

COMMITTEE ON PUBLIC UNDERTAKINGS

(1968-69)

(FOURTH LOK SABHA)

THIRTY-SIXTH REPORT

Action taken by Government on the recommendations contained
in the Twenty-Third Report of the Committee on
Public Undertakings (Third Lok Sabha)
Indian Airlines Corporation, New Delhi

MINISTRY OF TOURISM & CIVIL AVIATION



सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

April, 1969 | Chaitra, 1891 (S)

Price : Re. 0.70

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PUBLIC UNDERTAKINGS(4TH LOK SABHA) ON
ACTION TAKEN BY GOVERNMENT ON THE
RECOMMENDATIONS CONTAINED IN THEIR
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COMMITTEE ON PUBLIC UNDERTAKINGS
(1968-69)

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SECRETARIAT

Shri A. L. Rai—*Deputy Secretary.*

Shri M. M. Mathur—*Under Secretary.*

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INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to submit the Report on their behalf, present this Thirty-Sixth Report on the Action Taken by Government on the recommendations contained in the Twenty-Third Report of the Committee on Public Undertakings (Third Lok Sabha) on Indian Airlines Corporation, New Delhi.

2. The Twenty-Third Report of the Committee was presented to the Lok Sabha on the 30th March, 1966. Government furnished their replies indicating the action taken on recommendations contained in the Report on the 21st March 1969. Further reply of Government in respect of recommendation at Sl. No. 11 had not been received till the 28th March, 1969 when the Committee finally considered the replies. The replies of Government to the recommendations contained in the aforesaid Report were considered and approved by the Committee on the 28th March, 1969. The Committee authorised the Chairman to finalise the Report and present it to Parliament.

3. The Report has been divided into the following five Chapters:—

- I. Report.
- II. Recommendations which have been accepted by Government.
- III. Recommendations which the Committee do not desire to pursue in view of Government's reply.
- IV. Recommendations in respect of which replies of Government have not been accepted by the Committee.
- V. Recommendations in respect of which replies from Government are still awaited.

4. An analysis of the action taken by Government on the recommendations contained in the Twenty-Third Report of the Committee on Public Undertakings (Third Lok Sabha) is given in Appendix VII. It would be observed therefrom that out of 51 recommendations contained in the Report, 55 per cent have been accepted by the Government and the Committee do not desire to pursue 43 per cent of the recommendations in view of Government's reply. Final replies in respect of 2 per cent of the recommendations are still awaited.

G. S. DHILLON,

Chairman,

Committee on Public Undertakings.

NEW DELHI;

April 18, 1969

Chaitra 28, 1891 (S).

CHAPTER I

REPORT

The 23rd Report of the Committee on Public Undertakings was presented to Parliament on the 30th March, 1966. Government were requested on the 7th April, 1966 to furnish replies to the recommendations contained in the aforesaid report within six months. The Ministry of Tourism and Civil Aviation have, however, furnished the replies of Government on the 21st March, 1969 after protracted correspondence. The Committee regret to record that it took nearly 3 years for the Ministry to furnish the final replies of Government to the recommendations after presentation of the report to Parliament.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (S. No. 6)

It is regrettable that the Corporation even after 13 years of existence has not set up any Organisation to conduct traffic surveys to judge the traffic potential of different areas of the country. The Corporation should establish a system of market research and sales promotion to achieve better results. (Paragraph 40).

Reply of Government

While it is true that the Corporation did not have a regular Market Survey Division, the Commercial Department was carrying out various surveys from time to time regarding the feasibility of including certain stations in the net work of the Corporation. For example, Allahabad was surveyed in 1957. Kanpur and Vijayawada were covered by surveys in 1960. In 1965, Bирpur, Muzaffarpur and Darbhanga were covered. In 1966, the surveys covered Amreli, Kolhapur, Kotah, Nasik, Dieu, Sholapur, Poona, Hubli, Rupsi (Dhubri), Mandu, Jodhpur, Jaisalmer, Bikaner, Sriganganagar, Badami, Hospet and Mysore. In 1967, the Corporation covered Rajmundri, Raipur, Jullundur, Mount Abu (Sarahi), Gwalior Kanaha National Park and Baroda.

In this view, while it is true that the Corporation's primary concern was to tackle the teething troubles consequent on nationalisation, introduction of modern aircraft, improve its financial picture, it is not quite correct to say that no market surveys were carried out during this period. The recommendations of the Committee have, however, been noted.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66 dated 20th March, 1969]

Recommendation (S. No. 7)

The Committee note that under the Industrial Policy Resolution of 1956, air transport has to be developed as a Central Government monopoly. From the statement made by the Deputy Minister of Civil Aviation in Lok Sabha on the 29th March, 1962, it would appear that the Air Corporations Act was amended to allow some private operators to serve those areas where services were necessary but where the Corporation could not operate its services on economic basis. The intention obviously was that permission to private operators to start scheduled services would be given in exceptional cases and for all other routes the Corporation would assume full responsibility for development. A perusal of the list of 15 routes mentioned in para 44 of the report indicates that with a suitable type of aircraft some of these routes could be operated profitably. The Corporation should undertake a fresh review of these routes and those which have adequate traffic potential so as to make them remunerative in the near future, it should have them reserved for itself. The remaining routes could be thrown open to the private operators so that benefits of air travel become available in these Areas. (Paragraph 47).

Reply of Government

The Corporation has explained that the routes mentioned in para 44 are routes which are not likely to prove remunerative under conditions in which I.A.C. has to operate for some years to come. In the context of the Corporation's inability to provide adequate capacity even on the paying routes all these years and in view of the difficulties in securing adequate foreign exchange for purchase of aircraft for providing adequate capacity on these routes the Corporation would naturally give a very low priority for the operation of services on any of these routes.

Private Operators have also not come forward with any definite scheme as they too are handicapped for resources. Only one operator came forward to convert his non-scheduled operations into scheduled operations on the basis of the enabling amendment to the Act made in 1962. Even that application was not found acceptable to Government. Since private operators are not able to comply fully with the requirements of safety and passenger comforts etc., they have not been encouraged to undertake scheduled operations.

If the I.A.C. is in a position to equip itself with a suitable type of aircraft for profitable operation on such small routes, a review, as suggested by the Committee, will be undertaken.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March, 1969].

Recommendation (S. No. 8)

It would be seen that the progress made in opening new stations has been far from satisfactory. In fact more stations have been closed than opened, while it was expected that the Corporation would bring more stations within its network. The Committee hope that expansion of routes will be undertaken early and efforts made to connect new stations which have a potential for traffic growth and profitable operation of services.

(Paragraph 50).

Reply of Government

Noted.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March, 1969]

Recommendation (S. No. 9)

The Committee regret to note that although the need for replacement of Dakotas was felt several years back, the progress made in their replacement has been very slow. The Corporation acquired 10 Friendship aircraft during the year 1961-62 and 1962-63. Thereafter the Corporation went in for the Caravelles for its trunk routes and waited for the availability of the AVRO for deploying on the regional routes. The number of AVRO aircraft to be made available to the Corporation was inadequate to meet its requirements. The delay in the manufacture of AVRO should also have been anticipated by the Corporation in 1963. The Corporation should have continued gradual addition to its fleet, preferably by Friendship which was already on its services, and which it intends to continue to deploy instead of incurring heavy losses year by year through the use of Dakotas.

(Paragraph 59).

Recommendation (S. No. 10)

Reference has been made in para 55 of the report to the enormous losses incurred in the Dakota operations. In 1964-65 this loss amounted to Rs. 170.92 lakhs. An improvement in the financial results of the Corporation is thus dependent primarily on the availability of the AVRO aircraft. The Ministry of Defence should take all possible steps to increase the rate of production of this aircraft. However, if the production programme of AVROS is being much delayed, the Corporation should make additions to its fleet by further purchasing any one type of the aircraft already in its service so as to replace some of the Dakotas. (Paragraph 61).

Reply of Government

The Corporation and Government have been fully alive to the need for replacement of the Dakotas in the fleet of the Corporation. But keeping in view the difficult foreign exchange position and the limited resources available at the disposal of Government much progress could not be made in the replacement of Dakotas. Government had also to keep in view the need to develop an aircraft industry in the country. After taking all the factors into account it was decided that the Corporation should go in for AVRO-748 aircraft manufactured by the H.A.L. at Kanpur. The need for expeditious delivery of the AVROS is fully appreciated by the Ministry of Defence and the Hindustan Aeronautics Limited.

Seven of the fourteen Avros ordered by the Corporation have already been received, two are expected before end of March, 1969 and the remaining five by the end of March, 1970. Pending the acquisition of AVROS the Corporation has purchased 3 more Friendships and 2 Combi Planes (freighter and passenger version of Fokker).*

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66 dated 20th March, 1969].

Recommendation (S. No. 13)

According to the present plans, the Corporation will continue to operate six types of aircraft. The introduction of AVRO for regional routes and a turboprop for short sectors and feeder routes seems to be necessary. The Committee would however, like it to be examined whether the introduction of Boings and a second generation jet will actually lead to speed, efficiency, and economy and compensate for the added costs which would result in maintenance and operation of two more types of aircraft and that too with a small fleet of each type. The Committee are of the view that it is not necessary according to the route pattern and limited fleet of the Corporation to employ six types of aircraft in its service. These should be reduced to the minimum. (Paragraph 71).

*At the time of factual verification, the Ministry of Tourism and Civil Aviation gave the following further information :—

One more H.S. 748 aircraft was delivered on the 29th March, 1969 and the remaining six are expected to be received by the Corporation before March, 1970.

[Ministry of Tourism & Civil Aviation O.M. No. 4-CA(5)/66-Pt., dated 17th April, 1969]

Reply of Government

We agree that the Corporation should have the minimum number of types of aircraft and this will be kept in view in planning the purchase of aircraft for the Indian Airlines in future.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66 dated 20th March, 1969].

Recommendation (S. No. 15)

Recently there have been two accidents one on 7th February 1966 near Banihal Pass in which Friendship aircraft was lost with 33 passengers and a crew of 4, the other on 15th February, 1966 in which a Caravelle was completely burnt at the runway at Palam Airport. In this case all the passengers and crew were evacuated, but one passenger succumbed to injuries later in hospital. It is probable that adequate steps are not being taken to maintain the necessary safety standards or the crew is becoming complacent. If proper arrangements are made for overhaul and repairs, flight checks, communication of aeronautical information, weather reports, exchange of information on snags, malfunctioning, etc., it should be possible to eliminate accidents. The Management of the Corporation as also the Government should pay particular attention to those aspects and ensure highest standards of passenger safety, airworthiness of the aircraft and operational efficiency of the staff on the ground as also of the aircrew. (Paragraph 79).

