

**ESTIMATES COMMITTEE
1959-60**

SIXTY-SECOND REPORT

(SECOND LOK SABHA)

MINISTRY OF TRANSPORT & COMMUNICATIONS

**Action Taken by Government on the recommendations contained
in the Forty-Third Report of the Estimates Committee
(First Lok Sabha) on 'Indian Airlines Corporation'**



**LOK SABHA SECRETARIAT
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ESTIMATES COMMITTEE

1959-60

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INTRODUCTION

I, the Chairman of the Estimates Committee, having been authorised by the Committee, present this Sixty-Second Report of the Estimates Committee of the Second Lok Sabha on the action taken by Government on the recommendations contained in the Forty-Third Report of the Estimates Committee of the First Lok Sabha.

2. The Forty-Third Report of the Estimates Committee was presented to the Lok Sabha on the 22nd December, 1956. The Government furnished their replies indicating action taken on the recommendations contained in this Report between 25th February, 1959 and 8th April 1959. The replies were examined by a Study Group of the Estimates Committee on the 7th April, 1959 and 2nd September, 1959.

3. The Report has been divided into five Chapters:

I. Report.

II. Recommendations that have been accepted by the Government.

III. Replies of the Government that have been accepted by the Committee.

IV. Replies of the Government that have not been accepted by the Committee.

V. Recommendations in respect of which final replies of the Government have not been received.

4. An analysis of the action taken by Government on the recommendations contained in the Forty-Third Report is given at Appendix II. It would be observed therefrom that out of 90 recommendations made in the Report 47% of the recommendations have been fully accepted while 10% have been accepted partly. Of the rest, the replies of Government in respect of 21% of the recommendations have been accepted by the Committee while those in respect of 22% of the recommendations have not been accepted by the Committee.

H. C. DASAPPA,
Chairman,
Estimates Committee

NEW DELHI;

September 24, 1959.

Aswin 2, 1881(S).

CHAPTER I

REPORT

The Estimates Committee in para 6 of their Forty-Third Report (First Lok Sabha) had suggested that it would be advantageous if a non-official with experience in administration as well as in the air transport business could be made the Chairman of the Indian Airlines Corporation, as in the case of the Air India International. In reply the Government have stated that the recommendation of the Committee has been noted. *The Committee suggest that every effort be made to implement the Committee's earlier recommendation.*

2. In paras 62 and 63 of the Forty-Third Report (First Lok Sabha) the Committee had referred to the poor utilisation of 8 Heron aircraft on the purchase of which a capital expenditure of Rs. 74.25 lakhs had been incurred by the Indian Airlines Corporation and also to the fact that the aircraft had developed many troubles within a short time of their acquisition although a hundred of them were reported to be operating satisfactorily with operators all over the world. They expressed the view that the project had not been properly planned and recommended that an enquiry should be conducted into it. In reply the Government stated as follows:—

“The Herons had been purchased because the IAC wanted to open new feeder routes and an investigation at that time had shown that there was no other suitable aircraft to meet the Corporation's requirements for feeder routes except the Herons. The project had been examined by the technical experts of the Corporation and also by the DGCA and his experts. It was considered satisfactory and as Heron was the only four-engined aircraft, suitable for the feeder routes, available at that time and it was felt that it would generate traffic a decision was taken to purchase the aircraft.

The Herons were actually utilised on a number of feeder routes, namely, Delhi-Rajkot, Delhi-Bombay, Delhi-Ambala and Delhi-Allahabad. As the feeder routes did not generate sufficient traffic and proved thoroughly uneconomic it was decided to discontinue the feeder routes operated with Herons and also not to open new Heron routes.

Another factor which stood in the way of increased utilisation of the Herons was the shortage of crew.

As regards the defects in the aircraft experienced by the IAC it was stated that IAC had prepared a comparative statement of defects experienced during 1955 by Heron operators in the various parts of the world and it was found that the defects experienced by the IAC were not very much different or extra ordinary as compared to the defects experienced by other Heron operators. Some of the defects were in the nature of difficulties which were usual during the development period of any new type of aircraft.

The purchase of the Herons was a genuine endeavour to meet the requirements of the Corporation immediately after nationalisation and in the circumstances prevailing at that time. The purchase was made in good faith even though it could not be denied that the experiment of operating feeder routes with Herons proved a failure. It had been admitted in the Parliament that

the experiment done in good faith proved a failure and that it was a *bonafide* mistake. The Corporation had since decided to dispose of the Herons. They had already sold one aircraft and they were making strenuous efforts to dispose of the remaining aircraft also”.

The Government did not, therefore, consider it necessary to pursue the matter.

The Committee's views on the above reply of Government are as follows:—

It has been stated that the feeder routes on which the Herons were utilised did not generate sufficient traffic and proved thoroughly uneconomic. *In the circumstances, it would seem that a proper study of the traffic potential of the routes which were proposed to be opened with the Herons was not carried out before deciding on their purchase. This seems an unfortunate failure.*

It seems doubtful whether the suitability of the Heron aircraft for the routes on which they were proposed to be utilised was determined before purchasing the aircraft. In this connection, a reference is invited to para 51 of the Forty-Third Report where a doubt was expressed whether the long routes on which the Herons were actually operated could be considered as feeder routes and whether the aircraft was suitable to operate on such long distances.

While it was earlier stated by Government in a written reply furnished to the Committee in August 1956 that questionnaires had been sent to certain Heron operators and that the replies received from them showed that the Herons in their service were working satisfactorily, it has now been stated that the experience of the IAC with Herons was not different from that of other operators. Since the experience of the Heron operators was known even in 1955, when the IAC actually acquired the aircraft, the investment thereon might have been avoided had the IAC taken care to make proper enquiries in regard to their performance before purchasing the aircraft.

The Corporation have decided to dispose of the Herons and have already sold one of them. It is not clear at what loss they have sold it. *The Committee apprehend that in their efforts to dispose of the aircraft by auction the Corporation might sustain a heavy capital loss. If the loss is likely to be substantial the Committee would suggest that the feasibility of putting the aircraft to alternative use either by the Corporation or by Government or at least within the country might be fully explored before deciding upon their disposal.*

3. In para 96, the Committee had recommended that the number of approved travel agents should be gradually reduced and restricted to those who mainly handled tourist traffic. The Government have stated in reply that the Corporation is following the policy of restricting the number of Travel Agents, particularly at places where it has its own Booking Offices. The Committee observe that the Committee on Cost Structure of the IAC has also suggested that the number of agents should be strictly controlled. They feel that the appointment of agents would be justified only if they can render services which the Booking Offices cannot perform or in case it is more economical to entrust such services to the agents instead of the Booking Offices. *The Committee, therefore, recommend that the relative economics of appointing travel agents and of extending the services of Booking Offices be worked out and in the light of it the justification for the present number of travel agents reviewed.*

4. In para 147, the Committee observing that indigenous manufacture accounted for a small proportion of the stores requirements of the Aviation Industry made the following recommendations for development of indigenous sources of supply and their intensive utilisation:—

- (i) A conference of manufacturers who might be able to enter the field might be held under the auspices of the Ministry of Commerce and Industry.
- (ii) An Equipment Committee should be appointed to advise Government on the more intensive utilisation of indigenous capacity for air transport equipment.
- (iii) Show rooms might be opened at important industrial centres for the display of representative samples of imported equipment.
- (iv) An assessment should be made of the requirements of stores and the feasibility of manufacturing as many of them as possible in HAL or elsewhere should be explored.

In reply the Government stated that the recommendation of the Committee that indigenous manufacture of aircraft spares and stores required by the industry should be encouraged, was accepted in principle and that the specific recommendations of the Committee in that respect were being pursued. *The Committee hope that early action will be taken to translate the acceptance in principle into practice and to ensure that as much of the stores as possible are produced indigenously by developing and encouraging the capacity for the production of such items in India.*

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

S. No. of recommendation	Ref. to para No. of the Report	Summary of Recommendations	Reply of the Government
1	2	3	4
2	7	<p>It should be the endeavour of the Government to find for the Boards of the Corporations persons with special knowledge of Air Transport industry and with business acumen.</p>	<p>The recommendation of the Estimates Committee is accepted in principle. However, it has been found difficult to secure the services of persons with special knowledge of Air Transport Industry.</p> <p>[<i>Ministry of Transport and Communications, U.O. No. 1-CA(1)/59, dated 25-2-59.</i>]</p>
3	8	<p>The Committee consider that there is no justification for a separate General Manager as long as there is a whole-time paid official as the Chairman.</p>	<p>The recommendation of the Committee is accepted. The position obtaining in the Indian Airlines Corporation was as recommended by the Estimates Committee, till November, 1957. A whole-time General Manager was appointed with effect from 21-11-1957. There is no whole-time paid Chairman, at present.</p> <p>[<i>Ministry of Transport and Communications, U.O. No. 1-CA(1)/59, dated 25-2-59.</i>]</p>

5

11 Suitable internal rules of procedure should be framed for the purpose of having a Board of Management consisting of the Chief Executive and his Heads of Departments to facilitate discussion of all important questions concerning the Corporation. Minutes should be recorded of the meetings of the Board of Management.

The recommendation has been accepted and implemented by the Indian Airlines Corporation. A Board of Management, presided over by the General Manager, has been set up on which all the Departmental Heads at headquarters viz. the Financial Comptroller, the Chief Operations and Training Manager, the Engineering Manager, the Controller of Stores, the Chief Administrative Officer, the Secretary to the Corporation and the Chief Audit Officer are represented. The Board meets once a week and the minutes of the meeting are duly recorded.

[*Ministry of Transport and Communications, U.O. No. I-CA(1)/59, dated 25-2-59.*]

7

17 The Committee feel that the time has come for evolving a rational system of organisation to ensure an economical and efficient operation of the air transport in the country.

The observations of the Committee have been noted.

[*Ministry of Transport and Communications, U.O. No. I-CA(1)/59, dated 25-2-1959.*]

11

22 The Committee recommend that the speed, initiative and the efficiency of administration at various levels should be kept continuously under review. All cases where a responsible official on the spot is unable to act and has to make references to higher officers for sanction should be carefully examined to see whether consistent with his status more powers could be delegated to him.

