

**GOVERNMENT OF INDIA  
CIVIL AVIATION  
LOK SABHA**

STARRED QUESTION NO:204  
ANSWERED ON:18.03.2002  
C & AG REPORT ON IRREGULARITIES IN INDIAN AIRLINES  
MANIKRAO HODLYA GAVIT

**Will the Minister of CIVIL AVIATION be pleased to state:**

- (a) whether Comptroller and Auditor-General of India has pointed out certain irregularities in the functioning of Indian Airlines and its subsidiary - Alliance Air in its current year's report;
- (b) if so, the details thereof; and
- (c) the action being taken by the Government to remove these irregularities?

**Answer**

THE MINISTER OF TOURISM & CULTURE ( SHRI JAGMOHAN )

(a), (b) and (c): A statement is laid on the Table of the Sabha.

STATEMENT IN REPLY TO PARTS (a), (b) and (c) OF LOK SABHA STARRED QUESTION NO. 204 FOR 18.3.2002 REGARDING C&AG REPORT ON IRREGULARITIES IN INDIAN AIRLINES

(a), (b) and (c): The Comptroller & Auditor General of India in his latest report of 2001 has included the following paras pertaining to Indian Airlines and its subsidiaries:-

Sl.No.	Report Para No.	Subject
1.	1 1.1	(vi) Accounts in Arrears - Indian Airlines Ltd., Airline Allied Services Ltd. & Vayudoot Ltd.
2.	3 4.4.1	Overpayment of flying allowance to crew - Indian Airlines Ltd.
3.	3 4.4.2	Irregular payment to employees - Indian Airlines Ltd.

The status of each of the above paras is as under:-

Para No. 1.1

(vi) of Report No.1 of 2001 -

The annual accounts of a company for each financial year ending 31st March, are required to be submitted for audit within six months from the end of the financial year i.e. by 30th September. Sub section 1 of section 166 of Companies Act, 1956 provides that in the event of delay for valid reasons the period can be extended upto 31st December with the approval of the department of Company Affairs.

The position with regard to compliance in this regard for Indian Airlines, Airline Allied Services Limited and Vayudoot Limited is given below:

1. Indian Airlines

CAG have recorded that accounts for the year 1999-2000 were not submitted for audit in time. The annual accounts for Indian Airlines for the year 1999-2000 were approved by the Board on 5th November, 2000 and adopted after audit by CAG by the Annual General Meeting of the members on 27th December, 2000 i.e. before 31st December, 2000, the time upto which the approval of the Department of Company Affairs for submitting the audited accounts was obtained by Indian Airlines.

2. Airline Allied Services Limited

CAG have recorded that accounts for the year 1999-2000 were not submitted for audit in time. The annual accounts for Airline Allied Services limited in 1999-2000 were complied in time and approved by the Board on 29th December, 2000. They were submitted to the CAG for audit. The accounts were adopted at the Annual General Meeting of the members on 28th February 2001 after they were audited by the office of CAG.

3. Vayudoot Limited

CAG have recorded that accounts for the year 1997-98 to 1999-2000 were not submitted in time. The Government had decided in May 1993 to merge Vayudoot with Indian Airlines and at that time the account for more than 5 years had not been completed. Indian Airlines with its concerted efforts has now been able to update the accounts of Vayudoot Limited upto the year 1999-2000. The delay in completion of accounts was mainly on account of difficulty in reconciliation of old records. The dates of approval of the accounts by the Board and their adoption at the Annual General Meetings of Vayudoot Limited for the last three years are as under:

Year	Date of approval	Date of adoption by AGM
1997-98	7.11.2000	31.01.2001
1998-99	21.03.2001	02.07.2001
1999-2000	03.08.2001	23.10.2001

**Para No. 4.4.1 of Report No.3 of 2001**

This Audit Para is regarding not obtaining approval of the competent authority for the revised mode of payment of flying allowance. The Ministry of Civil Aviation, after due examination of the audit objection, have advised Indian Airlines Ltd. to put up the matter before its Board of Directors for ratification and Indian Airlines have confirmed that the matter will be put up at the earliest before the Board for ratification.

**Para No.4.4.2 of Report No.3 of 2001**

- In this Audit Para, Comptroller & Auditor General raised objections to the payment of compensation to employees of Indian Airlines Ltd. who retired due to roll back of age of superannuation from 60 years to 58 years in February, 2000. The Ministry of Civil Aviation have accepted the explanations of Indian Airlines that the compensation paid was necessary in view of very short notice having been given to the retiring employees and also to avoid possible litigation.