Reply of Government

Based on the recommendations contained in the Report submitted by the Court set up by Government to enquire into the accidents to the Fokker Friendship aircraft over the Banihal Pass and the Caravelle aircraft at Palam, the I.A.C. and the D.G.C.A. have been asked to implement the various recommendations, as expeditiously as possible, to ensure highest standards of passenger safety, etc. Copies of the Committee's recommendation and Government's decision thereon have been placed in the Parliament Library.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66 dated 20th March, 1969].

Recommendation (S. No. 17)

At present Air India does not normally carry fare paying passengers or domestic cargo on their services within India. The result is that its spare capacity to the extent of 50% goes unutilised. With a view to utilisation of this capacity, as also for the convenience of the travelling public, the Committee have, in their report on the working of Air India, recommended that an arrangement should be made whereby passengers unable to get seats on IAC's services are as a matter of course diverted to Air India's Boeing. It is also envisaged that IAC would get 50 per cent share of the revenue from the traffic so diverted to Air India. This arrangement which will be beneficial to the travelling public and the two Air Corporations should be reached immediately, failing which Government might examine the question of issuing a directive. (Paragraph 89).

Reply of Government

The matter has been examined in consultation with the two Air Corporations and a directive has been issued to them under sub-section (2) of

section 34 of the Air Corporations Act, 1953, for utilisation of the spare capacity of Air India on their Delhi-Bombay, Bombay-Calcutta and Bombay-Madras sectors for carriage of domestic passengers. A copy of the directive issued in this regard is at (Appendix I).

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66 dated 20th March, 1969].

Recommendation (S. No. 18)

The Committee regret to note that there has been decline in the cargo traffic from year to year. If the cargo traffic in the eastern region is excluded, the balance of cargo carried in the rest of the country would be meagre. It seems that in the past whenever additional capacity was planned on the trunk routes and the regional routes, no conscious effort was made for developing cargo traffic in the country or to acquire the right type of aircraft for the purpose. The Corporation also does not want to publicise the advantages of transport of cargo by air and to create a market for it. With the present approach of the Corporation of shunning or only waiting for business to come, it is not surprising that this important source of traffic revenue has remained neglected and declined and the available capacity has also remained unutilised to some extent. The Committee expect that in the Fourth Five Year Plan period there would be a planned growth of passenger, mail and cargo traffic and it would also be possible to introduce pure cargo service covering the country. (Paragraph 96).

Reply of Government

Noted.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66 dated 20th March, 1969]

Recommendation (S. No. 21)

The Committee feel that while the holding of certain number of priority seats is necessary in the interest of Government business, they consider that the Corporation should not also be unduly handicapped by holding over of too many seats. They would, therefore, suggest a review of Priority Seats from time to time with a view to reduce them to the minimum and also advance the time for the release of the unrequired seats. (Paragraph 113).

Reply of Government

The Committee's views have been noted and a review of Priority Seats and the minimum time for their release will be undertaken from time to time. At present, the number of Priority Seats held by the State Governments or the DGCA is so small that any reduction in this quota may not be possible.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66 dated 20th March, 1969].

Recommendation (S. No. 22)

The various measures proposed for setting the reservation organisation on a systematic footing are in the right direction. The system of sector

allocation of seats should also be improved to ensure the optimum utilisation of the available seats. Besides efforts are needed on the part of the Corporation to raise its image in the eyes of the travelling public by courteous handling of the passengers at the Reservation Counters, etc. (Paragraph 116).

Reply of Government

The Corporation expects that with the extension of its Teleprinter Circuits, the communication facilities would improve, thereby enabling the timely release of seats by one station to another.

The need for courteous handling of passengers has been emphasised by the Corporation on all the staff and suitable notice is taken of any lapses in this regard.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66 dated 20th March, 1969].

Recommendation (S. No. 25)

The Committee are not convinced that there is a case for opening of IAC's offices abroad at stations where it is not operating its services. Air India offices abroad as also those of the Tourist Department of the Government of India should normally be able to look after its interest abroad. What is needed is that there should be a greater liaison with the Air-India's and Indian Tourist Offices which can be kept by supplying them up-to-date information and schedules of services. (Paragraph 130).

Reply of Government

The observations of the Committee have been noted. The intention was not to open offices but to station representatives to represent Indian Airlines.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66 dated 20th March, 1969].

Recommendation (S. No. 26)

It is surprising that the facilities supposed to be available to passengers for missed connections are almost unknown to the travelling public. Adequate publicity should be given to this and lodging and other necessary facilities provided to all passengers entitled to them. Boarding and lodging facilities to through passengers who are forced to break journey in the absence of a connection flight might be provided. (Paragraph 132)

Reply of Government

Noted.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66 dated 20th March, 1969]

Recommendation (S. No. 27)

In their report on Air-India, the Committee have dealt with the question of contracts given to caterers at the International Airports in India. As regards service in the aircraft, there is a genuine ground for complaint

regarding quality of food. The Corporation should improve its catering department and also strive to get satisfactory service from the caterers appointed by the DGCA and if necessary by making alternative arrangements for supply of good quality food. (Paragraph 133)

Reply of Government

Noted.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66
dated 20th March, 1969]

Recommendation (S. No. 28)

The various public complaints and deficiencies in organisation some of which have been mentioned in paras 134-135 of the report, should be examined and improvements effected. It is the general view and also the experience of the Members of the Committee that complaints are not attended to promptly. The hall mark of efficiency of the public utility undertaking lies in its readiness to learn from mistakes and drawbacks and to act promptly on complaints received. The institution of complaints cells for checking up and processing the follow up action is a step in the right direction. These cells should be under the charge of responsible and energetic officials who can initiate quick remedial action in regard to complaints. A complaint book should be kept in each aircraft. The customer's satisfaction and convenience should invariably motivate all activities of the Corporation. (Paragraph 137)

Reply of Government

Government agree with the recommendations of the Committee.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66
dated 20th March, 1969]

Recommendation (S. No. 30)

Judging from the rate at which there has been an increase in the man-hours spent on overhaul of engines, cost of repairs and maintenance and also the delays in flights due to mechanical troubles, it seems that all these aspects require immediate attention of the Corporation. The Committee hope that the reorganisation proposed by the Corporation will improve the situation. (Paragraph 147)

Reply of Government

The reorganisation scheme proposed by the Corporation was examined in this Ministry. The Corporation has been asked to make some modifications therein which are under consideration of the Corporation.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66
dated 20th March, 1969]

Recommendation (S. No. 33)

The Committee note that even after the value of rotables and Caravelles consumable stores are excluded the total value of stock holding of consumables as at the end of 1964-65 amounted to three years' consumption. The Corporation has stated that the maximum level of stock holding of imported

stores and spares is 18 months. In the case of stores available from indigenous sources the maximum level is 6 months. According to this the holding of consumable spares equivalent to three years' consumption is high. Efforts should be made to bring down the level of inventory. (Paragraph 157)

Reply of Government

The Corporation has admitted that its holding of consumable spares is high. But this is due to the fact that in the case of Dakota aircraft, it inherited a number of items that have not moved or are very slow moving. In the case of Viscounts, the initial stock of spares were ordered on the basis of the manufacturers' recommendations, as to that time it had no experience of turbo-prop aircraft. Profiting by the experience in the case of the Viscount aircraft, Indian Airlines were able to make a more realistic assessment of the initial purchase of spares in the case of Fokkers. A detailed study of the stores holdings has been initiated with a view to assessing items and quantities that could be declared as surplus and disposed of.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66
dated 20th March, 1969]

Recommendation (S. No. 34)

It is seen from the above that the accumulation of stores has been because of the delay in conducting surveys of usable and unusable stores. Such accumulations should be avoided and a proper procedure laid down whereby the value of stores is determined every year. (Paragraph 159).

Reply of Government

The Corporation has prescribed a procedure for inspection and write off of unserviceable rotables. It is only in the case of the Dakota aircraft that it has some quantities of unserviceable rotables. This has arisen on account of the progressive reduction in the Dakota fleet. With the reduction in the fleet, the requirements of overhauled rotables went down progressively and over the years the stocks of time expired rotables naturally increased. At the instance of Audit a review was undertaken and the review disclosed that the unserviceable rotables amounted to approx. Rs. 5.00 lakhs as against Rs. 12 lakhs estimated by Audit.

[Ministry of Tourism & Civil Aviation O. M. No. 4-AC(5)/66 dated 20th
March, 1969]

Recommendation (S. No. 35)

The detailed list of non-existent items, which has been supplied to the Committee, shows that quite a number of those items need not be charged to revenue expenditure in as much as they could appropriately be regarded as capital assets. The items in question should be properly classified as between capital and revenue expenditure and adjustments carried out in the accounts. (Paragraph 163).

Reply of Government

The Corporation has explained that it is possible that the description of some of the articles in the list supplied has given an impression that a few of the items could be regarded as capital assets. However, it has satisfied itself that all the items listed are of a temporary nature and in line with the general policy followed by the Corporation cannot be regarded as capital assets. Necessary adjustments in the accounts have been carried out.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March, 1969]

Recommendation (S. No. 36)

It appears that the reconciliation of this class of assets was done only in the case of Calcutta Area. It is probable that in other areas also the value of several non-existent structures has been included in the accounts. Reconciliation of such items in other Areas should be done forthwith, if not done already. (Para 164).

Reply of Government

The Corporation has reported that complete verification of all the assets of the Corporation is in progress and any errors noticed will be corrected forthwith.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March, 1969]

Recommendation (S. No. 39)

The Audit comments on the physical verification of stores and other assets of the Corporation reflect a very unsatisfactory state of affairs in its Stores Department. Physical verification of Stores in an undertaking by scheduled dates is an imperative necessity. It becomes difficult to make adjustments and fix responsibility when discrepancies come to light after a belated verification. Such inordinate delays in the physical verification of stores do not bring credit to the management. (Para 177).

Reply of Government

The work relating to physical verification can be divided into two categories, viz. verification of consumable stores and spares and verification of block assets. In regard to consumable stores and spares it may be stated that the biennial report on stores verification and reconciliation as on 31-3-64 was placed before the Board at its meeting held on 17th December, 1965 and the adjustments suggested had received their approval. Necessary adjustments are being carried out in the books. Steps have, however, been taken to ensure that physical verification and reconciliation of all the assets of the Corporation is completed with the least possible delay and a report thereon is submitted to the Comptroller & Auditor General of India.

A report on stores verification and Reconciliation and partial report on Accounts verification as on 31st March, 1966 was submitted to the Board of the Corporation at its meeting held on 30-9-1967.