The Corporation have accepted and implemented the recommendation by delegating enhanced powers to Heads of Departments at headquarters and the Bases, as well as to Station-in-Charges, wherever considered necessary, with a view to avoiding unnecessary reference to higher authorities.

[*Ministry of Transport and Communications, U.O. No. I-CA(1)/59, dated 6-3-59.*]

12 23 The Committee would recommend that the Corporation should immediately make a careful comparison of the delegation of powers obtaining in the IAC with those in the AII and take steps to delegate further powers wherever it is found necessary. The Committee would also suggest that the powers enjoyed by the officers of the Corporation at various levels should be compared with those that were enjoyed by the well run private air transport companies, immediately before the nationalisation.

The Corporation has accepted the recommendation of the Estimates Committee and have since delegated enhanced powers to their officers, keeping in view the powers delegated to corresponding categories of officers in the Air-India International Corporation. Thus, the powers delegated to the Chairman and the General Manager are practically the same in both the Corporations. Differences in the extent of powers delegated to the officers of the two Air Corporations, which exist in a few cases, are due largely to the different pattern of administration in the two Corporations.

[*Min. of T. and C. U.O. No. 1-CA(1)/59, dated 6-3-59*].

The Committee recommend that the Corporation should study the reports of various modern airlines and improve both the extent of information furnished in their reports as also the standard of reporting. The Committee feel that the attention even to small matters as the get-up of the annual reports will be taken to some extent by the general public as representing the extent of attention the Corporation devotes to all its affairs. They would, therefore, recommend that sufficient attention should be paid to such matters*.

The recommendation has been noted.

[*Ministry of Transport and Communications, U.O. No. 1-CA(1)/59, dated 25-2-59*].

18

46 The Committee consider that there is no justification for delaying any further, a critical analysis and assessment of the existing route pattern of the Indian Airlines Corporation with a view to its rationalisation and recommend that it should be undertaken immediately, so as to prevent the Corporation from getting deeper into the rut of losses, in which it has found itself today. The Air Transport Council and the Advisory Committee to be constituted under section 41 of the Act, may be consulted in the matter if necessary.

27

64 The Corporation proposes to get ten Vickers Viscount aircraft. The Committee feel that the result of the enquiry recommended in the previous para should help the Corporation to plan ahead correctly for this bigger and costlier project.

32

72 The Committee consider that the Corporation should have as its objective the standardisation of its fleet with the minimum number of types of aircraft, necessary for the main types of operation in the country such as trunk routes, the feeder routes and the freighter services.

The IAC have since reviewed and rationalized their route pattern in three main stages viz. w.e.f. the 1st August, 1958, 1st October, and 15th October, 1958.

[*Ministry of T. and C. U.O. No. 1-CA(1)/59, dated 6-3-59.*]

The recommendation has been noted by the Corporation. The introduction of the Viscounts was planned carefully in advance and the ten Viscounts were put into service according to schedule.

[*Ministry of Transport and Communications, U.O. No. 1-CA(1)/59, dated 6-3-59.*]

The recommendation of the Committee that the Corporation should have as its objective the standardization of its fleet with the minimum number of types of aircraft, is accepted in principle.

[*Ministry of Transport and Communications, U.O. No. 1-CA(1)/59, dated 25-2-59.*]

* Since the finalisation of the Report and on the eve of its presentation, printed copies of the annual reports have been received.

33 The Committee understand that the Hindustan Aircraft Ltd. has a scheme to start a line of production of medium sized aircraft. The Committee would, therefore, recommend that there should be utmost coordination in this matter among the Corporation, Indian Air Force and the Hindustan Aircraft Ltd.

35 The Committee feel that with the introduction of more modern aircraft flying at higher speeds, the Corporation should take steps to introduce more modern systems of operational control. As they involve additional capital investment and import of equipment, a phased programme should be drawn out and early steps should be taken in that direction.

The recommendation is accepted in principle. The aircraft purchased recently by the Indian Airlines Corporation (10 Viscounts) are equipped with long range RT equipment. In the case of the older types of aircraft with the IAC *viz.* the Dakota and the Skymaster, it would be very expensive to change the Radio equipment of these aircraft. However, the management have not taken a final decision in the matter, in the case of Dakotas and the Skymasters. The aircraft which succeeds the Dakota will, of course, also be fitted with long-range RT.

[*Ministry of Transport and Communications, U.O. No. I-CA(1)59, dated 7-4-59.*]

36 From the percentage increase under the various items, it is seen that the highest increase has been recorded under General Administration. Next in order are the increases under traffic and sales, booking agency commission and passenger and cargo mail services. The

The recommendation has been noted. It is the endeavour of the Corporation to stop disproportionate rise in expenditure in all directions consistent with the efficient running of the organization.

As recommended by the Committee, coordination is being maintained between the Department of Civil Aviation, the Ministry of Defence and the Indian Airlines Corporation in this matter. [*Ministry of Transport and Communications, U.O. No. I-CA(1)59, dated 25-2-59.*]

Committee consider that these results are significant and that the Corporation should study these trends carefully and take remedial measures to stop disproportionate rise in expenditure under certain heads.

[Ministry of Transport and Communications, U.O.
No. I-CA(1)/59, dated 20-21-3-59.]

38 79—81

The Committee recommend that the Corporation should keep in view all factors like wastefulness, bad navigation etc. which result in avoidable expenditure on fuel and take necessary steps to eliminate such wastage.

The recommendation has been noted by the Corporation. Some of the steps taken by the Corporation to reduce the fuel consumption are:—

(i) The Chief Engineer pay particular attention during the overhaul of the Dakota type of aircraft to ensure that the mixture strength of carburetters is kept within the limit prescribed by the makers.

(ii) Instructions have been issued to all pilots to fly on track and at the correct altitude taking maximum advantage of prevailing winds without causing discomfort to passengers.

(iii) Pilots have been instructed to request the Control for direct landings whenever possible in order to avoid additional flying time, and therefore, consumption of petrol by having to do a complete circuit.

(iv) Pilots are supervising refuelling personally.

(v) Wherever possible, aircraft are being towed instead of being taxied under their own power to and from dispersal points.

(vi) Security measures on the ground also exist to prevent pilferage.

[*Ministry of Transport and Communications, U.O. No. I-CA(1)/59, dated 25-2-59.*]

40 86 The need for maintaining the safety factors at the highest standards cannot be over-emphasised. The Committee, therefore, consider that action on each of the remedial measures indicated in para 85 of the Report should be vigorously pursued and that every failure on the part of the pilots and in the aircraft should be constantly watched with a view to taking effective measures to check all such failures.

The recommendation has been noted by the Director General of Civil Aviation and the Indian Airlines Corporation.

[*Ministry of Transport and Communications, U.O. No. ICA(1)/59, dated 30-3-59.*]

16

42 94 The Committee feel that with the growing industrialisation in the country considerable scope exists for increasing the passenger traffic in the internal services. For this purpose, energetic steps should be taken by the Corporation to popularise air journeys.

The recommendation of the Committee is accepted in principle.

[*Ministry of Transport and Communications, U.O. No. I-CA(1)/59, dated 20/21-3-59.*]

45 97 The Committee feel that the possibility of some of the persons in charge of the booking offices being in collusion with certain travel agents who are prepared to split the commission, should not be overlooked and that a strict

The recommendation of the Committee has been noted.

[*Ministry of Transport and Communications, U.O. No. I-CA(1)/59, dated 20/21-3-59.*]

watch should be kept to prevent such occurrences. The Committee would further recommend that there should be a periodical review of the recognition of travel agents and the number should be kept down to the minimum. As far as possible there should be coordination with the Transport Ministry to ensure that the leading air travel agents are also those who are recognized as travel agents for road and rail journeys.

47 101

There are special schedules of rates for perishables like fruits and vegetables and also for articles in bulk. The Committee feel that adequate publicity for the availability of such rates has not been given and merchants may not be taking advantages of such rates being ignorant of their existence.

The suggestions made by the Committee have been noted by the Corporation.

Ordinarily, bulk rates and commodity rates are used for booking cargo in the light of spare capacity. Such rates are circulated to Agents and Stations concerned maintain a liaison with the merchants.

[*Ministry of Transport and Communications, U.O. No. 1-CA(1)/59, dated 20/21-3-59.*]

48 102

The Committee would recommend the appointment of Regional Councils to which the representatives of local trades and prominent citizens of the locality should be appointed. The authorities should discuss with the Council the ways of increasing the traffic from the area. Such Advisory Councils should also discuss methods by which the Corporation's services could serve the regions better.

The recommendations of the Committee have been noted. An Advisory Committee for the Indian Airlines Corporation was appointed by the Government in April, 1958. In this Committee, representatives of the Chambers of Commerce in Madras, Bombay and Calcutta, the Travel Agents Association the Air Passengers Association and the Tourist Department and three Members of Parliament have been included. The total number of members is

49 103 The Committee suggest that the problems of freight traffic over areas where bottlenecks occur in Railway Transport as for instance at transhipment points may be studied with a view to finding out, if certain types of cargo could be conveniently and economically transported by air over such areas.

For this purpose the Chambers of Commerce representing the trades affected by the bottlenecks at the transhipment points may be contacted to explore the possibilities of introducing freighter services over such areas.

Even as regards the movements of perishables like fruits and vegetables the Committee feel that more traffic could be attracted by the Corporation by keeping very close liaison with the trade interests dealing in such merchandise. With proper publicity the Corporation should also be able to attract parcel traffic on private account.

16. In the light of the experience gained, the appointment of Regional Committees will be considered by the Corporation.

[*Ministry of Transport and Communications, U.O.*
No. I-C.A(1)/59, dated 20/21-3-59.]

The suggestions have been noted by the Corporation.

[*Ministry of Transport and Communications, U.O.*
No. I-C.A(1)/59, dated 20/21-3-59.]

50 104

The Committee would suggest that the Corporation may obtain the services of an experienced officer of the railways to conduct their traffic surveys until some of their own officers are trained to do the work competently. The results of such surveys would facilitate a reorganisation of the route pattern.

A detailed review of the traffic potentialities of the regions served by the Indian Airlines Corporation was made by a special Committee in 1958 and a revised route pattern was introduced in three stages.

The Indian Airlines Corporation propose to set up a market survey organisation and steps are being taken to give necessary training to officers within the Corporation. The proposed organisation will maintain liaison with the Railway Board whose advice and help will be sought whenever necessary.

