrespective of whether one belonged to the Communist Party, the Congress Party, or the Muslim League or any other party, everyone spoke freely and contributed his best to the debate.

Private enterprise has exhausted itself. It has lost its utility. It has become a stumbling block in the way of economic progress. When this Bill is enacted, it will give a pointer to our future progress. It will show how we shall run our future enterprises. The State will cast its glance on all fields of economic activity and snatch away more and more enterprises from private ownership. Private enterprise so far has not been content with ordinary profits, but it has hankered after more and more profits, and yet its thirst has not been quenched.

The present debate has witnessed a very extraordinary event. I would take the House back to the BOAC Comet tragedy that occurred near Calcutta. We owe a lot to the Britishers. This Bill itself incorporates many provisions taken from the British Act. We are obliged to the Britishers for the conquest of the air. Through this tragedy, they have had to make great sacrifices. Men, women and children, including two Fulbright scholars have crashed. We note this tragedy with great regret and on behalf of all of us, we convey our sincerest grief over those who have laid down their lives in this Comet disaster. Their bones are laid amongst us. We do not want bones to be laid amongst us in this fashion. But now that their bones are laid amongst us, we shall always remember them and remember their sacrifice. The British and others conquered the air, after all, and today we are benefiting by that spirit of enterprise and sacrifice.

During no part of the debate did the hon. Minister supply figures as to the total losses suffered by our companies. In England, they lost during the two years prior to the taking over of the airlines something like £ 40 million in the shape of the taxpayers' contribution and the losses suffered by the B.O.A.C. and the B.S.A.A. Had the House been enlightened as to the total

losses suffered by Indian companies, we would have proceeded more carefully with the matter. Today, we understand that some of the companies have indulged in manipulation of accounts. They made hay while the sun shone, and now, we are giving them refuge. Still they will reap some profit and the poor shareholders will suffer.

Another point is that it is not merely enough to take over the airlines. Only one aspect of the problem is covered by that. Government will have to do something positive. They must have better aerodromes. We all know the condition of the runways which were exposed to the gale when the KLM tragedy took place in Bombay in 1949 and some distinguished American journalists crashed therein. So, our runways must be kept in proper order. Our radio communication has to be made perfect. Our line of signals must be well organised and there should be long-distance radio communication so that our aerodromes will be helped. We must have up-to-date radar equipment. Our lighting effects must also be perfect. During a gale, there should be proper warning. Only after the last disaster, after the KLM plane dashed across a hill-top they attended to this matter in the Bombay (Santa Cruz) aerodrome. Now you see red signals there everywhere. All these arrangements must be so perfect so that no foreign airline will have reason to complain that they get involved in accidents because our arrangements are not good. If disasters must take place, let them take place through an act of God; let not the blame be thrown on the Government of India or their organisation.

In regard to redundant personnel, I would quote to you the position in England, because I feel very keenly on this matter and Members on both sides are anxious that labour should get a fair deal. In England, this was the position when their Air Corporations Bill was discussed:

"The Parliamentary Secretary emphasized that economies which will be effected as a result of this proposed merger will take the form of expanding business, without engaging further staffs, rather than by large scale dismissals... Any staff redundancy resulting from the merger will be shared fairly between the Corporations."

I demand the sympathy of the hon. Minister in this respect. He must consider the fate of people who are

[Shri Joachim Alva]

going to be dismissed or who are going to lose their jobs. There are Managers who have previously done work on the technical side but who have gone over. Their services should not be terminated. Their records should be looked into.

Finally, I must refer to the gliding and flying clubs. They are completely neglected. Not enough money has been given. This is the positive side.

**Shri Jagjivan Ram:** Anyway, it is irrelevant here.

**Mr. Deputy-Speaker:** Yes. The hon. Member's time is over.

**Shri Joachim Alva:** Half a minute more, Sir. These flying and gliding clubs should be helped and more should be established, so that a large number of airmen can be trained, and our young men can become air-minded.

**Mr. Deputy-Speaker:** His time is over. I am calling the Minister.

**Shri Joachim Alva:** I am finishing, Sir. Today, there is a war of three dimensions. The third dimension is the air dimension. By this Bill, Government are going to take charge of the second half of the third dimension. Those who discountenance the part that civil aviation will play in our future defence organisation are entirely mistaken. Civil aviation is the left arm, and defence aviation is the right arm. By taking civil aviation over, Government have made our country stronger, and this way, we shall go ahead indeed.