A complete report on Assets verification as on 31st March, 1966 is being submitted to the Board. The work relating to verification of assets and stores as on 31st March, 1968 is also in progress.*

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March, 1969]

Recommendation (S. No. 40)

The Committee are not convinced that the interests of either the Government or the Corporation can be best served by the Secretary of a Ministry being the Chairman of a Corporation. The Estimates Committee have pointed out the defects in such an arrangement, and there should not normally be an exception to the general rule. However hard a person works objectively and balances the two interests, when interests conflict, it is not possible to take a detached view. In fact in the formulation of a decision within the Ministry the officials of the Ministry are likely to assume that the views of the Corporation have the approval of the senior-most executive of the Ministry and as such their views, are likely to be biased. Another drawback in such an arrangement is that the presence of a senior-most officer of the Ministry in the Board hampers the autonomous functioning of the Corporation and does not provide sufficient incentive to its chief executive to take independent decisions, howsoever he may try to do so. The Committee also do not agree with the plea that proper co-ordination between the D.G.C.A. and the Air Corporations can be maintained only by having the Secretary of the Ministry as the Chairman of the Corporation. These are in fact matters which should be settled at Departmental levels. The present arrangement of having the Secretary of the Ministry as the Chairman of the Corporation is not satisfactory and should be ended.
(Para 183).

Reply of Government

In the light of the observations of the Committee the arrangement of having Secretary as Chairman of Indian Airlines was discontinued with effect from the 2nd December, 1966. The Ministry is now represented on the Boards of the Corporations by the Joint Secretary.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March, 1969]

Recommendation (S. No. 41)

The Estimates Committee have, in paras 45 and 46 of their 52nd Report (Third Lok Sabha), observed that frequent changes of the incumbents of

*At the time of factual verification, the Ministry of Tourism and Civil Aviation gave the following further information :—

Reports on Physical verification and Reconciliation of Assets and Stores as on 31st March, 1966 were submitted to the Board of the Corporation and after their approval, copies were forwarded to the Comptroller & Auditor General of India. The variations noticed have since been adjusted.

The work relating to the varification of Assets and Stores as on 31st March, 1968, has been completed and its reconciliation with the books of accounts is now in progress.

[Ministry of Tourism & Civil Aviation O.M. No.. 4-CA(5)/66-Pt., dated 17th April, 1969].

posts of Chairmen and Managing Directors are not desirable in as much as this results in a waste of experience and intimate knowledge acquired by the individual. That Committee had recommended that the incumbents of these posts should be selected carefully and appointed for a minimum term, say 5 years, so as to enable them to fully implement the plans and programmes entrusted to them and to contribute to the efficient and economic working of the enterprise concerned. At the same time, the tenure of these posts should be linked up with the performance of the individuals concerned so that it should always be possible to remove unsuccessful or inefficient persons before the expiry of their term. In selecting Chairman or General Manager of the Corporation these recommendations should be borne in mind. (Para 187).

Reply of Government

The recommendations of the Committee have been noted for compliance in future.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March, 1969]

Recommendation (S. No. 42)

There is a case for a separate Area for the Southern region. This would ensure greater co-ordination, control and general supervision over the activities of the stations in that region. The Committee, however, expect that the consequent increase in overheads and other expenditure would be adequately compensated by increase in business and efficiency of the Corporation. (Para 192).

Reply of Government

A separate Area for Madras came into being from the 1st August 1966.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March, 1969]

Recommendation (S. No. 43)

Absenteeism to the extent of 25 per cent or 23 per cent in the Engineering and Traffic Departments respectively is abnormal. Such absenteeism not only result in excessive overtime payments but also affects the efficiency and smooth functioning of the concerned departments. All aspects of absenteeism should be studied to evolve a proper procedure for grant of leave to staff and create conditions in which absenteeism can be kept within limits.

As regards overtime payments, the Committee see no reason why in the Engineering Department the overtime payments should have increased by 100 per cent in 1964-65 as compared to 1963-64. This indicates the extent of inefficiency in this Department to which a reference has also been made in para 143 of this Report. This also reflects on the management. The Committee are inclined to believe that in other Departments also there is scope for reducing overtime payments. They suggest that this matter should be reviewed and overtime payments reduced substantially. In this connection, as one of the steps to reduce such expenditure, the Committee would suggest that sanction of overtime payments should be given by officers who are themselves not entitled to it. (Paras 199 & 200).

Reply of Government

The observations of the Committee have been noted. It may, however, be pointed out that even now the sanction for working overtime is given to officers who are themselves not entitled to it.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March, 1969]

Recommendation (S. No. 44)

The increase in staff from year to year has been attributed to the increase in business and work-load of the Corporation. While this is understandable every increase in business should not necessarily be followed by an increase in staff. In any large organisation there is ample scope for simplifying procedure, introducing labour-saving devices, etc., so that the staff rendered surplus thereby could be diverted to cope with the work created by increase in activities. The Committee find that the public sector projects are over-staffed. It is expected that the Corporation will on its part try to allay these impressions by keeping its staff strength at the minimum level.

An over-all review of staff requirements should be made periodically to ensure that the disposition of the staff at various places actually conforms to the increase or decrease in the work-load necessitated from time to time. (Paras 204 & 205).

Reply of Government

During the period from 1955-56 to 1964-65 the number of employees increased from 9,324 to 11,039, an increase of 29%. During the same period, the number of passengers carried increased from 5 lakhs to 12.35 lakhs (an increase of 147%), available tonne-kilometres produced increased from 84.346 million to 156.970 million (an increase of 87%) and operating revenue increased from Rs. 8.09 crores to Rs. 22.80 crores (an increase of 181%). Productivity per employee as measured in terms of available tonne-kilometres increased from 9,046 to 14,219 (an increase of 57%). It will thus be seen that the increase in staff has been conservative considering the increase in work-load. Periodical review of staff requirements is done and only the minimum additional staff necessary is sanctioned where the need for an increase is very clearly established.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March, 1969]

Recommendation (S. No. 49)

A steady increase in profits which has been noticed during the last three years augurs well for the future of the Corporation.

In 1965-66 the Corporation had budgeted for a profit of Rs. 1.47 crores, which, on an Equity capital of Rs. 10.97 crores, would have worked to 13.4 per cent. However, in view of the disruption of services during the period of the emergency and a rise in wages of the Pilots the Corporation is likely to end 1965-66 on a marginal profit only. (Paras 226 & 227)

Reply of Government

The financial year 1965-66 ended with a profit of Rs. 32.33 lakhs as against the estimated profit of Rs. 1.47 crores.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March, 1967]

Recommendation (S. No. 50)

The Committee note the explanations given in regard to the decline in the percentage of current assets to current liabilities from year to year. They would, however, desire that the matter should be kept under constant review. (Para 232)

Reply of Government

Noted.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March, 1969)

CHAPTER III

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENT'S REPLY

Recommendation (S. No. 1)

Civil Aviation being a Central subject, it is the responsibility of the Central Government and the Corporation to develop aviation in the country. The losses on some of the subsidised routes are due to the fact that the number as well as the type of aircraft required for profitable operation of the routes are not available with the Corporation. If a route does not pay because the Corporation cannot put the right type of aircraft or provide convenient timings, the Corporation would not be justified in claiming subsidy from the State Governments. However, if a route is not remunerative because of poor traffic and the State Government still wants to develop the route for its own purpose, the Corporation should be entitled to a subsidy from the State Government. The Corporation should also so equip itself as to be able to provide the aircraft suitable to the demand of a State.

(Para 15)

Reply of Government

The Committee have assumed that the Corporation has unlimited choice in regard to the type of aircraft required for operation of a particular service. The Corporation is not a free agent in the matter of equipping itself with the most modern and economic aircraft. Its requirements have to be viewed in the context of the need for standardisation and of aircraft, difficult foreign exchange position and the resources available. Multiplicity of aircraft to suit individual routes is not a commercial proposition. The Committee are also aware of the slow progress, despite constant efforts in the replacement of Dakotas, the operation of which has been uneconomic. The question of subsidy arises only on routes which are introduced primarily to meet the wishes of the State Governments or of the Department of Tourism. In the case of the former, subsidy is naturally to be given by the State Government concerned, while in the case of the latter it is given from the Civil Aviation Development Fund. Indian Airlines is deeply interested in making every service economically as sound as possible. These efforts are in no way slackened in the case of routes subsidised by State Governments and, subject to availability of aircraft, the Airlines put the most economical aircraft on such routes. In fact, the State Governments withdrew the subsidy in a number of cases where the Corporation introduced improved type of aircraft even though the service continued to be unremunerative.

State Governments are not required to pay subsidy on routes which are of regional importance or the development of which is accepted by the Indian Airlines. The directive principle of the Air Corporations Act is that the Corporation would be run on commercial lines, which precludes it from undertaking operations which do not have a potential of sound commercial results.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March, 1969)

Recommendation (S. No. 2)

The loss on the operation of Calcutta-Port Blair service should not be taken for granted. The Andaman and Nicobar islands are in a developing stage and it is reasonable to expect air traffic to grow every year. Therefore, the reasons for the decline in traffic in 1963-64 over the previous year should be investigated. Steps should be taken to better the performance on this route and make it economical as the demand grows. The possibility of operating a direct service from Calcutta to Port Blair should also be examined. (Para 19)

Reply of Government

The Corporation has not taken for granted that the operations on Calcutta-Port Blair service will always run into losses, but as long as this route was operated with a Dakota involving an unremunerative technical landing for refuelling at Rangoon, there was no possibility of operating this route on a self-financing basis. They had operated a direct service to Port Blair with a Skymaster aircraft but even that did not improve the economic viability of these operations. This is evident from the following figures :—

	Cost per Round Trip	Revenue per Round Trip
	Rs.	Rs.
Jan. 1961 to May 1961	10,376	2,486
Oct. 1961 to Apr. 1962	11,107	4,147
Nov. 1962 to May 1963	12,110	4,822
Nov. 1963 to April 1964	14,264	4,947
Nov. 65 to May, 66 (Upto April, 66-DC-3 operation)	16,127	6,402
(May, 66-DC-4 operation)	29,607	
Oct. 65 to June 67	29,455	11,854

Although the revenue per round trip had improved, the gap between costs and revenue had widened further.

In para 17 the Committee have referred to the drop in passengers in 1964-65 compared to 1963-64. This is mainly due to the fact that in 1963-64 the service was operated for seven months whereas in 1964-65 it was operated for 6 months only.