[*Ministry of Transport and Communications, U.O. No. I-CA (1)/59, dated 7-4-59.*]

52

106

The Committee consider that efforts to improve the standards of courtesy and helpfulness on the part of the staff of the Corporation towards their clients, the standards of cleanliness and upkeep in the aircraft as well as in the station, the quality of food served in the planes as well as in the canteens should not be slackened.

The recommendation has been noted by the Corporation.

[*Ministry of Transport and Communications, U.O. No. I-CA(1)/59, dated 25-2-59.*]

53

107-108

The Indian Airlines Corporation is said to have introduced a system of 'suggestion cards'. The Committee would recommend that the Corporation should have the suggestions examined by a Committee at frequent

The suggestions received from the public are dealt with by the Passenger Relations Sections which have been set up in the Headquarters of the three bases directly under the Area Managers. The suggestions pertaining to subjects

intervals. When the Advisory Committee is appointed they could also be consulted on the various suggestions made. The Committee feel that since the survey already conducted was inadequately designed and its results were not analysed, it could not have possibly led to any useful results.

of a general nature are forwarded by the three Areas to the I.A.C. Hqs. where they are examined by the Heads of Departments concerned as well as by the Board of Management. The suggestions from the public, wherever necessary, are also placed before the Advisory Committee of the Corporation which was set up in April, 1958.

[*Ministry of Transport and Communications, U.O. No. I-CA(1)/59, dated 7-4-1959.*]

54 109

The Committee recommend that a comprehensive review of flight timings of all the services should be undertaken to minimise inconvenience to passengers.

The recommendation made by the Committee has been noted. This had been kept in view when changes in the route pattern were introduced during the year 1958.

[*Ministry of Transport and Communications, U.O. No. I-CA(1)/59, dated 20/21-3-59.*]

55 110-113

The Committee were informed that the revision of fares and freight was under consideration and that the question was referred to the Air Transport Council, in September, 1955. The Report is expected to be ready by the end of December, 1956. Since the matter is under the consideration of the Air Transport Council the Committee do not desire to discuss this

The suggestions made by the Estimates Committee were brought to the notice of the Air Transport Council in January, 1957, i.e., immediately after the receipt of the 43rd Report of the Estimates Committee. The Air Transport Council submitted its report on the fares and freight rates of the I.A.C. in May, 1957. Copies of the Report were laid on the Table of both the

question in detail and would confine themselves to some general observations.]

Houses of Parliament.

The Committee feel that the fare structure should not be arbitrary as it is and that the fares should be fixed on some standard basis, whether it be a uniform rate based on distances or a telescopic rate. The Committee feel that in deciding on the fares and freight structure, a realistic view of the situation regarding the economics of the airlines operation in this country should be taken and that the fares and freights charged should bear a reasonable relation to the cost of economic and efficient air transport operation.

These are considerations which the Committee hope will weigh with the Air Transport Council while they arrive at their decisions.

[*Ministry of Transport and Communications, U.O. No. 1-CA (1)/59, dated 20/21-3-59.*]

59

The Committee recommend that a careful study of seasonal traffic variations over the various routes should be made and suitable concessions should be introduced to promote traffic in order to fill up available capacity without necessarily lowering the general level of fares. It should be possible during off-season to introduce concessional fares both for passengers and goods. Eventually, should traffic justify it, the question of introducing extra services and of incidentally improving aircraft utilisation might also be considered.

The suggestions made by the Committee have been noted.

[*Ministry of Transport and Communications, U.O. No. 1-CA (1)/59, dated 25-2-59.*]

59 117 The Committee understand that the Corporation has a procedure for allotting seats in stations other than those from where the services commence. Reservations of such nature are generally done by teleprinters and wireless telegraph channels. The Committee feel that the present system of sector allocation as well as the unsatisfactory communications system results in the loss of saleable space, and therefore, suggest that it should be improved upon to the extent possible in such a way as would minimise the loss on this account. They also recommend that wherever wireless channels are available, the Corporation should be enabled to use them to the maximum extent for the purpose of communication between stations to effect reservations and regulate sale of space for passenger and freight.

The Committee's recommendations for the improvement of the present system of sector allocation and the communications system have been noted by the Corporation. The Aeronautical Fixed Communications Circuits of the D.G.C.A. have been made available for the transmission of I.A.C.'s messages with regard to seat reservations from the first week of June, 1956.

The Committee consider that since neither personal attendance nor a written request is necessary for the purchase of a ticket, it is meaningless to insist on either of these for making the refund and that it should be possible to make the refund after deducting cancellation charges simply on production of the unused tickets, as is done by the Railways.

The present procedure followed in the I. A. C. allows refunds to be made for tickets bought for cash either to the passenger himself or to his authorised agent.

[Ministry of Transport and Communications,
U.O. No. 1-CA(1)/59, dated 20/21-3-59.]

[Ministry of Transport and Communications,
U.O. No. 1-CA (1) /59, dated 20/21-3-59.]

65

124

The Committee feel that it would be advantageous if there was a system by which on payment of a certain sum to the Corporation the passenger would be deemed to be covered by an insurance. The Committee recommend that this question be considered in consultation with the Life Insurance Corporation and a suitable system evolved in consultation with the insurer to provide for a certain cover for every passenger.

The passenger fares introduced by the I. A. C. w.e.f. 15-6-1958 have been so evolved as to enable the Corporation to make *ex-gratia* payments in the event of accident to passengers the payment being subject to the following maxima for fatal accidents :—

Rs. 42,000 for passengers in the age group of 12 years and above.

Rs. 21,000 for passengers in the age group of 3 years but below 12 years.

Rs. 4,200 for passengers in the age group of under three years.

[*Ministry of Transport and Communications*
U.O. No. 1-CA (1)/59, dated 20/21-3-59.]

66

125

The Committee recommend that a review should be made of the accuracy of all the weighing machines used by the Corporation and that they should also be periodically checked for their accuracy.

The recommendation has been noted. The Corporation's weighing machines installed at the airports and the Booking Offices are being periodically inspected by the manufacturers' representatives with whom they have a regular contract. Periodical checks of the weighing machines are also carried out.

[*Ministry of Transport and Communications*
U.O. No. 1-CA (1)/59, dated 25-2-59.]

67

126

The Committee feel that it should be possible to provide at least sufficient number of seats of the slumberette type at the airport, so that passengers may be seated and feel relaxed while they are waiting. The Committee recommend that early steps should be taken to introduce this amenity to the passengers.

Sufficient number of easy-chairs have been provided at the Nagpur Airport for the benefit of the passengers.

[*Ministry of Transport and Communications*,
U.O. No. 1-CA (1)/59, dated 20-3-59.]

69 The Committee feel that the time taken for overhaul and repairs at H.A.L. could be further reduced if certain procedures were strictly observed. The Committee suggest that a review of the existing procedures should be conducted with reference to the difficulties experienced by the Corporation as well as by the Hindustan Aircraft Ltd. and a suitable procedure evolved, having in view the main object of cutting out delays.

No more overhaul work is being allotted to M/s. Hindustan Aircraft Ltd., by the Indian Airlines Corporation since September, 1957.

[*Ministry of Transport and Communications, U.O. No. 1-CA(1)/59, dated 25-2-59.*]

70 The Committee suggest that the engineering schedules and procedures should be tightened up to achieve greater efficiency and to ensure that the fleet is available for utilisation to the maximum extent at all times.

The recommendation has been noted by the Corporation. The maintenance and overhaul schedules drawn up by the Corporation for various types of aircraft are also scrutinised and examined by the Directorate General of Civil Aviation before they are approved, bearing in mind the achievement of maximum efficiency, reliability and safety.

[*Ministry of Transport and Communications, U.O. No. 1-CA (1)/59, dated 25-2-59.*]

71 Maintenance relates to items directly affecting airworthiness of the aircraft or the appearance and serviceability of equipment as well as to items not directly related to airworthiness.

The recommendation has been noted. A Cabin Department has been organized by the Corporation under the control of the Engineering Department to improve the standard of interior cleanliness.

The Committee recommend that special attention should be paid to this matter of appearance whether it be the outside of an aircraft or its inside, e.g., its upholstery, its seats and walls, its cleanliness, etc.

[*Ministry of Transport and Communications, U.O. No. 1-CA (1)/59, dated 25-2-59.*]

73

The Committee feel that there should be a Survey Committee consisting of engineers and other technical personnel who would scrutinise the stores and consider which of them would be useful and which could be disposed of either by themselves or as a part and parcel of the aircraft available for disposal. It is necessary that early action should be taken to dispose of all unnecessary stores. Apart from this, there should also be a regular procedure of periodically reviewing the stock, to repair all the repairable stores and to dispose of the unnecessary and unserviceable stores.

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The procedure recommended by the Estimates Committee is being followed by the Indian Airlines Corporation.

[*Ministry of Transport and Communications, U.O. No. 1-CA (1)/59, dated 30-3-59.*]

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The Committee consider that necessary storage accommodation should be constructed as early as possible and that grudging expenditure on this account would be false economy.

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Steps have already been taken to provide necessary storage accommodation at the bases.

[*Ministry of Transport and Communications, U.O. No. 1-CA (1)/59, dated 20/21-3-59.*]

76

The Committee recommend that the present system of provisioning spares should be reviewed and the stock-piling of rare, special and critical items, undertaken at an early date.

The recommendation has been noted. A procedure has been evolved in consultation with the Engineering Department to rationalize the provisioning of aircraft items. The provisioning Department is required to watch any abnormal increase in consumption of items and take immediate provisioning action as and when

necessary. As regards the suggestion for stock-piling of rare, special and critical items, it is not practicable to stock-pile stores in excess of the absolute immediate requirements, in the context of the present acute foreign exchange position.

[*Ministry of Transport and Communications, U.O. No. 1-CA(1)/59, dated 20/21-3-59*]

79 151 The Committee consider it necessary that a very early settlement should be reached on all the staff matters to enable the Corporation including all its employees to direct their undivided attention to the important problems facing it.

The disputes between the Employees' Union and the management were referred to the National Industrial Tribunal on 10-6-1957. The Tribunal's award, which was accepted in toto, was published on 20-3-1958. The I. A. C. have taken steps to implement the award.