**Shri Jagjivan Ram:** I do not propose to detain the House for very long. The important provision that we have made in the amendment is to take care of the interests of the shareholders—I mean ordinary shareholders. Pandit Thakur Das Bhargava has raised this question. I do not propose to go into that matter in any great detail, but let me inform him that in most of the companies, the ordinary shareholders will get out of the compensation amounts such amounts as will be more favourable to them than if they would have continued in the companies. I have no doubt in my mind that as the result of this nationalisation, the ordinary shareholders are going to get much more than what they would have got in the share market. Apart from that, in the case of most of these companies, there was no chance for the ordinary shareholders to get any return on their shares. Here we are

assuring them of at least three and a half percent. interest. Taking all these things into consideration, I am sure the ordinary shareholders and other shareholders will be better placed under this scheme of compensation than they would have been had they continued in the companies. The House was very much exercised yesterday and today about the ordinary shareholders of the Bharat Company. We have made certain provisions, but even before that, in the morning, I received a letter from the General Manager of the Bharat Airways Limited. I would not read the whole letter, but one or two sentences will not be out of place. It runs:

"I am to assure you in this behalf..... regarding the interests of the ordinary shareholders--

".....that Bharat Airways are equally anxious to safeguard the legitimate interests of the ordinary shareholders consistent with their obligation to the preference shareholders, who also have no desire to rough-shod the claims of the ordinary shareholders. I would be glad if you take an opportunity in the House, if you deem it proper, of removing the misapprehension from the minds of the Members that the interests of the ordinary shareholders of Bharat Airways will be in jeopardy."

But, apart from this, I wanted to bring it to the notice of the House because so very much exercised all of us were that we have taken precautions in the Bill itself. I think if the spirit which has been shown in this letter is followed by the management of the Bharat Airways company, there will be no occasion for the Government to take recourse to the provision that the House has been good enough to make in the Bill.

My friend Prof. H. N. Mukerjee has made certain suggestions for the manufacture of spare parts in this country. I will keep that suggestion in view. I will make every possible effort to see that we get—and I am told that we are getting—aviation spirit at the same rate as other countries are getting. I will see how far we can economise on this item. As I have said on previous occasions, it is my intention to increase the activities of our workshops to manufacture as much of the spare parts as we can easily do here, or to manufacture them in the Hindustan Aircraft factory.

My hon. friend has said and I agree, that I may be blissfully ignorant of the ideologies which he follows. But I may assure him that I am not unaware of the activities which are the result of those ideologies. It may be that the behaviour of this side may not be pleasing to him, but I may assure him that we have a code of conduct which may not be quite in conformity with the code which they follow. I do not want to say anything more.

In regard to labour, I may say I have never mistrusted labour. I have always felt pleasure when I had come in contact with the members of the working class. And I can claim some amount of first-hand knowledge of the working of the mind of the working class in this country. I can assure my friends opposite that there has never been any question of mistrust of labour. If I trust anybody in this country the most, I trust the working class.

**Shri Nambiar:** Must be in practice.

**Shri Namdhari:** Yes, we trust.

**Shri Jagjivan Ram:** I trust them because I have found that they are unsophisticated. I have found that if things are placed before them in their real perspective, they are in a position to take their own decisions. I trust them because I have found that, left to themselves, they will never engage themselves in any way in any activity which is prejudicial to the nation or its interests. I have always believed in them. I have always trusted them. I have found on many occasions that but for the valuable advice that they get from their friends, guides and philosophers, they would have saved themselves from the many difficulties and troubles in which they have been placed at times.

**Shri Nambiar:** You will give them the peace of the graveyard.

**Mr. Deputy-Speaker:** Other hon. Members have got some experience also, if not more experience. Therefore, each will have his say.

**Shri Jagjivan Ram:** Therefore, I say that I always take pleasure in dealing with workers and labour. But I do not take the same pleasure in dealing with them through their intermediaries.

**Shri Gadgil:** In dealing with their leaders?

**Shri Namdhari:** Through their professional intermediaries.

**Shri Jagjivan Ram:** I want—and I have never made it a secret—to eliminate the intermediaries from this field, and sooner the intermediaries, to whatever political party they may belong.....

**Shri Gadgil:** Neo-Brahmins!

**Shri Jagjivan Ram:**.....are eliminated, the better for the working classes.

**Shri Raghunath Singh (Banaras Distt.—Central):** For the country too!

**Shri Jagjivan Ram:** I will go a step further and say for the world peace too.

**Shri Nambiar:** Travelling in the air?

**Shri Jagjivan Ram:** As I have said. I do not propose to take any more of the time of the House. I once more express my sincere thankfulness to all sides of the House. I know we are going to take a big responsibility—a responsibility on the failure or success of which depends to a very great extent the future economic pattern of this country. And, therefore, it should be the endeavour of all who want that the present economic set-up of the country, which no doubt has to a very great extent outlived its utility, should improve, to co-operate sincerely to make this undertaking a success. We may have differences—and differences we will have, there is no doubt about that—but the ultimate objective of making this nationalised undertaking a success should be a common effort, and I will only hope that the co-operation which has been extended to me in expediting the passage of this Bill will be extended to the corporations for making their work and responsibility a success. I once again thank you.

**Mr. Deputy-Speaker:** The question is:

“That the Bill, as amended, be passed.”

The motion was adopted.

**Mr. Deputy-Speaker:** The House will now adjourn and meet again at Four O'clock this evening.

The House then adjourned till Four of the Clock.