The service is now being operated with a Viscount aircraft, with a technical halt at Rangoon.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March, 1969]

Recommendation (S. No. 3)

The Committee consider that all the principles governing the payment of subvention from the Civil Aviation Development Fund should be clearly defined so that they leave no room for ambiguity. Basically the Corporation's route pattern and fare structure should be so adjusted as to enable it to make profits even if excise duty on fuel is heavy. Presently the Corporation is losing heavily on its Dakota operations. It follows that as and when the Dakotas are replaced by new types of aircraft, the Corporation should be able to operate most of its other services in a self-financing way and thus obviate the necessity of subventions. The Committee would not like a large number of routes to be subsidised as it gives an impression that the Corporation is leaning heavily on subsidies. Subsidies also curb initiative. They blur the financial results indicated in the Balance Sheet and Annual Accounts. Therefore, the Corporation should aim at developing routes without resorting to subvention. The Government should examine as to how the private operators with their limited resources make good profit on their Dakota operations whereas a nationalised Corporation like the I.A.C. cannot. (Para 28)

Reply of Government

A copy of the Resolution creating the CAD Fund is enclosed, together with copy of this Ministry's letter No. 6-CA(13)/63, dated the 11th September, 1964 enunciating the principles which govern the grant of subvention from the CAD Fund. (Appendices II, III & IV)

2. A comparison with private operators who operate only on a non-schedule basis is apt to be misleading. They generally operate when they are assured of a profitable load and provide practically no passenger amenities. Moreover they are not confined to any pre-determined schedule or sector, but can switch their operations from one sector to another according to availability of profitable load, I.A.C. which has to operate to a fixed schedule does not have the benefit of the flexibility. Further their operations are also not subject to various limitations to which IAC is subjected. Their wage costs are also lower than IAC.

3. The recommendation that basically the Corporation's route pattern and fare structure should be such that the Corporation makes a profit and develops new routes without having to resort to subsidy or subvention is un-exceptionable, purely as a commercial proposition. But the Corporation had inherited a number of uneconomic routes, withdrawal from which was not a practical proposition. Moreover at any time there will be certain administrative, political and other considerations necessitating the operation of uneconomic services. Services to tourist centres is a case in point. Again in Eastern India, air connections are necessary because of the inadequacy of other modes of transport. Any increase in the fare structure on these routes would defeat the very purpose for which air transport is provided. While the Corporation has been operating most of the services on its own, despite losses, it will blur the financial picture of the working of the Corporation completely if it is asked to operate services, without payment of subsidy, which cannot be justified on commercial considerations. Payment of subsidy to airlines is resorted to even in advanced countries. The Corporation cannot be said to be leaning heavily on subsidies. Subsidies accounted for less than 1.6% of its revenue during 1964-65, 3.6% in

1965-66, and 2.9% in 1966-67, the increase being due largely to the subvention payable for the circuitous flying over a number of routes particularly to and from Assam during and after the Indo-Pakistan conflict.

4. Subsidies given to the IAC from the CAD Fund are reviewed periodically and even initially subsidy is not granted as a matter of course. The financial picture of a route which qualifies for subsidy is examined very closely.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March 1969]

Recommendation (S. No. 4)

The Committee regret to note that the Night Air Mail Services operated at a heavy loss of Rs. 30.26 lakhs in 1964-65. Apart from Dakotas, Viscounts and Skymasters were also employed on the Night Airmail Service. The load factor achieved was 61.5 per cent, 70.09 per cent and 66.9 per cent respectively during the last three years. The Committee are not fully convinced that the losses were inevitable.

There have been complaints of lack of cooperation between the Corporation and the postal authorities. Mails have not been accepted on the plea of receipt at the last minute. If these complaints are true, it is not surprising that the load factor on the Night Air Mail Services has not been higher. A proper liaison should be maintained with the Postal authorities with a view to operate these services with a higher load factor and bring in more revenue. When the present Night Air Mail Services start showing profits, the question of extending them to other cities should be examined in consultation with the Postal Department. (Paras 32-33)

Reply of Government

The Night Air Mail Services have continued to be operated at a loss in the subsequent years also. For one thing, the Indian Airlines do not have suitable aircraft to operate the Night Air Mail Services and secondly the mail rates could be increased by 15% only in the year 1967. Despite this increase, the Services have continued to run at a loss. The P&T Department were requested that they should meet the entire liability on the operation of the Night Air Mail Services. They were, however, not agreeable to this arrangement. The Corporation have plans to operate the NAMS with Fokkers and Avro 748. The economics of operation of the NAMS might improve after the introduction of Avro 748.

There have been complaints that all the mails offered on Night Air Mail Services have not been accepted on certain occasions. Such refusals are largely due to the mails offered exceeding the payload of the aircraft. The Corporation have stated that they had not received any complaints from the P & T Department that mails were not accepted on the plea of having been received at the last minute. Necessary liaison is maintained with the Postal authorities and there are Standing Committees at each of the Areas in which

Postal authorities are represented and all matters connected with the transmission of mails by the IAC are discussed periodically.*

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March, 1969]

Recommendation (S. No. 5)

The Corporation should explore the possibility of operating its services to adjacent countries profitably by using an economic type of aircraft, arranging proper timing and frequency and resorting to greater sales promotion activities. The Government should also allow the Corporation on these routes the facilities that other international airlines enjoy. If the financial results do not improve even then the Corporation should discontinue these services unless otherwise directed by Government under Section 34 of the Air Corporations Act, 1953. (Para 38)

Reply of Government

Losses in the operation of services to adjacent countries are not attributable to the Corporation not using the right type of aircraft and although it would help if IAC could afford to employ better type of aircraft, Govt. are unable to give them the aircraft they need.

There are certain limitations under which the Corporation has to function. In the first place all the international operators who operate through India, touch Karachi and Delhi or Bombay or Calcutta resulting in excessive competition for the Indo-Pakistan traffic. They also offer greater facilities such as sale of bonded items free of duty which IA was not in a position to offer during the period under review. Moreover, certain facilities are provided in Burma and Pakistan by the Governments of those countries in favour of their national carriers. There are also various factors inherent in the political systems of the two countries which prohibit their nationals from travelling on a foreign airline. We are, however, unable to retaliate. The Corporation has since started sale of bonded items free of duty on the aircraft.

So far as the Delhi-Kabul service is concerned, the Corporation is operating in pool with Aryana and the position in regard to the Delhi-Kabul service has since improved. Similarly, the Corporation is operating their service to Kathmandu in pool with Royal-Nepal airlines and the results of these operations are also expected to show improvements. IA's services to Pakistan have not been resumed as no agreement has been reached with Pakistan regarding the resumption of air services between the two countries by their national carriers.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March 1969]

*At the time of factual verification, the Ministry of Tourism and Civil Aviation gave the following further information :—

The Corporation started operating NAMS with Fokkers and HS 748 aircraft from the middle of November, 1968.

[Ministry of Tourism & Civil Aviation O.M. No. 4-CA(5)/66-Pt., dated 17th April, 1969]

Recommendation (S. No. 12)

The Corporation began its Friendship operations in 1961-62 and expects to continue to operate it in future as the basic aircraft for the regional routes. This aircraft is regarded as an economic and efficient one. There is no reason why its operations should have lately resulted in losses. As soon as the Corporation had become aware of the adverse results of its operations it should have taken remedial steps instead of waiting to do so in future. The Corporation should immediately take the necessary steps in this direction and so arrange the routes pattern of the Friendship as to make them remunerative. (Para 67)

Reply of Government

Government agree that losses on the Fokker Friendship operations should be reduced to the minimum. The Corporation has, however, explained that F. 27 aircraft are operating regional routes where the build up of traffic has been slower as compared to the build up of these routes. They are doubtful if the regional routes as a whole would ever be remunerative because as the existing regional routes become remunerative, the Corporation would be expanding into other routes where the operations would not be remunerative. If this is not to be done, it would mean that there will be no development and expansion of Civil Aviation in India. The Corporation is of the view that the existing pattern of gains on the trunk routes and subsidizing the losses of regional routes is likely to continue at least in the foreseeable future.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March 1969]

Recommendation (S. No. 14)

From the figures given, in para 72 of the report the utilisation of the Friendship aircraft works out to 5 hours 31 minutes per day in 1964-65 as against 6 hours 18 minutes in 1963-64. Even allowing some margin for the low utilisation due to operation on some short sectors, the utilisation is low and should not have gone down to this extent. Reference has been made in para 65 of this Report about the losses incurred on Friendship operations. As this is a new type of aircraft and also capable of operating remuneratively, its utilisation ought to be higher. (Para 74)

Reply of Government

The utilisation of F. 27 dropped from 2301 hours in 1963-64 to 2016 hours in 1964-65 due to the fact that in the latter year, with a view to providing more capacity, Viscounts were operated on the Calcutta-Gauhati-Jorhat-Mohanbari and the Bombay-Hyderabad-Bangalore routes on both of which F. 27 was operated during 1963-64. Although it was planned that some of the Dakota routes should be taken over by Friendships in 1964-65, in actual fact this could not be implemented for various reasons. In 1966-67 the utilisation was about 2102 hours per annum. The utilisation of F. 27 aircraft was 2248 hours in 1967-68 and in 1968-69 the utilisation has been planned at 2400 hours.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March 1969]

Recommendation (S. No. 16)

From what has been stated in paras 81-84 of the report the Corporation's load factor around 70 per cent over the last decade can be considered as very satisfactory. But this also indicates that along with the increase in load there has been a corresponding rise in the demand for seats which has considerably remained unsatisfied all these years. This was also admitted during evidence and is borne out by the ever long waiting lists in the Corporation's booking offices, which causes great inconvenience to numerous passengers who are unable to get seats or travel at short notice. As the Corporation has a monopoly of air services within the country, the management must constantly endeavour to meet the requirements of the travelling public to the maximum extent throughout the year. (Para 85)

Reply of Government

It is admitted that the Corporation has not been able to meet all the capacity requirements on certain routes. This inability arises largely on account of non-availability of adequate foreign exchange and limited resources for augmenting the fleet of the Corporation to the extent required. In any case, the Corporation has since acquired 7 Avros, 5 Fokkers (including 2 Combi Planes) and 3 Caravelles. Two more Avros are due to be delivered before 31-3-1969 and another 5 by 31-3-1970.*

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March 1969]

Recommendation (S. No. 19)

The reasons advanced for the delays are unsatisfactory. Many of the delays were avoidable or could have been reduced and of one such delay the Committee had some experience. There is an impression amongst the people that delays in I.A.C's flights are a normal feature and much of it is due to bad organisation and lack of spirit of service. Such impressions are strengthened when reports appear in the press quite frequently about services being delayed or even cancelled because the crew did not turn up in time or did not take off on account of minor staff grievances. The Committee would like to emphasise that the reputation and reliability of the Corporation depends considerably on its punctuality of service. The Corporation must always be conscious that delays in flights cause considerable inconvenience to the public and lower its utility as a fast carrier. All cases of engineering, traffic and operational delays and avoidable cases of weather delays must be looked into by a senior officer. In case of default the responsibility should be speedily fixed and the offender punished. The Management should not be lenient in this matter and should lay greater emphasis on discipline among the officers and staff so as to improve its reputation and create a better understanding of its working. (Para 104)

*At the time of factual verification, the Ministry of Tourism & Civil Aviation gave the following further information :—

As indicated against items Nos. 9 & 10 only one aircraft was received on the 29th March, 1969, and the other six are expected before March, 1970.