[*Ministry of Transport and Communications, U.O. No. 1-CA(1)/59, dated 20/21-3-59.*]

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166

One of the greatest assets of the Corporation is the morale of the staff and no effort will be too much to keep up and improve that morale. Officers in authority should keep personal contacts with those who have to be guided and organized by them, understand their problems and difficulties and infuse confidence in them. The staff should on the other hand realise their responsibilities and cooperate to the

The recommendation has been noted by the Corporation and is being followed.

utmost so that the nation may reap the benefit of their services.

[*Ministry of Transport and Communications, U.O. No. 1-C(1)/59 dated 25-2-59.*]

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171 The Committee feel that there is still a need to make suitable arrangements for advanced training in a Central Training Establishment.

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173 The Committee would observe that while in the past, lower standards might have been accepted with all the attendant risks, there should be no complacency about accepting what is not the best in training. The urgent necessity for a standard of training far more exacting and rigid than any which has so far been imposed should be appreciated. The Committee consider that the accidents that have taken place so far due to pilot error should be a sufficient warning and that there should be no laxity in the standards expected of pilots.

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175 The Committee recommend that the D.G.C.A. should make it essential for check pilots to have endorsements on their licences in respect of all the types of aircraft on which they have to check other pilots.

A Central Training Establishment has since been set up by the Indian Airlines Corporation at Hyderabad with effect from the 10th October, 1958.

[*Ministry of Transport and Communications, U. O. No. 1-C. (1)/59, dated 25-2-59.*]

The recommendation is accepted. The certificate in instrument rating has been enforced by the Director General of Civil Aviation and with effect from 1st April, 1958 all pilots flying in command of the I.A.C. aircraft on scheduled services and non-scheduled services carrying passengers, are required to be in possession of Instrument Rating. In the case of non-scheduled operators, the requirement that a Pilot flying in command must have instrument rating has been enforced with effect from 1st October, 1958. The total number of Instrument Rating Certificates issued by the D.G.C.A. up to 31st March, 1959 is 347.

[*Ministry of Transport and Communications, U.O. No. 1-CA(1)/59, dated 7-4-59.*]

The recommendation has been accepted and implemented.

[*Ministry of Transport and Communications, U.O. No. 1-CA(1)/59, dated 20/21-3-59.*]

CHAPTER III

REPLIES OF THE GOVERNMENT THAT HAVE BEEN ACCEPTED BY THE COMMITTEE

Serial No. of recommen- dation	Ref. to para No. of the Report	Summary of Recommendations	Reply of the Government
1	2	3	4

The Indian Airlines Corporation should also have it as their aim to have the same Senior Executive incharge of both operations and engineering departments.

The present pattern in the Indian Airlines Corporation under which there is a separate Head for the operations and the Engineering Departments, is considered, from the experience gained, to be one that is ideal for an establishment as large and as varied as the Indian Airlines Corporation.

The Air-India International Corporation has only a limited establishment strength, a small fleet of 10 aircraft (at present) and comparatively few services operated per week. There is also only one operations and Engineering base, *vis.*, Bombay. On the other hand, the Indian Airlines Corporation has a bigger establish-

ment, a large and varied fleet of aircraft which is nearly seven times larger than the size of the Air-India International's fleet. The Indian Airlines Corporation operate numerous services daily, thereby necessitating the maintenance of three main bases at Bombay, Calcutta and Delhi and the size of the operations bring about operational, engineering and administrative problems which in the interest of safety, economy, and regularity, cannot be attended to expeditiously if there is only a single head incharge of both the Operational and Engineering Departments. For maintenance of a high standard of efficiency in the context of the magnitude of the day-to-day problems, the present arrangements in the Indian Airlines Corporation have to be continued. The Heads of the Engineering and Operations Branches, however, work in very close liaison.

[*Ministry of Transport and Communications U.O.*
No. 1-CA (1)/59, dated 25-2-59.]

6 12 The Committee recommend that the post of Chief Personnel Officer should be abolished and the work should be entrusted to the Secretary as permanent arrangement.

The Corporation had tried the experiment of combining the post of Chief Personnel Officer with that of Chief Administrative Officer during the period 1st October 1956 to 1st March 1958 but found that the arrangement was not entirely satisfactory. Under such an arrangement of combination of posts, many important and urgent matters concerning personnel and their welfare could not be given undivided attention. The

Corporation have therefore revived the post of Chief Personnel Officer with effect from 1st March 1958.

[*Ministry of Transport and Communications, U.O. No. I-CA (1)/59 dated 25-2-59.*]

8 18 The Committee feel that the Area Headquarters at Delhi may be eliminated without any difficulty and the entire operation controlled from the Calcutta and Bombay bases only.

The recommendation has been carefully examined with reference to the work load in the Engineering, Operations, and Traffic Departments and it is considered that the elimination of the Delhi base will not be a practicable step. It will also create considerable administrative difficulties as the Corporation is just emerging from the phase of integration and any dislocation in the set up, which has otherwise worked satisfactorily, is not considered advisable. The retention of the Delhi base is, therefore, deemed necessary.

[*Ministry of Transport and Communications U.O. No. I-CA(1)/59, dated 6-3-59.*]

13 26--27 The Committee understand that despite the provisions of Sections 23 and 24 of the Air Corporations Act, which were intended to prevent manipulations of assets and liabilities on the part of the Companies in order to obtain higher compensation, those Companies did resort to a few transactions of a questionable

The recommendation of the Estimates Committee has been brought to the notice of all the Ministries concerned, including the Ministry of Law.

[*Ministry of Transport and Communications, U.O. No. I-CA(1)/59 dated 25-2-59.*]

nature and the Corporation had to pay compensation. The Committee suggest that the lesson of these cases should not be lost sight of and that all of them should be reviewed with a view to making suitable provisions in future bills for nationalisation, so as to avoid their recurrence. The difficulty that arose regarding the deduction for leave liability should also not be lost sight of when drafting compensation rules in future.

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34—36

The Committee feel concerned at the mounting losses incurred by the Corporation. The Committee recommend that urgent measures should be taken in all the various directions pointed out by the Committee to stop the continuing drain on the public exchequer.

The observations of the Committee have been noted by the Government and the Corporation. The Indian Airlines Corporation have since reviewed and revised, in stages, the route pattern. The passenger fares have been revised on the basis of recommendations made by the Air Transport Council, with effect from the 15th June, 1958. A Committee has also been set up to examine the cost structure of the Corporation. The Committee commenced its work with effect from the 17th January, 1959.

[Ministry of Transport and Communications, U.O.
No. 1-CA (1)/59, dated 25-2-59.]

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42

The Committee understand that it has not yet been finally ascertained what amount the Corporation would have to pay on account of audit charges. They feel, however, that the

The recommendation of the Estimates Committee was duly brought to the notice of the Comptroller and Auditor-General who has since settled the amount to be levied for the audit of the account

amount provided is somewhat high and suggest that early steps should be taken to ascertain from the Comptroller and Auditor-General the actual amount. The Committee would suggest that the matter be discussed with the Comptroller and Auditor-General of India so as to economise on the cost of Government audit, if possible.

of the Indian Airlines Corporation which are as follows:—

Period	Rupees
1953-54	1,42,865
1954-55	1,20,063
1955-56	83,443
1956-57	1,01,962

The Audit have stated that the rates are so calculated as to yield in the course of the year as nearly as possible the exact cost of the establishment employed upon the local audit work. The Audit have intimated that they are, however, reviewing the matter in the light of the observations made by the Estimates Committee.

[*Ministry of Transport and Communications, U.O. No. I-CA(1)/59, dated 7-4-59.*]

As regards the load factor, it is seen that on the Bombay—Bangalore and Bombay—Delhi (evening) service, the load factor attained is 79.6% and 83.9% respectively. Still both these services are operating at a loss. The Committee consider it a very unsatisfactory position that such heavy losses should be incurred in spite of the load factor being so high. They feel that this calls for an im-

The revenue on the Bombay-Delhi (evening service) operated with Viking aircraft upto 21-11-1957 and with Viscount thereafter was more than the total operating cost during the financial year 1957-58. When this service was operated with Viking, the capacity offered was low due to the need for additional fuel under instrument flying conditions. With a reduced capacity for sale, actual traffic carried was correspondingly low—thus the loss

mediate investigation into the costs on these routes and urgent steps to effect necessary economy.

notwithstanding a high percentage of capacity-utilisation. The revenue on the Bombay-Bangalore service was less than the total operating cost partly because the fares on the routes were very low. The passenger fares have been revised with effect from the 15th June 1958. As stated in reply to the Recommendation No. 14 a Committee has been appointed to examine the cost structure of the Corporation.

[*Ministry of Transport and Communications, U. O. No. 1-CA(1)/59, dated 25-2-59.*]

20 The Committee would suggest that as part of the analysis of route pattern suggested above, the question of correlating the type of aircraft used on a route with the traffic on that route should also be examined afresh, with reference to the load factor on that route and the relative overall economics of operation by various aircraft.

27 The three main types of aircraft in the fleet of the Indian Airlines Corporation at present are the Viscounts, Skymasters and the Dakotas. These aircraft are utilized on various routes with reference to the traffic and the relative overall economics of operations.

[*Ministry of Transport and Communications, U.O. No. 1-CA(1)/59, dated 6-3-59.*]

22 The Corporation took over from the Air Transport Companies a fleet of 98 aircraft of which nine were not put into commission, and are now sought to be disposed of in an 'as is' condition. The Committee recommend that instead of continuing to hold these aircraft in stock, effective steps may be taken to dispose them of at an early date through second-hand aircraft dealers, either in this country or

28 The Indian Airlines Corporation have since sold 8 out of the 9 Aircraft referred to by the Committee. The one remaining aircraft *vis.*, Avro Anson has no demand in India or abroad. The Indian Airlines Corporation are, however, pursuing their efforts to dispose of this aircraft.

abroad. The Committee would suggest that the Hindustan Aircraft Ltd., may also be consulted before disposing of the aircraft in case they could find any use for the spare parts.

23 55—56 About the release of a Dakota aircraft to Messrs. Airways Limited, the Committee understand that it was handed over in accordance with an undertaking given before nationalisation to each of the companies and the compensation to the company was paid after deducting the cost of this aircraft from the valuation of the assets of the Company. The Committee consider that the circumstances in which such a commitment was made should be reviewed by Government in order to see whether the commitment was made after taking into consideration the public interest.

[*Ministry of Transport and Communications, U.O. No. 1-CA(1)/59, dated 6-3-59.*]

On the eve of nationalization the private airlines had submitted a Memorandum to the Government which contained a request that any Company desiring to buy back any aircraft not exceeding three in number should be entitled to do so on the terms at which they were acquired from it by Government. The Government had, however, not given any assurance to the ex-Airlines. After nationalisation, the Corporation had sold only one Dakota aircraft to one of the ex-Airlines. When similar requests for the purchase of aircraft from the Corporation by the ex-Airlines were received subsequently, the position was reviewed and the requests were turned down.

[*Ministry of Transport and Communications, U.O. No. 1-CA(1)/59, dated 20/21-3-59.*]

24 59 The Committee would recommend that when the Skymasters are replaced by Viscounts, they should be used for long range charter opera-

Even though all the 10 Viscounts have since been received and put into service on the main trunk routes, there has not been any noticeable decrease

tions and that they should be retained to the extent it is necessary for such purposes.

so far in the traffic on the Night Airmail Services. It has, therefore, not been possible to withdraw the Skymasters from the Night Airmail Service. The recommendation of the Committee regarding utilization of Skymasters, when they become spare, for long-range charter operations has been noted by the Corporation.

[*Ministry of Transport and Communications, U.O. No. 1-CA(1)/59, dated 25-2-59.*]

28 67 While the ATEC envisaged a utilization of 2200 hours per annum with unified operations the Corporation has still not reached a figure of 1500 hours. The Committee recommend that every effort should be made to increase the aircraft utilization and to put the present fleet to maximum effective and economic use.

The recommendations has been noted by the Corporation and efforts have been and are being made to ensure better utilization of the present fleet.

3 5
[*Ministry of Transport and Communications, U. O. No. 1-CA(1)/59, dated 25-2-59.*]

34 74 The Committee learn that even though a detailed manual for operation of Dakotas was prepared and given to the Corporation for printing and supplying copies to the pilots operating it has not yet been printed. The Committee regard this as a most unbusiness-like omission on the part of Corporation in an important matter.

The Indian Airlines Corporation have reported that they found from practical experience that the Operations Manual required re-editing. The re-edited version of the Operations Manual was subsequently published and the distribution of the Manual to all concerned was completed in January, 1957.

[*Ministry of Transport and Communications, U.O. No. 1-CA(1)/59, dated 6-3-59.*]

39 82-83 The Committee would also refer to the fact that the price of aviation fuel in India is high. In addition to the basic price, there are also customs and excise duties amounting to nearly one rupee per gallon. Added to this certain States have levied heavy rates on aviation fuel. The Committee also understand that international services and the Air Force do not have to pay such heavy duty on aviation fuel. The position would therefore mean that on account of the operations of the IAC while the Government lost in 1955-56 nearly Rs. 119.4 lakhs, the country's exchequer also gained Rs. 96.34 lakhs. Therefore the apparent financial improvement that could be effected by helping the Corporation to reduce its total costs on fuel will contribute to improving the morale of its employees and thereby help to increase efficiency and better its financial prospects. At the same time the real loss to Government will not be worsened. The Committee would therefore recommend that the matter should be considered by Government from this point of view and necessary action taken.

A reference is invited to the O.M. No. 13(65)/57-Cus.-V, dated 17-8-1957 (Appendix I) from the Ministry of Finance (Department of Revenues) to the Estimates Committee in which it has been explained why it was not possible for the Government to accept the recommendation for granting relief to the Indian Airlines Corporation by way of tariff concession on aviation fuel. This question had also been considered recently by the Government in consultation with the Comptroller and Auditor General and it was decided that the IAC should not be exempted from payment of customs duty on aviation fuel and instead, the Government should subsidize the Corporation on the basis of "standard cost of operation", a formula for which should be worked out by an Expert Committee.

[Ministry of Transport and Communications,
U.O. No. 1-CA(1)/59 dated, 20/21-3-59.]

93 The Committee would recommend that at the airports there should be a device to display prominently the allocation of pay-load among passengers, freight and mail, thus clearly indicating the capacity available and the extent to which it is booked.

It is considered that it would be difficult to implement the suggestion on the following grounds:

(i) It is not all passengers who can understand even the rudiments of weight and balance of aircraft. Any attempt to explain to them the significance of pay-load, fuel load, safety fuel, landing weight restrictions and the like is likely to result in confusion.

(ii) There are always last minute cancellations both at the Booking Offices and the Airport Office. The mail is invariably given 15 to 30 minutes before the departure of the service and it would not be possible for the P & T Department to confirm in advance the weight of mails and due allowance has to be made for marginal adjustments.

(iii) However, the staff on duty at the Booking Office and at the airport do keep the passengers informed in case of an enquiry about the availability of seats. Efforts will also be made by the IAC to explain, by such means as distribution of pamphlets, the system of reservation of passenger seats and allocation of pay-load among passengers, freight and mail.

[Ministry of Transport and Communications, U.O.
No. I-CA(1)/59, dated 20/21-3-59]

43 95 The Committee would suggest that advertisement and publicity programmes of the Corporation should be given a further impetus and an expenditure up to one per cent of the revenue should be considered a worthwhile investment for attracting more traffic. In this matter the IAC should follow the example of the AII as far as the standard of publicity and propaganda are concerned. For this purpose the Corporation would do well to utilize the machinery available with the AII for designing and organising publicity.

51 105 It is understood that certain foreign countries are experimenting with convertible passenger freight aircraft which have flexible internal arrangements by which the main passenger cabin remains intact and does not suffer from the inevitable wear and tear of conversion, while at the same time the ability of the plane to carry full pay-load with varying proportions for cargo and passenger traffic is also ensured. The Committee suggest that the Corporation should study these developments with a view to deriving the utmost advantage from such modern developments.

The suggestion has been noted by the Corporation but it has to be borne in mind that the publicity requirements of the AII and the IAC are not identical.

[Ministry of Transport and Communications,
U.O. No. I-CA(1)/59, dated 20/21-3-59.]

The suggestion made by the Committee has been examined by the Corporation from time to time. Aircraft with folding seats have been introduced on routes where the quantum of load in terms of cargo and passenger is interchangeable as a regular measure. The noticeable example is the passenger-cum-freighter service between Calcutta and Mohanbari and the constant use of the "payloader" aircraft on the Calcutta Agartala/Khowai/Kamalpur/Kailashahr route. There are at present 10 Dakota aircraft fitted with "folding" seats in operation.

[Ministry of Transport and Communications, U.O.
No. I-CA(1)/59, dated 20/21-3-59.]

114 The Committee recommend that the limit for free baggage allowance may be increased from 44 lbs. to 50 lbs. (or from 20 K.G. to 22.75 K.G. in the metric system).

The Indian Airlines Corporation are not in favour of increasing the free baggage allowance from 44 lbs. to 50 lbs. as it would constitute a departure from the well-established practice followed by operators all over the world. In addition to the free baggage allowance of 44 lbs. an extra free baggage allowance is actually given to the passenger in respect of certain unregistered articles up to a limit of 5 lbs. which the passenger can carry with him.

[Ministry of Transport and Communications, U.O. No. I-CA(1)/59, dated 20/21-3-59.]

118 The Committee suggest that the feasibility of levying service charges in return for allowing priority reservations may be considered.

The feasibility of levying service charges in return for allowing priority reservations has been considered, but it is found to be impracticable. As the Indian Airlines Corporation Booking Offices are in touch with the Government agencies holding priority seats, loss of business on account of unused priority seats is avoided as far as possible. In the majority of cases the number of priority seats is not more than one in respect of any one service. The feasibility of reducing the number of priority seats in certain cases and advancing the time for the release of unused seats are being examined.

[Ministry of Transport and Communications, U.O. No. I-CA(1)/59, dated 7-4-59.]

61 119-120 The Committee recommend that the matter may be further examined to see if further delegation of powers could be made to the Station Heads to make refunds on unused tickets which are bought on credit and payment for which is made subsequently, but before the notice of cancellation.

Station-Heads have the power to make refund on unused tickets which have been paid for in cash and a regular float is being maintained at all stations for this purpose. However, it is not possible to make refund against credit bookings as in the majority of cases the tickets are bought through other airlines or agents and according to the ordinary practice of the trade the debit and credit for such bookings are between the airlines/agents on the one side and the transporting airline on the other. Refunds on account of cancellations of such credit bookings on the spot by the Station-Heads are likely to create complications all round.

[Ministry of Transport and Communications, U.O. No. 1-CA(1)/59, dated 20/21-3-59.]

63 122 The Committee recommend that if the transfer of reservation to a later date is effected upto 24 hours prior to the scheduled departure of the plane for which the original reservation is made, no cancellation charge should be levied.

The Corporation feel that it would be difficult to meet it is suggestion as postponement of journey 24 hours before the flight may make it difficult to get a passenger for the particular flight. The recommendation has, however, been noted by the Corporation for future consideration.

[Ministry of Transport and Communications, U.O. No. 1-CA(1)/59, dated 25-2-59.]

64

The Committee feel that the question of providing a limited transferability of the air ticket should be considered.

123

The transferability of the ticket is ordinarily not accepted by other modes of transport in the country and it is prominently printed on the tickets in the case of Railways and recognised road transport undertakings. In the case of commercial houses and Government offices, if it becomes necessary to transfer the ticket at the last minute, a fresh ticket may be purchased and a reference made to the Headquarters through the station concerned for refund of the unutilised tickets. A relaxation of the rules in this connection, will, in the opinion of the Corporation, be unusual.

[Ministry of Transport and Communications, U.O. No. 1-CA(1)/59, dated 25-2-59.]

72

The Committee consider that the Corporation as a Government sponsored body should take advantage of the existence of the Government organisation for disposals. For this purpose all scrap items which might fetch a negligible amount and which might not justify the payment of commission to the supply organisation may be separated and disposed of by auction by the Corporation itself.

As regards the rest, as far as possible the disposal should be arranged through the DGS & D.