[Ministry of Tourism & Civil Aviation O.M. No. 4-CA(5)/66-Pt., dated 17th April, 1969]

Reply of Government

1. Owing to frequent labour unrest there have been occasions when flights were delayed due to employees adopting unfair labour practices such as 'work to rule' and 'work to trade'. Such instances are being tackled firmly and it is hoped that delays consequent on non-cooperation on the part of the staff will not occur in future.

2. It is admitted that there is scope for improvement particularly in the time taken to remove the snags and in making a correct estimate of the time required for rectifying a snag. Passengers are not so much critical of these unavoidable delays as such but what causes a good deal of irritation is the repeated revision of the original estimate of delays. The Corporation has assured Government that it has been impressed on all concerned to make a correct estimate so that the passengers may know in advance the exact duration of delay. Another type of delay is the consequential delay, *i.e.*, an initial delay either due to weather or engineering snag to a service causing further delays to other services which have to be operated with the same aircraft. If these consequential delays are to be eliminated it will be necessary to keep at every base standby aircraft. To the extent possible standby aircraft are provided, but as the standby is very often a smaller type of aircraft there is cause for further irritation when all the passengers cannot be accommodated on the standby aircraft.

3. It may, however, be explained that all delays are looked into by senior officers both in the Areas and at Headquarters. The Operations Manager of the Area holds a meeting every day with the officers of the Traffic and Engineering Departments and the delays are investigated for taking remedial action. At the Headquarters the Engineering Manager carries out a detailed examination of engineering delays and a delay investigation cell under the supervision of the Engineering Manager has been set up for thorough examination of all delays. To enable such an examination all delays exceeding 15 minutes are now being reported to Headquarters of the Corporation. Suitable disciplinary action is taken in all cases of proved negligence or lapse leading to delays.

4. It will, however, be appreciated that engineering snags cannot be completely eliminated and no airline in the world is free from delays due to engineering snags. Therefore, it would be relevant to compare I.A.C.'s experience in this regard with other airlines. The comparison generally made is with reference to the number of take-offs and on this basis the overall rate for the engineering delays in 1963-64 was 0.95 delays per 100 take-offs as compared to 0.77 and 3.02 delays achieved by some foreign airlines. During the year 1964-65 the delays in IAC were 1.30 per 100 take-offs while it was 1.62 and 3.11 in the case of some foreign airlines.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March 1969]

Recommendation (S. No. 20)

The Committee are not convinced that there is a case for levy of cancellation charges to the extent of 50 per cent. The main reason for this upward revision was frivolous booking by some persons. In that case genuine passengers who for one reason or the other are not able to perform

the journey after the tickets are purchased should not be penalised so heavily. The provision for waiving of charges in suitable cases is also cumbersome because it creates problem of verification of genuineness of each case. There is a case for liberalisation of this procedure. The cancellation rates should be reduced suitably. (Para 110)

Reply of Government

Cancellation charges were enhanced by the Corporation with the approval of the Central Government with effect from 1st August, 1963. It was reported then that some Agents and business houses were blocking seats and cancelling them at the last moment thus depriving the bonafide passengers of their seats. The cancellation charges current at the time had no deterrent effect and the only way in which such bookings could be prevented was to increase the cancellation charges. The Corporation was not unaware of the hardship that might be caused to a few passengers who for bonafide reasons could not perform the journey. But as the abuse was somewhat widespread and as the then existing cancellation charges had no deterrent effect, the only practical way in which this problem could be tackled was to increase the rates of cancellation charges with necessary provision to waive or reduce them on receipt of a specific request in cases where journeys could not be performed for genuine reasons. This has been liberally done in deserving cases. The Commercial Manager can take a decision on the spot.

The Committee have in para 109 referred to most carriers not levying cancellation charges and their waiving them even in cases where they are levied. A comparison between other carriers who are operating their services at average load factors not exceeding 50% and the Indian Airlines Corporation operating at very high load factors with a long waiting list on many days will not be appropriate. While the other airlines do not lose any potential revenue by last minute cancellation, the Indian Airlines was invariably losing revenue by last minute cancellation. However, in view of the opinion of the Committee, the Corporation is undertaking a fresh review of cancellation charges.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March, 1969]

Recommendation (S. No. 23)

Complaints regarding delays in confirmation of reservations required from outstations are quite frequent. The Corporation should, therefore, have an efficient system of communication. It should be accorded priority for obtaining additional teleprinter circuits so as to link all important stations in the country which are connected by scheduled air services. In the meantime, increasing use should be made of the wireless Telegraph and telecommunication channels available with the Posts and Telegraphs Department and the Director General of Civil Aviation for arranging reservations for passengers, particularly foreign tourists. (Para 120)

Reply of Government

The need for improving the present communication facilities has been recognised and a statement showing the list of TP/Telex circuits as on

1-10-68, T.P. circuits and National Telex facility on order with the P & T and the T.P. circuits planned by the Corporation is at (Appendix V). It will be noted that to improve the efficiency of the communication system, the Corporation have got installed local circuits at Bombay, Delhi and Madras. Teleprinter repeater connections have also been asked for between Dum Dum and Airlines House, Calcutta. The cable laying for this connection has already been completed. However, the equipment supplied by the P & T was not what the Indian Airlines wanted. It is expected that the equipment will be changed and the circuit will be operational very shortly.

To ensure quick transmission of reservation messages, "auto-transmitters/perforators" are being installed at Bombay, Calcutta, Delhi and Madras.

With reference to the suggestion contained in paragraph 120, Areas are using the W/T channels of the Director General of Civil Aviation, when teleprinter circuits are not available and/or are not functioning. Since these channels are primarily meant to serve operational needs, the priority given to reservation messages is very low.*

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March, 1969]

Recommendation (S. No. 24)

While there is no denying the fact that Travel Agency System plays an important role in an air transport industry and has certain obvious advantages, it has to be realised that too much reliance on the travel agents for the procurement of business hardly reflects well on the sales efficiency of the Corporation. There is a general impression that its sales organisation is weak and inattentive. Further the share of 38.29 per cent of the total business secured by Agents in 1964-65 is on the high side. Greater efforts are therefore needed to gear up the sales promotion machinery of the Corporation so that the large commission paid to the travel agents should be saved. This saving should be utilised for providing better amenities to the passengers and in opening more booking offices, particularly in the District Headquarters and Commercial Centres. Effort should also be made to reduce the number of travel agents. (Para 124)

Reply of Government

The Corporation has explained that the revenue from direct business has increased from Rs. 592 lakhs in 1962-63 to Rs. 948 lakhs in 1964-65, representing almost a 60% increase. The revenue realised through travel agents on the other hand has increased from Rs. 588 lakhs to Rs. 807 lakhs, representing an increase of only 37%, as against an increase of 47% in the total business. The fact that the agents share of business has declined from 41% in 1962-63 to 38% in 1964-65 and that there has been no increase in the number of travel agents since 1960 would also go to show that the Corporation does not place too much reliance on travel agents for procurement of business.

*At the time of factual verification, the Ministry of Tourism & Civil Aviation gave the following further information :—

A statement indicating the position as on 11-4-1969 in regard to Teleprinter and Telex Circuits in operation is at Appendix VI.

[Ministry of Tourism & Civil Aviation O.M. No. 4-CA(5)/66-Pt., dated 17th April, 1969]

2. The question of opening of booking offices at District Headquarters has to be considered primarily from the point of view of costs involved and return obtained. If it is cheaper to have a travel agent instead of a booking office there should be no objection to appointing a travel agent.

3. Reduction in the number of travel agents might have an adverse effect on tourist traffic and also cause considerable inconvenience to passengers coming from small towns where they do not have any direct contact with the Indian Airlines offices.

4. As a member of the IATA, the Corporation is also obliged to recognise travel agents who are recognised by the IATA. Tourist groups coming from other countries have usually to make their bookings well in advance. The advantage of having these bookings made through recognised travel agents is that payment is made by the tourists in foreign exchange which, from the national point of view, is of considerable importance.

5. It may also be mentioned that w.e.f. 20-8-1967 the commission which the Corporation pays to the travel agents has been reduced from 5 to 4 per cent.*

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March, 1969]

Recommendation (S. No. 29)

From the figures given in paras 138-141 of the report it appears that the efficiency of the overhaul shops has considerably deteriorated. Even if it is assumed that the rise in average costs has been due to increase in wages, cost of spare parts, etc. there is no reason why the average man-hours spent should increase in one year by 36% in the case of Friendship aircraft, while in the case of Skymaster aircraft it is 46%. There should have been some uniformity in the percentage increase which is very much on the high side. The reasons for these increases should be investigated and steps taken to improve the efficiency and output of the workshops.

(Para 143)

Reply of Government

According to the Corporation, there was an increase in the man-hours spent on Check IV Inspections on F. 27 aircraft. The period between Check IV was developed from 1800 hours to 2000 hours. The overhaul life of major components is in the vicinity of 4000 hours to 6000 hours being 6000 hours for most of such components. The overhaul of major components did not fall due during the year 1961-62 i.e. first year of operation. Only some of the components were due for overhaul during the year 1962-63 and the number of components overhaul increased during the year 1963-64 and 1964-65. The man-hours booked on the overhaul of these components were coupled up with the man-hours booked on Check IV, thus increasing the average man-hours.

*At the time of factual verification, the Ministry of Tourism & Civil Aviation gave the following further information :—

The commission paid by the Corporation to Travel Agents was raised from 4% to 4½% from 1-4-1968.

[Ministry of Tourism & Civil Aviation O.M. No. 4-CA(5)/66-Pt., dated 17th April, 1969]

On the basis of the experience gained in the operation of this type of aircraft, a number of modifications were introduced by the manufacturers or by the Civil Aviation Authorities in India. These were required to be carried out during Check IV accounting for the increase in man-hours.

As regards the Skymaster aircraft, the increase in the average man-hours was due to the fact that in 1964-65 more Aircraft Systems were overhauled than in the year 1963-64; especially as this Aircraft is being overhauled on progressive overhaul system basis. The fact that the aircraft is getting older every year and requires more re-work, cannot also be ignored.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March, 1969]

Recommendation (S. No. 31)

There is another aspect to which attention might be paid. During the Fourth Five Year Plan period, the Corporation will replace certain types of aircraft by new ones. This would necessitate reorganisation of the existing Workshops to enable it to change over to new types of aircraft maintenance. The Committee suggest that in the new set up there should be one Base only for maintenance and overhaul of a single type of aircraft as it would be conducive to maximum utilisation of manpower and machine capacity.