Apart from scrap items, which the Corporation may dispose of by auction, as suggested by the Estimates Committee, the Corporation will have, for disposal, aircraft spares and stores. The Stores Organisation of the Corporation is in a better position to dispose of such items at most advantageous terms than the DGS & D, because it is in constant touch with the dealers in aircraft spares and airline operators not only in India but in foreign countries also. Keeping in view the recommendation made by the Estimates Committee in Para 53 of their Forty-third Report, it is considered that the Stores Organisation of the Corporation should continue to handle the disposal of their obsolete/surplus items

as there is no advantage to be gained by entrusting such work to the agency of the DGS & D, involving thereby payment of commission and the observance of an elaborate procedure. It may also be mentioned that the Government (in the WH& S Ministry) have generally accepted the recommendations of the Stores Purchase Committee not to expand the Disposal Organisation. [Ministry of Transport and Communications, U.O. No. 1-CA(1)/59, dated 20/21-3-59.]

81 159 The Committee recommend that urgent steps should be taken to reduce overtime work to the minimum.

83 161 The sum expended on staff welfare services amounts to an average of Rs. 21 per head per annum. The Committee consider that this is quite low and it should be the aim of the Corporation to spend increasing amounts on staff welfare activities.

Strenuous efforts have been made by the Corporation to control the amount of overtime work.

[Ministry of Transport and Communications, U.O. No. 1-CA(1)/59, dated 20/21-3-59.]

The expenditure on Staff Welfare Services for the year 1955-56 noted by the Estimates Committee did not include the canteen losses subsidized by the Corporation, the expenditure on providing subsidized transport, salaries of medical officers, credit cooperatives, beds at sanatoria for I.B. Patients and expenditure on Holiday Homes run for the benefit of the staff. The I.A.C. have reported that the expenditure on Staff Welfare Services for the year 1957-58 comes to an average of Rs. 45 per head per annum. This includes expenditure on canteens, provision of subsidized transport, maintenance of credit cooperatives, salaries of

medical officers, cost of medicines, demands for beds in sanatoria for T.B. patients and Holiday Homes.

[*Ministry of Transport and Communications, U.O. No. 1-CA(1)/59, dated 30-3-59.*]

84 163 The Committee are assured that it is very rarely that a pilot flies more than 1000 hours a year, but the statutory restrictions regarding medical examination after 125 hours still continue. The Committee feel that the matter should be considered afresh and that the attraction of overtime wages should not be allowed to prevail over considerations of the health of the aircrew and the safety of passengers. They, therefore, recommend that the question of introducing statutory limitations as recommended by both the Air Transport Enquiry Committee and the Master Committee should be reviewed at an early date.

The bulk of flying in India is done by the two Corporations, who have organized their air crew utilization in such a manner that no undue fatigue is caused to the pilots. The Corporations are in the process of building up their establishment strength of Pilots and in the IAC the utilization of Pilots per month has fallen from 76.7 hours per month during the year 1954-55 to 63.1 hours per month during the year 1957-58. The monthly average for the period April 1958 to January 1958 is only 61 hours.

The question whether any further statutory limitations than that which exist at present, should be imposed on the number of hours to be flown during any specified period with reference to the actual conditions in the two Corporations is kept under constant review.

[*Ministry of Transport and Communications, U.O. No. 1-CA(1)/59, dated 30-3-59.*]

88 174 The Committee learnt of a very regrettable incident in which a certain check pilot passed on one particular day 18 pilots which would

It is admitted that there was dereliction of duty on the part of the Check Pilot. The Check Pilot concerned had personally apologised to the

have meant his having flown for 26 hours in a day. Explaining the incident the Director-General of Civil Aviation said that the Check pilot did not carry out all the manoeuvres himself as he should have done but had carried out the more difficult manoeuvres finishing the checks each in about 25 minutes. The Committee find that the check pilot held a very responsible position in the I.A.C. which he continues to hold despite this incident that no action was taken against him and that he has not even been removed from the approved list of check pilots. The Committee are surprised to see that such dereliction of duties was lightly passed over even after it came to the notice of the D.G.C.A. and no action whatsoever was taken against the officer except that of rewarding him by providing a welcome relief from such additional and onerous responsibilities. The Committee take a very serious view of condonation of such irregularities on the part of responsible officials which cannot but undermine discipline and morale in the Corporation and would urge upon the Government to investigate the case with special reference to the failure to take any action against the individual concerned and also to lay down procedure and rules which prevent repetition of such cases.

Director General of Civil Aviation and assured him that such negligence on his part would not take place again. The lapses on his part were also pointed out to him by the I.A.C. and he had also been reprimanded for his future guidance.

Procedures already exist for carrying out local and route checks in order to ensure that the checks are carried out thoroughly. The rules and procedures in this regard are being reviewed. The Check Pilots are appointed for a period of six months at a time and their flying record and experience are kept in view before they are approved as Check Pilots. The Check reports submitted by pilots are scrutinised carefully and the efficiency with which they carry out the checks is taken into account when the list of Check Pilots is revised from time to time.

In October 1957, the Government had appointed a Committee known as 'Raha Committee' to review the system of training and licensing of civil air pilots. The Committee submitted their report on 31-6-1958. The recommendations made by the Committee, *viz.*, for improving the quality of training of pilots and for checking their efficiency, which, *inter alia*, envisage the appointment of a Chief Inspector of Flying, three Regional Inspectors of Flying and an Ins-

pector of Flying each for the CATC, Flying Clubs, are under examination.

[Ministry of Transport and Communications, U.O. No. 1-CA (1)/59, dated 30-3-59.]

90 176-177 The Corporation intends to put up a building to house its Headquarters office at New Delhi. The Committee were informed that when tenders were invited for the design etc., the Institute of Architects protested saying that it was not customary for tenders to be invited from firms of professional architects. The tenders were, therefore, stopped and the design was obtained from a firm after private negotiations. The Corporation appears to hold the view that since that firm has designed the building the construction of the building should also be entrusted to them. The Committee are not satisfied with the position taken by the Corporation and would recommend a review by the Ministry in consultation with the Ministry of Works, Housing and Supply with a view to laying down a definite policy in the matter for the guidance of all the nationalised undertakings.

39 The Indian Airlines Corporation have reported that the correct facts are that they appointed the Architects, in consultation with the Chief Architect and Town Planner to the Government of India, only for preparing designs of the building and for architectural supervision of the work. The Corporation intended that the construction work of the building should be entrusted to a separate contractor to be appointed after inviting competitive tenders. Accordingly, they invited tenders from Class I contractors of the Central Public Works Department, Railways and others on 20-1-1957. The tenders were opened on 20-2-1957, but no decision could be taken regarding the acceptance of the tenders in view of the fact that the Corporation had, in the light of the Estimates Committee's recommendation contained in Paras 19 and 20, postponed the construction programme pending a decision on the location of the headquarters of the Corporation. The Works, Housing and Supply Ministry have confirmed that there has been no defect in the procedure adopted by the Corporation in regard to :—

(a) selection of a firm of architects for preparing a design for the headquarters

building without calling for tenders,
and

(b) calling for tenders for the construction of
the building.

In the circumstances, there appears to be no
need for a general review of the policy which
the Estimates Committee have proposed on the
assumption that the procedure adopted by the
Indian Airlines Corporation was defective.

[*Ministry of Transport and Communications,*
U.O. 1-CA(1)/59, dated 20/21-3-59.]

CHAPTER IV

REPLIES OF THE GOVERNMENT THAT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Serial No. of recommendation	Reference to paragraph No. of the Report	Summary of Recommendations	Reply of the Government	Comments of the Committee
1	2	3	4	5
1	6	<p>It would be advantageous if a non-official with experience in administration as well as in the air transport business could be made the Chairman of the Corporation as in the Air-India International Corporation.</p>	<p>The recommendation of the Committee has been noted. <i>[Ministry of T. & C. U.O. No. 1-CA(1)/59, dated 25-2-59.]</i></p>	<p>Please see para 1 of Chapter I.</p>
15	41	<p>Under Section 15(1) of the Air Corporations Act, the forms of the accounts are to be prescribed by the Central Government in consultation with the Comptroller and Auditor-General of India. Action has not yet been completed as required under this provision. The Committee</p>	<p>The draft forms of accounts have since been prepared in consultation with the Comptroller and Auditor General. The new forms will be brought into force commencing with the Annual Accounts of the Corporations for the current financial year <i>viz.</i> 1958-59.</p>	<p>It has taken Government five years to introduce new forms of accounts. The Committee consider the delay as regrettable.</p>

hope that a very early decision will be taken in the matter and forms of accounts as finally decided will be introduced at least from 1st April, 1957.

[Ministry of T. & C. U.O. No. 1-CA(1)/59, dated 25-2-1959.]

21 The Committee recommend that the question of determining feeder routes should be examined afresh and that the route pattern and services should be so designed that passengers do not have to travel long distances on aircraft which are designed only for short runs.

The recommendation has been noted. The 'feeder routes' operated by Herons referred to by the Committee in paragraph 51 have been discontinued since April, 1957.

[Ministry of T. & C. U.O. No. 1-CA(1)/59 dated 6-3-59.]

The Committee observe that the feeder routes operated by the Herons have been discontinued. They suggest that the economics of operating feeder routes with particular reference to their traffic potential should be worked out periodically and kept under review.

25 The additional proposed Heron Services which were mentioned in the Annual Report of the Ministry for 1955-56 have not yet been put into effect.

The Heron Services could not be introduced as planned as there was shortage of trained crew. It was also found that the Heron Services which had already been introduced like the Delhi-Rajkot and Delhi - Bombay Services were operating at a heavy loss. It was, therefore,

The Committee note with regret that the shortage of trained crew was not anticipated when the project was planned.

decided by the Board of the Corporation to discontinue the unremunerative Heron routes and not to introduce additional Heron Services, which were likely to prove uneconomic.

[*Min. of T. & C. U.O. No. 1-CA(1)/59, dated 25-2-59.*]

The purchase of Herons by the Indian Airlines Corporation has been discussed in the Parliament on more than one occasion. A reference is invited to the speech of the Minister of Civil Aviation in the Lok Sabha on 27th March, 1958 during the discussion on the demands of the Ministry of Communications and the speech of the Minister of Transport and Communications on 7th May, 1958, in the course of a two-hour discussion on the Annual Reports of the Air Corporations.