It was noticed that the over-hauling capacity of engines fitted in the Viscount aircraft was developed several years after their introduction into the Corporation's service. Initially, the Caravelle Engine had also to be sent abroad for overhauling. When new types of aircraft are introduced, timely action should be taken to develop overhauling capacity so as to obviate the necessity of sending their engines abroad.

(Paras 148 & 149)

Reply of Government

At the time of nationalisation, the overhaul of Skymaster aircraft was being done at Bombay and Calcutta and the Viking aircraft was being overhauled at Bombay and Delhi. The Skymaster overhaul was then centralised at Delhi.* It was only in the case of the Dakotas that the overhaul of the airframe had to be continued at Delhi, Calcutta and Hyderabad and the engines at Delhi and Calcutta. The Corporation was forced into this position because the centralisation of Dakota airframe and engine overhaul would have involved mass transfer of staff with resultant hardships involved in uprooting them and their families from one place to another. To avoid this, at the time of the Air Corporations Bill was under consideration, an undertaking was given to the staff that mass transfer would be avoided.

*At the time of factual verification, the Ministry of Tourism & Civil Aviation gave the following further information:—

The sentence "The Skymaster overhaul was then centralised at Delhi" may kindly be substituted by the following:

"The Skymaster overhaul was then centralised at Calcutta and Viking overhaul was centralised at Delhi."

[Ministry of Tourism & Civil Aviation O.M. No. 4-CA(5)/66-Pt., dated 17th April, 1969]

Besides this, any further centralisation would also have involved construction of additional hangars, etc. at one place whereas the existing facilities at other places would have remained unutilised and idle. Centralisation of Dakota overhauls would also have implied a considerable amount of empty positioning flights which were avoided under the decentralised set up. However, with the gradual depletion of the Dakota fleet from 74 at the time of nationalisation to the present 29, airframe overhauls are now being done at Hyderabad only while the engine overhauls have been centralised at Calcutta.

The first Viscount aircraft arrived in India during the month of September, 1957. The plans for setting up the necessary equipment for the overhaul of airframe and engines were initiated as soon as a decision was taken to purchase this type of aircraft. However, some time was required to set up the engine overhaul shops, which included the construction of the Test House and its sound proofing. This work could be completed only by 1959, and the first engine rolled out during the month of May, 1959. The Corporation had made arrangements with Messrs Rolls-Royce to overhaul the engines for the interim period.

Similarly, action was initiated for the overhaul of Caravelle engines, when the decision for the purchase of this type of aircraft was taken. It was considered more economical to modify the jet engine in this overhaul shop of Air-India rather than set up a new shop. The equipment required to convert Air-India's workshop was ordered as early as possible and it always takes time for the manufacturers to deliver such equipment and its subsequent installation. Air-India has already commenced the overhaul. In fact they have already repaired a few Avon engines of the Corporation in their workshops. However, subsequently in view of the industrial trouble in Air-India, when all production ceased, Indian Airlines decided that Avon engines should be overhauled at H.A.L. Bangalore also and overhaul of those engines is now being divided half and half between Air-India and Hindustan Aeronautics Ltd., Bangalore.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March, 1969]

Recommendation (S. No. 32)

It is noticed that the value of material purchased indigenously to the total purchases made was 1.8 per cent only in 1963-64 which must be considered as insignificant. The Committee appreciate the limitation on manufacture of items of a proprietary nature and that manufacture of spare parts for different types of aircraft will not be economical. Yet, to depend on imported spares to the extent of 98% is not desirable. It is apparent that no serious thought has been given to the possibility of manufacturing aircraft items in the country until quite recently. In view of the foreign exchange difficulties and to attain self-sufficiency the manufacture of spare parts in the country to a large extent must be undertaken immediately.

(Para 153)

Reply of Government

The question of manufacture of aircraft spares has been under the consideration of Government since 1957 in pursuance of one of the recommendations contained in the 62nd report of the Estimates Committee. An examination of the above recommendation, in consultation with the then

Ministry of Commerce and Industry and the Ministry of Defence, showed that having regard to the extremely limited indigenous capacity available which was mostly with the Hindustan Aircraft Ltd., Bangalore, further development of manufacture in India would have to be confined to general aircraft stores and Dakota spares. The question of manufacture of any proprietary item under a licence had to be ruled out as extremely uneconomic in view of the limited turn-over of business in the case of very many items. In these circumstances, it was decided in 1962-63 that development and manufacture of Dakota spares as well as Aircraft general stores should be progressed by a development agency within the Defence organisation. In pursuance of this decision a Committee has been formed by the Ministry of Defence Production on which IAC is represented. The Committee are making a study of items, the manufacture of which can be undertaken by them with the raw materials available in the country.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March, 1969]

Recommendation (S. No. 37)

It is clear that the Corporation's agents in the USA did not inspect the values with the meticulous care that was needed before certifying them. The responsibility of the inspecting organisation in such matters needs to be precisely defined and incorporated in an agreement so as to safeguard against any such failure in future. (Para 168)

Reply of Government

The question of incorporating suitable provisions in the agreement with the inspecting agents abroad to hold them responsible in case of any such unsuitable items that pass through them was examined by the Corporation as far back as 1959. The inspecting agents abroad refused to take responsibility for detailed inspection of each and every item but they took responsibility for ensuring that the spares were covered by proper release notes issued by the Civil Aeronautics Board or the Federation Aviation Agency in U.S.A. Besides verification of release notes the inspecting agents also carry out a visual check of spares. They are neither equipped nor can they make responsibility for detailed examination of each and every spare. If this was insisted upon the cost would be prohibitive. This problem, however, crops up only in the case of spares which are purchased by the Corporation from the surplus market, largely for the Dakota aircraft. It may be clarified that the Corporation was purchasing spares for Dakota and Skymasters from the surplus market with a view to conserving foreign exchange as their purchase from the manufacturers would have implied payment of 4 to 5 times the price that it was paying in the surplus market. This policy, in the interest of onservng foreign exchange, implied a calculated risk in receiving some items which would prove to be unusable. The fact that the number of cases of this type is so few would indicate that the policy decision taken by the Corporation was justified.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March, 1969]

Recommendation (S. No. 38)

It is noticed that the thefts occurred at Safdarjung Stores Depot in October, 1961, October, 1962 and April, 1963. The Committee are intrigued how these thefts continued without being detected though their dates are known. It is surprising that the responsibility for these losses could not be fixed on any person. The Committee are unable to accept the plea put forward that this was because people were working in shifts. The obvious reason appears to be that those who should have investigated into them failed to fix responsibility for some reason or the other. The Committee understand that security measures for keeping proper custody of stores have now been strengthened. (Para 170)

Reply of Government

The Corporation has explained that the dates given are the dates on which the loss of bearing was noticed. As no individual was apprehended in physical possession of the lost bearings, the precise dates on which the loss occurred could not be established. Because of this difficulty and because the Storeholders work in shifts individual responsibility on any one of them could not be fixed. The Police authorities also tried their best but could not apprehend the culprits. Since then the procedure for storage of bearing and their issue has been tightened giving better control over the stocks. Security measures have also been tightened.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March, 1969]

Recommendation (S. No. 45)

Although plans for construction of quarters in Delhi were initiated in 1959-60, it took six years for the Corporation to acquire a suitable plot for the purpose. The Committee appreciate the difficulties that are faced in acquiring suitable land in big cities. However, if serious efforts had been made to expedite the matter at various levels, there is no reason why the Corporation should not have succeeded earlier in its efforts. Presently, beyond acquisition of land, no progress seems to have been made towards construction of houses. The Corporation should attend to this matter urgently. (Para 208)

Reply of Government

In spite of best efforts made by the Corporation ever since 1960, no progress could be made till 1965. A plot of land measuring 11.4 acres was purchased from the Ministry of Rehabilitation in 1960 in village Khera on the Ring Road. This land was subsequently acquired by the Delhi Administration under the Master Plan Scheme. In lieu of this land, the Delhi Administration offered 30 acres of land near Malviya Nagar and a sum of Rs. 21.78 lakhs was paid on 13-12-1963 towards price of this land even though the location of the new site was not convenient on account of its distance from Palam. Before this land could be demarcated the Corporation was able to locate another piece of land nearer Palam. The Ministry of Works and Housing was approached for allotment of this land and towards the end of 1964 Government agreed to allot 30 acres of land in this area. However, the actual allotment was made by the Ministry of

Works & Housing only on 26-10-1965. The plot of land south of Ramakrishnapuram was handed over to the Corporation by the Delhi Administration on the 24th May, 1967. It was subsequently realised by the D. D. authorities that the plot did not fit in with the Master Plan and that some portion of it was going into the Green Belt. The shape of the plot was, therefore, altered and it was finally handed over only on the 27th February, 1968. Lay-out plans have been submitted to the Delhi Development Authority and construction work will be taken in hand as soon as their approval is received. In the meantime, sinking of a tubewell and construction of a boundary wall are being taken in hand. Estimates of earthwork have been prepared and the development of the plot will be taken in hand soon.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC/(5)/66, dated 20th March, 1969]

Recommendation (S. No. 46)

From the information originally placed before the Committee it was not clear as to why the scheme had to be abandoned. In the Audit Report it is stated that this was done because the land was not suitable. But at the time of evidence before the Committee the reason given was that a portion of the land was required by the DGCA for their own use. Whatever be the reason, the result is that the housing project of the Corporation has been delayed by about four years. If the selection of site at Narayanpur village had been made after proper survey or the project had been executed expeditiously the need for making changes would not have arisen. The scheme should now be proceeded with expeditiously.

(Para 212).

Reply of Government

The Corporation has explained that the plot originally allotted in Narayanpur village was accepted as no other area available at that time near the airport for construction of a housing colony. A good portion of this land was low-lying and would have involved additional expenditure in development. In addition a portion of this land was to be treated as "non-construction" belt. An area known as the 4 CMU Area where the I.A.C.'s engineering base is located subsequently became available on account of a decision to shift the engineering base to a new area near the terminal building, the land in Narayanpur Village was given up.

Since the shifting of the engineering facilities will take some time, it has been decided to construct in stages the housing colony as and when the engineering facilities are shifted. A beginning has already been made in the areas already available. Tenders have been awarded and work has commenced. It is expected that the project will be completed very soon.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March, 1969]

Recommendation (S. No. 47)

In this connection the Committee have noticed that in 1958 the requirement of Pilots was estimated at 30 to 45 pilots a year. The estimate was later revised to 30 to 35 but in 1959 it was reduced to 10 pilots a year.