The Herons were purchased towards the end of the year 1954 as the I. A. C. wanted to open new feeder routes and an investigation at that time had shown that there

The Committee find that the project regarding purchase of 8 Herons has not been properly planned. They also consider it strange that the aircraft about a hundred of which have been reported to be operating satisfactorily with the operators all over the world should develop so many troubles within a short time after the Corporation acquired them. The Committee, therefore, recommend that an enquiry should be conducted into the causes of the troubles that the aircraft gave and action taken to fix responsibility therefor and also for the failure to plan properly the use of aircraft.

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62-63

Please see para 2 of Chapter I.

was no other suitable aircraft to meet the Corporation's requirements for feeder routes except the Heron. It had been realized that whatever new aircraft was purchased, its cost of operation would be fairly high compared to the poor traffic potential on the feeder routes. It was thought that the Herons, being four-engined aircraft, would attract a greater amount of traffic than the Dakotas. The feeder routes which were operated with the Herons, however, proved thoroughly uneconomic and, therefore, on the basis of the actual experience of the revenue earning capacity of the aircraft, it was decided not to introduce additional Heron services. The I. A. C. had tried to develop new routes like the Delhi-Ambala route but as the traffic was extremely poor, the experiment had to be given up. Another

factor which stood in the way of increased utilization of the Herons was the shortage of crew. In these circumstances the utilization of Herons fell below the estimated figure.

As regards the defects in the aircraft experienced by the I. A. C. a careful study has been made and it has been revealed that similar defects were noticed by Heron Operators in other parts of the world. Some of the defects were in the nature of difficulties which are usual during the development period of any new type of aircraft.

The purchase of the Herons was a genuine endeavour to meet the requirements of the Corporation immediately after nationalization and in the circumstances prevailing at that time. The purchase was made in good faith even though it cannot be denied that the experiment of operating feeder routes with Herons proved a failure.

However, in respect of the Viscount project which followed, the planning was done very carefully keeping in mind the lessons learnt from the Heron operations in respect of route planning, utilisation of aircraft, and other connected matters. In selecting a replacement for the Dakota aircraft also, the experience of the Heron operations will be borne in mind. The Government therefore do not consider it necessary to pursue the matter further.

[Ministry of Transport and Communications U.O. No. 1-CA(1)/59 dated 8-4-59.]

31 70 The Committee feel that the replacement of any type of aircraft and acquisition of newer types would need much advanced planning. They, therefore, consider that the question should be taken up for examination

The recommendation is accepted and the question of replacement of Dakotas is already engaging the attention of the Corporation and the Government.

[Ministry of Transport & Com-

The Committee recommend that a decision in the matter should be expedited.

now regarding the policy to be followed about the re-
placement of Dakotas.

37

78 The Committee understand that hiring of transport and consequent expenditure of over Rs. 2,50,000 per annum was rendered necessary since the transport vehicles taken over from the previous airlines were unfit for service and had to be replaced. The Committee feel that very early action should be taken in the matter as it is uneconomical to pay large amounts on hire.

munications U.O. No. 1-CA (1)/59, dated 25-2-59.]

The expenditure on the hire of motor transport was reduced from the figure of Rs. 2,50,000 noted by the Estimates Committee for the year 1955-56 to Rs. 1,27,000 during the year 1956-57. The expenditure on this account was further reduced to Rs. 61,000 during 1957-58.

[Ministry of Transport and Communications, U.O. No. 1-CA (1)/59, dated 20/21-3-59.]

44

96 The Committee, however, feel that the expenditure incurred by the Corporation by way of payment of commission to the Travel Agents is quite large and should be capable of reduction. They would, therefore, recommend that the number of approved travel agents should be gradually reduced further and restricted to those who mainly handle tourist traffic. The

The Committee hope that this expenditure has since been eliminated.

Please see para 3 of Chapter I.

The Corporation are following the policy of restricting the number of Travel Agents, particularly, at places where they have their own Booking Offices. Before nationalization the number of Booking Agents in India was 99 and outside India the number was 33. The I. A. C. have at present only 47 Booking Agents in India and 39 outside India.

Corporation should also reduce the rates of commission paid to the Travel Agents.

The Agency Commission paid and total revenue earned on passenger bookings during the years 1955-56, 1956-57 and 1957-58 are as follows :—

Year	Booking Agency Commission	Total Revenue earned on Passenger Bookings
1955-56	20.39	808.60
1956-57	19.95	861.35
1957-58	21.40	926.07

(Rs. in lakhs)

The increase in the amount of Booking Agency Commission paid in relation to the increase in the total revenue earned on passenger booking during the last three years is not unreasonably high.

The rates of Commission paid by the I. A. C. for bookings

on their international services are in accordance with the rates approved by the International Air Transport Association. As for the rates paid on their bookings on domestic services, the Corporation are of the opinion that there is no scope for reduction, as the rate, at present allowed by them, is generally the standard rate all over the world and any reduction in the existing rate is likely to seriously affect the promotion of business.

[*Ministry of Transport and Communications, U.O. No. 1-CA (1)/59, dated 20/21-3-59.*]

46 98—100 It has come to the notice of the Committee that on account of the credit facilities extended to a travel agent, the Corporation has incurred a loss of over Rs. 2 lakhs. The Committee find that no action has yet been taken to fix responsibility for this failure which entailed a heavy loss. They consider that an immediate enquiry should be instituted in order to fix res-

The Committee are surprised that the Corporation was unable to fix responsibility for the loss. They hope that such cases will not be repeated.

In March, 1956, the case was investigated by a senior officer of the Indian Airlines Corporation. On the basis of the facts brought out in his report, explanations were called for from the officers concerned. Later, the case was further investigated by an independent Committee of Enquiry, consisting of two senior officers of the Corporation. After taking into account the

possibility for this failure and to take suitable action against the officials of the Corporation who were responsible for this loss. After the incident, the agreements with the Agents have been revised and now bank guarantees or bonds are further taken from them. Also fortnightly settlements have been provided for. The Committee consider, that in addition the Corporation must ensure that settlements are actually made when due and that accumulations are not allowed under any circumstances.

findings of the Committee and of the peculiar circumstances which prevailed in the initial period of reorganization and integration, the Corporation have come to the conclusion that it is not possible to fix individual responsibility.

2. The Travel Agent, who committed the fraud, has been convicted by the Chief Presidency Magistrate, Calcutta, and awarded a punishment of one year's rigorous imprisonment and a fine of Rs. 1000/-, of which a sum of Rs. 800 is payable to the I.A.C., if realized.

3. The Corporation have tightened up the procedure to ensure that settlements are actually made when due, and that accumulations are not allowed.

[Ministry of Transport and Communications, U.O. No. 1-CA (1)/59, dated 20/21-3-59.]

The Committee were told that credit facilities could be extended by the Corporation to private individuals also. The Committee feel that at least a system of sale of travel coupons such as those provided by the Railways formerly to commercial firms could be introduced by the Corporation. Business houses of repute, credit-worthy institutions, Departments of Governments and prominent individuals could be provided with such coupons of air travel.

The Corporation may also consider the sale of air travel in mileage blocks to business organisations. The Corporation may also consider the question of allowing reasonable discounts on the purchase of bulk air travel. At the same time precautions should be taken to prevent misuse of any such special privileges.

The Committee recommend that a Committee of experts should carefully consider the

The suggestions made by the Committee have been noted. The Corporation have advised the Areas to extend credit facilities to individuals, well-known firms and business houses with a view to meet their direct bookings. As regards the suggestion for allowing reasonable discounts on the purchases of bulk air travel, the Corporation have not come to any decision but the suggestion will be examined keeping in view the recommendation contained in para 96 of the Estimates Committee's 43rd Report on the I.A.C.

[*Ministry of Transport and Communications, U.O. No. 1-CA (1)/59, dated 20/21-3-59.*]

The recommendation of the Committee that when large scale expansion in the I.C.A.

The Committee recommend that a decision in the matter should be expedited.

The Committee suggest that the feasibility of utilising spare facilities, if any, avail-

matter and advise the Corporation regarding the location, reorganisation and development of its workshops. The services of an expert engineer who has experience about the organisation of airline workshops may also be obtained under one of the technical aid schemes for this purpose. In this connection, the Committee feel that plans for location and development of workshops of allied industries should also take into consideration the total needs of the country in respect of that entire industry.

has to be thought of there should be a comprehensive review of the location and rationalization of the workshops, has been noted. The services of a foreign expert have not been obtained so far since the Chief Engineer of the three bases and the Engineering manager of the Indian Airlines Corporation have adequate experience having visited several airline Workshops and the factories of a number of aircraft manufacturers in the U.K., Europe and the United States of America. There has been a gradual process of rationalization and improvement of the overhaul bases since nationalization.

The Wheatcroft Committee, which examined the cost structure of the I.A.C. have also made some suggestions in regard to the distribution of work among the overhaul bases and these are under examination by the I.A.C.

able with HAL may also be considered while planning development of its own workshops.

The plans for further rationalisation and development of the workshops will depend on the aircraft selected to replace the Dakota fleet of the I.A.C., and, in this connection, the recommendation made by the Estimates Committee will be borne in mind.

As regards liaison with the Indian Air Force, this has been established and the Air Force have agreed to entrust the overhaul of their Viscount aircraft and Drat engines to the Indian Airlines Corporation.

[*Ministry of Transport and Communications, U.O. No. 1-CA (1)/59, dated 7-4-1959.*]

74 The Committee would suggest, that the Corporation should consider the question of using, as far as possible, the services of the Indian Stores Department in London and Washington for purchase of stores. While articles of proprietary nature and critical requirements could be obtained

144 A reference is invited in this connection to the Government's reply to the recommendation at Sr. No. 37 of the Estimates Committee's 41st Report on the Air India International which has been accepted by the Committee (*vide* pages 25-26 of 34th Report—Second Lok Sabha). The

The Committee recommend that steps should be taken by Government to expedite the procurement procedures of the Government purchasing agency and also that as far as possible the Corporation should endeavour to utilize the services of such agencies.

directly, it should be possible for the Corporation to obtain its periodical replenishment through the Stores Department.

I.A.C. had tried to make purchases, on an experimental basis; through Government purchasing agency and their experience was that the procurement procedures of the Government agency took more time than those of the I.A.C. It has, therefore, been decided that the Corporation should continue to make its own purchases.