These assessments had varied because of the Corporation's failure to appreciate in time the introduction of heavier and faster aircraft. From the foregoing paragraph it is seen that the shortage of pilots since 1963 is due to the inability of the Corporation to assess its requirements correctly. When it was noticed that there would be a shortage of Pilots, the Corporation had to make *ad hoc* arrangements to recruit them from the Flying Clubs, etc. and train them at its own Central Training Establishment at Hyderabad. This arrangement is most unsatisfactory. Proper planning should be done to secure a regular flow of pilots according to the requirements.

As regards arrangements to be made for training of pilots in future, it would be desirable to open a centre for their training where candidates could be given *ab initio* training and further training imparted to those who are recruited from Flying Clubs etc. The burden of training cost falls on the Government, in either case. What is important is that the training should be thorough and economical and there should be no duplication of efforts whether at the Flying Clubs, the Civil Aviation Training Centre or at Corporation's own Training Establishment at Hyderabad. (Paras 217 & 218)

Reply of Government

The requirements of Pilots were assessed in 1960-61 and it was estimated that the total number of pilots required would be 375. At that time there was no regulation in the Corporation's Service Regulations laying down the maximum number of hours for which a Pilot could fly in a month, a week or a day. The only regulation in force was the provision in the Indian Aircraft Rules fixing the maximum flying that a Pilot could do at 125 hours a month. On this basis, with introduction of a faster aircraft like the Fokker Friendship which was replacing the Dakotas, the total flying hours were expected to be reduced and, therefore, on this basis, the additional requirements were not expected to be more than 25 to 30 Pilots in the course of the next three or four years. Subsequently, the Pilot's Association took up the question of 'Flight and Duty Time Limitations'. It may be mentioned that though the demand for Flight and Duty Time Limitations was put forward in the year 1960-61, the Pilots' Association never pressed this point as long as the Type Allowance which was agreed to in the Agreement of 1960 was linked with the number of hours a Pilot was required. However, in the year 1963, the Type Allowance was converted into a Fixed Allowance and thereafter the demand for Flight and Duty Time Limitations was pressed immediately by the Indian Commercial Pilots Association. After protracted negotiations, an agreement was reached with the I.C.P.A. on Flight and Duty Time Limitations and rest periods. According to this Agreement, the maximum flight time for a jet Pilot was fixed at 6½ hours per day, 26 hours per week and 65 hours per month. In the case of non-Jet Pilots, it was fixed at 8 hours per day, 32 hours per week and 80 hours per month. In addition, certain rest periods were prescribed after each spell of duty, weekly off and for night-mail operations. This changed the picture completely and requirement of Pilots worked for the year 1966-67 to 1970-71 had to be reassessed. The shortage which became pronounced as a result of the Flight and Duty Time Limitations was made good by recruitment of 25 Pilots in 1964-65 (7 from other Airlines and 18 through Civil Aviation Training Centre/Flying Clubs) and 41 upto September, 1965 (through a special programme of training organised in the Central Training

Establishment of the Indian Airlines of the Pilots recruited from Flying Clubs). The closure of the Civil Aviation Training Centre created a void for the training of Commercial Pilots and in view of the requirements of both the Corporations the future training programme was examined by a Committee set up by the Government which recommended the setting up of a training centre as a joint venture of the two Corporations. The Arya Committee has gone further into this question and has submitted its report which is under consideration.

It is no doubt true that the assessments made earlier proved incorrect on account of subsequent developments. All the world over the airlines were under the impression that the demand for additional Pilots consequent on expansion on their operations would be more than offset by the coming in of the faster aircraft, particularly the pure jets. The jet would naturally produce more capacity for the same or less number of flying hours as before. But jet operations have brought into prominence a new aspect, namely the jet fatigue which has given rise to the demand for Flight and Duty Time Limitations on the part of Pilots. This could not be anticipated by most airlines including the Indian Airlines.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March, 1969]

Recommendation (S. No. 48)

The Wheatcroft Committee had recommended immediate withdrawal of Radio Officers from the Viscount fleet in 1959. The Committee regret to note that it took more than 5 years to implement this recommendation. The Friendships and Caravelles were introduced later into the Corporation's services and it should have been possible to operate them without a Radio Officer from the very beginning. The non-withdrawal of Radio Officers from the Viscount fleet for over five years and their introduction on the Friendships and Caravelles when they were not needed shows how ineffective the management of the Corporation was proved.

The Committee are informed that further recruitment of Radio Officers has been stopped. The two-crew operation is likely to be introduced shortly when the Radio Officers will become surplus to recruitments. The Committee hope that efforts will be made to employ them for suitable jobs on the ground or in other allied organisations. (Paras 221 & 222)

Reply of Government

The Corporation has reported that the question of withdrawal of Radio Officers from the Viscount fleet in 1959 and later from the Friendships 1961/62 and Caravelles in 1963/64 has been the subject of prolonged negotiations with the Indian Commercial Pilots Association and an agreement could be reached only in August, 1965. The services of the Radio Officers who have been grounded will be utilised in the Flight Despatch Scheme after necessary training.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated 20th March, 1969]

Recommendation (S. No. 51)

Obsolescence of stores and spares is more in aviation industry because of the constant technical improvements being made in the various items. The provision made in 1964-65 towards obsolescence is very small as compared to that provided in 1962-63 and 1963-64. It should, therefore, be examined whether the provision made in 1964-65 was adequate and in keeping with the principles laid down for the purpose. (Para 235)

Reply of Government

The matter has been re-examined and it has been found that adequacy of the provision was examined by the Corporation in great detail and was also discussed at considerable length by the Board. After due deliberations it was considered by the Board that the provision of Rs. 28.25 lakhs made in 1964-65 was adequate. The Corporation has also pointed out that the adequacy of the provision should not be judged on the basis of the provision made in any one year. The deciding factor is the total provision that might exist on a given date and the provision needed to bring it up to the desired level. The provision for Obsolescence Reserve at the end of 1964-65 worked out to approximately 37% of holdings of spares and consumable stores, which was considered adequate.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66, dated
20th March, 1969]

CHAPTER IV

**RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF
GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE
COMMITTEE**

NIL

CHAPTER V

RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT ARE STILL AWAITED

Recommendation (S. No. 11)

It has been estimated by the Corporation that during the Fourth Five Year Plan it would require aircraft to replace the Viscounts and Sky-masters. It follows that these replacements would necessitate heavy investment. Considering the need to expand more routes and services and also the limited funds that will be available during the Fourth Five Year Plan period, the Corporation should concentrate on expansion and use the existing fleet until its operations continue to be safe and remunerative. (Para 64)

Reply of Government

The Corporation are alive to the need for expanding their services and augmenting their capacity otherwise. At one stage the Corporation were planning to replace their Viscount by a bigger and faster type of aircraft. A Committee appointed by Government under the Chairmanship of Air Marshal P. C. Lal had *inter alia* recommended in 1967 that the Viscounts were fit to be retained in service for a further period of five years and that the Corporation, during that period, should try and augment their fleet by one of the existing types of aircraft. The Corporation on further consideration have come to the conclusion that the present need is for an aircraft of 100 plus capacity and that there is a case for going in for 5 aircraft of that type, to augment their capacity on the trunk routes retaining the present fleet of Viscount aircraft at the same time. The proposal of the Corporation in this regard is under consideration.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66 dated 20th March, 1969]

Further Reply of Government

As regards recommendation No. 11 regarding the fleet of the Corporation a further communication will be sent as soon as a decision is taken on the proposal of the Indian Airlines for the purchase of five aircrafts of capacity 100 plus.

[Ministry of Tourism & Civil Aviation O.M. No. 4-AC(5)/66 dated 20th March, 1969]

NEW DELHI;

G. S. DHILLON,

Chairman,

Committee on Public Undertakings,

April 18, 1969

Chaitra, 28, 1891 (S)

APPENDIX I

(Vide reply to Recommendation at S. No. 17)

No. 11-AC(21)/68

GOVERNMENT OF INDIA

MINISTRY OF TOURISM AND CIVIL AVIATION

Dated New Delhi, the 29th November 1968

Whereas the Committee on Public Undertakings, in their 21st Report on Air-India, had *inter alia* observed that a regular arrangement should be evolved whereby passengers unable to obtain accommodation in IAC could be carried by Air-India as a matter of course and that other procedural difficulties, like Customs check, serving of refreshments to domestic passengers, drawback on fuel etc., should be suitably resolved in consultation with the authorities concerned.

WHEREAS the Central Government is of opinion that it is expedient in the national interest so to do :

NOW, THEREFORE, in exercise of the powers conferred by sub-section (2) of section 34 of the Air Corporations Act, 1953 (27 of 1953) the Central Government, after consultation with the two Corporations, hereby directs that domestic passengers shall be carried by Air-India on the Delhi-Bombay, Bombay-Calcutta and Bombay-Madras sectors of their international flights, subject to the following conditions :

- (1) Air-India shall indicate to the Indian Airlines not later than the 15th of a month the number of seats that could be offered by them for the succeeding month on the Delhi-Bombay, Bombay-Calcutta and Bombay-Madras sectors of their international flights, to be utilised for the carriage of domestic passengers. Such seats will be offered by Air-India only in their Economy Class.
- (2) The Indian Airlines will be responsible for sale of such accommodation, on the basis that the accommodation available on the Indian Airlines flights will be sold first and thereafter accommodation available on Air-India will be sold, it being understood that till all the available seats on Air-India are sold, no one would be put on the waiting list unless any particular passenger prefers to be wait-listed for a particular Indian Airlines Flight.
- (3) Air-India will be responsible for ground handling of the domestic passengers travelling on their services in the Domestic Lounge by special arrangement with the Customs authority.
- (4) The revenue realised on the carriage of domestic passengers on Air-India flights shall after deduction of agency commis-

sion, if any, be shared between the Indian Airlines and Air-India in the ratio of 55 : 45.

The above arrangement shall come into effect from the 1st January, 1969.

Sd./- R. C. DUTT,
Secretary to the Govt. of India.

Copy to :

General Manager, Air-India, 241/242, Backbay Reclamation, Nariman Point, Bombay.

General Manager, Indian Airlines, 113-Gurdwara Rakabgunj Road, New Delhi.