[*Ministry of Transport and Communications, U.O. No. 1-CA (1)/59, dated 20/21-3-59.*]

Indigenous manufactures account for a small proportion of the total stores requirements of the industry. The Committee recommend that a conference of manufacturers who may be able to enter this field may be held under the auspices of the Communications Ministry. The Development Wing of the Com-

The recommendation of the Committee that indigenous manufacture of aircraft spares required by the industry should be encouraged is accepted in principle. In pursuance of a similar recommendation made by the Stores Purchase Committee for the development of manufacture in the country of stores imported

merce and Industry Ministry may also be associated with the conference. The Corporation should be able to interest the manufacturers in the stores requirements and the outcome of such conference should be helpful to the Commerce and Industry Ministry in processing the technical and practical aspects of the scheme with a view to developing such manufacturers within the country. The Committee would also recommend that an Equipment Committee should be appointed by the Government to advise them on the more intensive utilisation of indigenous capacity for air transport equipments. Show rooms may also be opened at important industrial centres for the display of representative samples of imported equipments as has been done by the Railways.

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The Committee recommend that an assessment should be made of the present position and after determining the types

from abroad, the essential requirements of the two Corporations considered suitable for indigenous manufacture were estimated and the requisite data furnished to the supplies organisation.

The possibilities of manufacturing aircraft spares and stores within the country have also been explored by the Corporations and some of the aircraft items which are used in large quantities are being produced in India, e.g., Dakota aircraft main wheel tyres, thinners, aircraft soldiers, gaskets, etc.

However, it has to be borne in mind that the turn over of business in the case of very many items, which could otherwise be locally manufactured, would be such as to make it uneconomic to venture production in the country.

The D.G.C.A. also issues from time to time notices conveying the names of organisations which are approved for the

S. Nos. 77 and 78.
Please see para 4 of Chapter I.

of aircraft spares that would be required in the future but which might become difficult to obtain, the feasibility of manufacturing as many of them in Hindustan Aircraft Ltd., or elsewhere in the country should be explored.

purpose of manufacturing all aircraft spares and stores.

The specific recommendation made by the Estimates Committee regarding the intensive utilisation of indigenous capacity for air transport equipment is being pursued. [*Ministry of Transport and Communications, U.O. No. 1-CA(1)/59, dated 30-3-59.*]

The Committee would also recommend that the question of introducing piece work system of wages with bonus should be considered in order to ensure reasonable output and to encourage workers who show increased output.

Unlike the Air-India International, the Indian Airlines Corporation has not instituted any system for rewarding its employees for good sugges-

The Indian Airlines Corporation have instituted a system of granting cash rewards for useful suggestions. The Corporation have also decided that outstanding workers may be given upto two advance increments in pay by the competent authority.

As regards the recommendation for the introduction of piece work system of wages with bonus, the scheme can be considered only after a

The Committee recommend that a decision on the introduction of piece work system of wages with bonus should be expedited.

tions. The Committee recommend that such a system should be introduced and should be given wide publicity among the staff.

system of norms for man hours for all repetitive jobs is evolved. This question is being examined by the Corporation.

[*Ministry of Transport and Communications, U.O. No. 1-CA(1)/59 dated 7-4-59.*]

CHAPTER V

RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT
HAVE NOT BEEN RECEIVED

Serial No. of recom- mendation	Reference to Paragraph No. of the Report	Summary of Recommendations	Reply of the Government	Comments of the Committee
1	2	3	4	5

Serial Nos. 9 and 10

9	19	The Committee do not feel happy about the tendency to centralise a large number of offices of all degrees of essentiality in Delhi. Especially the autonomous Corporations, which do not have to function as departments of Government, should think in terms of locating their Headquarters offices as far as possible in different parts of the country.	The question regarding the location of Headquarters of the Indian Airlines Corporation is still under consideration. The recommendation contained in Chapter V of the 41st Report of the Estimates Committee regarding the possibility of having a common Corporation is also being kept in view.	S. Nos. 9 and 10— The Committee may be informed of the decision when arrived at.
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The Committee consider that the question whether the Headquarters of the Indian Airlines Corporation should remain at Delhi should be examined afresh by the Government and the management of the Indian Airlines Corporation.

10 20 A building at a cost of Rs. 25 lakhs is proposed to be constructed at New Delhi to house the Headquarters office of the Corporation. The Committee suggest that no further commitments should be made on the building project until the re-examination of the location of the Headquarters of Indian Airlines Corporation suggested in para 19.

[Ministry of Transport and Communications, U.O. No. 1-C.A (1)/59, dated 6-3-1959.]

29 68 The Corporation is able to handle only 50% of the non-scheduled traffic available. The Committee feel that it is being made better utilization of their Dakota fleet by taking up additional traffic in the last three years. The Committee would, however, like to know the revenue derived from the non-scheduled traffic in the last three years.

should be possible by means of better operational planning to achieve greater utilization of aircraft by undertaking more non-scheduled traffic.

work like supply dropping in the NEFA Area. A special unit has also been created in the Calcutta area for supervising the freighter operations. These measures are expected to increase the utilization of the Dakota aircraft.

[*Ministry of Transport and Communications, U.O. No. 1-CA(X)/59, dated 25-2-59.*]

30 67) The Committee suggest that while considering the question of fuller utilization of the existing fleet it should also be considered how the aircrafts that may be rendered surplus by the introduction of Viscounts should be utilized. A well thought out and properly phased programme should be worked out in advance to make the changeover smooth and to ensure that uneconomic operation or idle capacity does not result from such a changeover.

The Corporation has given due attention to this recommendation. The Vikings have been completely withdrawn from the field of scheduled operations, with the introduction of Viscounts. Even though it had been assumed that with the introduction of the Viscounts, it would be possible to retire the Skymasters, it has not been found practicable to withdraw the Skymasters as there has been no appreciable decrease in the traffic on the Night Air-mail Service so far.

The Committee would like to know as to how it is proposed to utilise the aircraft that have been withdrawn from the field of scheduled operations or have been rendered surplus, by the introduction of Viscounts or otherwise.

In this connection, the commendation contained in para 59 of the Committee's 43rd Report regarding utilization of Skymasters, when they become spare, for long range charter operations, is also being kept in view.

The route pattern has also been critically examined and changes introduced to eliminate uneconomic operations and achieve better utilization of the fleet.

[*Ministry of Transport and Communications. U.O. No. 1-C/A (1)/59, dated 25-2-59.*]

80 In the Corporation, staff productivity is admittedly low which was also stated by its Chairman to be one of the reasons for the heavy expenditure incurred under overtime. The Committee recommend that every effort should be made to increase the productivity.

The Corporation is making every effort to improve the morale of the staff in general and to increase production.

[*Ministry of Transport and Communications, U.O. No. 1-C/A(1)/59, dated 25-2-59.*]

APPENDIX I

F. No. 13 (65)/57-Cus V.

GOVERNMENT OF INDIA

MINISTRY OF FINANCE (DEPT. OF REVENUE)

New Delhi, the 17th August, 1957

OFFICE MEMORANDUM

SUBJECT :—*Exemption from duty—aviation fuel import of, by the Indian Airlines Corporation—Estimates Committee—Forty-third Report of.*

The undersigned is directed to invite the attention of the Lok Sabha Secretariat to their Office Memorandum No. 28-ECI '57, dated the 3rd August 1957, on the subject noted above.

2. The Estimates Committee in its 43rd Report, relating to the Indian Airlines Corporation, had observed that the continuous losses incurred by the Corporation would have a demoralising effect on its employees. In order to enable the Corporation to improve its morale and better its financial prospects the Committee recommended that help by way of reducing the cost incurred by the Corporation on fuel by lowering the incidence of taxation on aviation spirit, used in its aircraft.

3. The above recommendation was fully examined by the Government of India, but they have not been able to accept the validity of the arguments advanced in support of the recommendation. So far as the sales tax element of the total taxation is concerned, it is a State subject with which the Central Government are not concerned. The question of granting any rebate of (Central) Excise duty does not arise as aviation spirit is not at present manufactured in the country. The point to be considered, therefore, is whether any relief is possible from customs duty paid on the quantities imported by the Corporation.

4. The proposal made is that relief from Customs duty would bolster up morale. As against this must be weighed the adverse effect on efficiency brought about by a system of veiled subsidies, which is what a rebate of customs duty would amount to. It might give the Corporation an appearance of efficiency not justified by its actual performance. Not only would this make comparison of costs with those of other like undertakings difficult but it might also interfere with the pursuit of genuine efficiency in such directions as the elimination of wastage etc. It would also be invidious to treat one Government undertaking differently from others.

The taxing of goods imported for Government business undertakings has been specifically approved by Parliament even as late as 1950 and 1951, when article 289 of the Constitution was enacted and also when Section 20 of the Sea Customs Act was amended. In pursuance of this policy we have

rejected several requests for exemption from duty in somewhat similar cases. If a concession is now granted to this Corporation other requests from similar undertakings, like Roadway Corporations, Fishing Companies and the like would have to be considered. Similar requests from other air transport operators would also have to be faced.

Further, for the successful completion of the Second Five Year Plan, the tempo has been stepped up to tap all available sources of revenue. In this context, it would not be desirable to part with a source of income such as the import duty on aviation spirit which does not fall on common man.

The administrative difficulty in granting an exemption of this nature cannot also be overlooked. Aviation spirit can by simple manipulation be down-graded to motor spirit and to have in the country quantities of similar petroleum products at different rates for aviation spirit consumed by different airlines would be bound to lead to evasions of duty.

5. It was in these circumstances, that the Government came to the decision that it was not able to accept the recommendations for granting relief to the Indian Airlines Corporation by way of tariff concession.

Sd/- S. VENKATARAMAN,

Under Secretary to the Govt. of India.

The Lok Sabha Secretariat (Estimates Committee).

APPENDIX II

Analysis of the action taken by Government on the recommendations contained in the Forty-third Report of the Estimates Committee (First Lok Sabha)

1. Total number of Recommendations	90
2. Recommendations accepted fully by the Government :	
No.	42
Percentage to total	47%
3. Recommendations accepted by the Government partly or with some modifications :	
No.	9
Percentage to total	10%
4. Recommendations not accepted by the Government but replies in respect of which have been accepted by the Committee :	
No.	19
Percentage to total	21%
5. Recommendations not accepted by Government (including those which are still under consideration by Government) :	
No.	20
Percentage to total	22%