APPENDIX II

(Vide reply to Recommendation at S. No. 3)

N. 6-AC(13)/63

GOVERNMENT OF INDIA

MINISTRY OF TRANSPORT

(TRANSPORT WING)

Dated New Delhi, the 27th April, 1964

Chaitra, 29, 1886

RESOLUTION

Under Section 9 of the Air Corporations Act, 1953 (Act No. 27 of 1953) the Indian Airlines Corporation are expected to function, as far as may be, on business principles. The Corporation had inherited a large number of routes, operated with Dakotas, the continuance of which cannot be justified on commercial considerations. Even so, the Corporation have had to continue such services, particularly in the Assam, Manipur and Tripura areas where air transport is the only means of communication. Government have been considering how best the Indian Airlines Corporation could be encouraged to extend their operations to areas, where it is desirable in the public interest to provide facilities for air travel which would not be justified on purely commercial considerations. Government have come to the conclusion that this objective could be achieved by constituting a special fund from which subventions could be paid to the Corporation from time to time for operating services, which the Corporation would not otherwise undertake on purely commercial considerations, but which Government may consider necessary in the interests of tourist promotion, to meet the regional requirements of a particular area, or for other considerations which may not justify a directive under section 34 of the Air Corporations Act. It has accordingly been decided that a Fund called "The Civil Aviation Development Fund" shall be constituted with effect from 1-4-1964 with an initial grant of Rupees One Crore. Further payments to the Fund would be made as required, the total payments in any financial year being limited to a sum equal to the Union excise duly collected on the aviation fuel and oil, consumed in the operation of internal services of the Corporation during the previous financial year. The sum will be provided by the Ministry of Transport in their Budget Estimates each year and, after being voted by Parliament, credited to the Fund. The amount not expended out of the Fund in any particular year, will not lapse.

2. Payments out of the Fund will be made under sanctions issued by the Ministry of Transport and will be subject to a separate vote under the grants of the Civil Aviation Department in the Budget. The Ministry will be advised by a Committee consisting of the Secretary to the Govt. in the Ministry of Transport as Chairman, the Financial Adviser of the Ministry of Transport and such other members as Govt. may decide from

time to time, as to the routes, referred to above, which the Govt. may require the Corporation to operate on payment of a subvention. Payments out of the Fund may also be made for the construction of airstrips and provision of ancillary facilities for the operation of services referred to above, which could not be fitted into the general programme of the Civil Aviation Department.

ORDER : Ordered that a copy of the Resolution be communicated to the Ministry of Finance (T&P Dn.), Ministry of Industry, General Manager, Indian Airlines Corporation/Air-India, Director General of Civil Aviation, Director General (Tourism), Comptroller and Auditor General of India and also that the Resolution be published in the Gazette of India.

Sd./- G. VENKATESWARA AYYAR,
Secretary to the Government of India

No. 6-AC(13)/63

Dated New Delhi: the 27th April, 1964

1. Ministry of Finance (T&P Dn.), New Delhi.
2. Ministry of Industry, New Delhi.
3. General Manager, Indian Airlines, New Delhi.
4. General Manager, Air India, Bombay.
5. Director General of Civil Aviation, New Delhi.
6. Director General (Tourism), New Delhi.
7. Comptroller and Auditor General of India, New Delhi.

Sd./- G. VENKATESWARA AYYAR,
Secretary to the Government of India

APPENDIX III

(Vide reply to Recommendation at S. No. 3)

No. 6-AC(13)/63

GOVERNMENT OF INDIA

MINISTRY OF CIVIL AVIATION

The Accountant General,
Commerce, Works & Miscellaneous,
New Delhi.

Dated New Delhi, the 27th April, 1964

SUBJECT : *Civil Aviation Development Fund.*

Sir,

I am directed to refer to para 2 of Government Resolution No. 6-AC (13)/63 dated 27-4-1964 (copy enclosed) and to say that the President has been pleased to decide that the following shall constitute the Civil Aviation Development Fund Committee :

1. Secretary to the Govt. of India, Ministry of Civil Aviation—*Chairman*
2. Financial Adviser of the Ministry of Civil Aviation—*Member*
3. Director General of Civil Aviation—*Member*
4. Director General of Tourism—*Member*
5. Deputy Secretary to the Government of India dealing with Air Corporations in the Ministry of Civil Aviation—*Member-Secy.*

2. The T.A. and D.A. of the official members of the Committee will be met by the respective Departments/offices of the Government of India.

3. The functions of the Committee will be of an Advisory character. The Committee will consider the various requests for operation of air services and advise the Ministry of Civil Aviation as to :

- (a) the services to be operated by Indian Airlines Corporation on the basis of payment of subvention from the Civil Aviation Development Fund, in the interest of tourist promotion, or to meet the regional requirements of particular areas, or for other considerations, which may not justify a directive under section 34 of the Air Corporations Act, 1953.
- (b) the airstrips which should be constructed and the ancillary facilities to be provided for the operation of services referred to above which could not be fitted into the general programme of Civil Aviation Department.

4. In recommending air services for operation on payment of subvention from the Civil Aviation Development Fund, the Committee will keep in view the following factors :—

- (i) No route which had broken even during the last three years would be eligible for consideration of payment of subvention

in the event of the Corporation incurring a loss on the route subsequently, although it may be a tourist route.

- (ii) Routes which have met with their direct operating costs during the preceding three years will be treated as developmental routes which the Corporation should try to foster. In this view, they will also not be eligible for being considered for grant of subvention.
- (iii) Routes at present being operated under a subsidy arrangement with the Tourist Department of the Central Government, will be eligible for subvention from the Fund.
- (iv) New routes, the operation of which is considered necessary in the interests of tourist promotion or to meet the regional requirements of a particular area, or for other considerations which may not justify the issue of a directive under section 34 of the Air Corporations Act, will also qualify for consideration for payment of subvention.

5. Routes operated by the I.A.C. at the instance of the Central Government, without a directive under section 34 of the Air Corporations Act—will qualify for payment of subvention equal to the difference between the revenues earned and their costs of operation including pro-rata overheads.

6. Funds required by the Director General of Civil Aviation on the construction of air strips and provision of ancillary facilities referred to in para. 3(b) above will also be provided out of the Civil Aviation Fund.

Yours faithfully.

Sd/- K. GOPALAKRISHNAN.

Deputy Secretary to the Government of India

No. No. 6-CA(13)/63

Dated New Delhi, the 11th Sept. 1964

Copy forwarded for information to the :

1. Ministry of Finance (Expenditure Department).
2. Financial Adviser (T&P).
3. Director General of Civil Aviation, New Delhi.
4. Director General of Tourism, New Delhi.
5. General Manager, Indian Airlines, 113-Gurdwara Rakabganj Road, New Delhi.
6. Comptroller and Accountant General, New Delhi.
7. Deputy Director of Commercial Audit, New Delhi.
8. Administration Section, Ministry of Civil Aviation with 2 spare copies
9. G&C Section, Ministry of Civil Aviation with 2 spare copies.

Sd/- K. GOPALAKRISHNAN.

Deputy Secretary to the Govt. of India

APPENDIX IV

(Vide reply to Recommendation at S. No. 3)

N. 6-AC(13)/63

GOVERNMENT OF INDIA

MINISTRY OF CIVIL AVIATION

Dated New Delhi, the 8th July, 1965

RESOLUTION

Under Government resolution No. 6-AC(13)/63 dated the 27th April, 1964, a Civil Aviation Development Fund was constituted with effect from 1-4-1964, which provided *inter alia* for payment of subvention to the Indian Airlines Corporation for operation of uneconomic routes not otherwise justified on commercial considerations but which may be necessary to meet regional requirements or for promotion of tourism. Payments out of the Fund could also be made for the construction of air-strips and provision of ancillary facilities for the operation of the services referred to above, which could not be fitted into the general programme of the Civil Aviation Department. It has now been decided that the Fund may also be used for payment of subvention on account of purchase by I.A.C. of aircraft (manufactured in India) to replace or supplement their existing fleet.

ORDER : Ordered that a copy of the Resolution be communicated to the Ministry of Finance (T&P Division), Ministry of Industry & Supply, General Manager, Indian Airlines/Air-India, Director General of Civil Aviation, Director General (Tourism), Comptroller and Auditor General of India and also that the Resolution be published in the Gazette of India.

Sd/- K. GOPALAKRISHNAN,

Deputy Secretary to the Govt. of India

No. 6-CA(13)/63

Dated the 8th July, 1965

1. Ministry of Finance (T&P Division), New Delhi.
2. Ministry of Industry & Supply, New Delhi.
3. General Manager, Indian Airlines, New Delhi.
4. General Manager, Air India, Bombay.
5. Director General of Civil Aviation, New Delhi.
6. Director General (Tourism), New Delhi.
7. Comptroller and Auditor General of India, New Delhi.

APPENDIX V

(Vide reply to Recommendation at S. No. 23)

INDIAN AIRLINES

List of TP Circuits

Telex as on 1-10-68

Sl. No.	Circuits	Available Hrs. of Ops.	Actual Hrs. of Ops.
1	2	3	4
<i>Existing :</i>			
1.	Bombay/Calcutta ..	24	24
2.	Bombay/Madras ..	24	24
3.	Bombay/Delhi-I ..	24	24
4.	Delhi/Calcutta ..	24	24
5.	Bombay/Hyderabad	24	14
6.	Bangalore/Madras	24	14
7.	Bombay/Nagpur ..	24	24
8.	Calcutta/Madras ..	24	12
9.	Calcutta/Gauhati ..	24	8
10.	Delhi/Srinagar ..	24	14
11.	Delhi/Madras	24	24
12.	Madras/Cochin	24	8
13.	Bombay/Ahmedabad	24	11
14.	Delhi/Bombay-II	24	15
15.	Delhi/Varanasi	24	14
16.	Varanasi/Patna	24	7
17.	Calcutta/Patna	24	8
18.	Madras/Coimbatore	24	8
19.	Trivandrum/Cochin	24	8
20.	Ahmedabad/Rajkot	24	7
21.	New Delhi/Jammu	24	7
22.	Mangalore/Bombay	24	6
23.	Madras/Madurai	24	8
24.	Bombay/Aurangabad	8	6
25.	New Delhi/Jaipur	8	8
26.	Calcutta/Siliguri	24	6
27.	Calcutta/Hyderabad	24	14
28.	Madras/Hyderabad	24	14
29.	Bombay/Goa	24	8
30.	Bangalore/Hyderabad	24	8

1	2	3	4
LOCAL CIRCUITS			
<i>At Bombay :</i>			
1.	B.O.KANTB, S'Cruz ..	24	15
2.	B.O./Old Airport, S.Cruz ..	24	15
<i>At Madras :</i>			
1.	B.O. to Airport	24	
<i>At Delhi :</i>			
1.	B.O. to Palam Airport	24	24
2.	B.O. to Airlines House	24	15
3.	B.O. to Thapar House	24	7
<i>T. P. Circuits on Order :</i>			
			Hrs. of Ops.
1.	Jaipur/Udaipur		8
2.	Jaipur/Agra		8
3.	Jaipur/Ahmedabad		8
4.	Delhi/Bhopal		8
5.	Calcutta/Bhubaneshwar		8
6.	Agra/Banaras		8
7.	Gauhati/Silchar		8
8.	Gauhati/Agartala		8
9.	Gauhati/Tezpur		8
10.	Jorhat/Mohanbari		8
11.	Ahmedabad/Bhuj		8
12.	Ahmedabad/Bhavnagar		8
13.	Bombay/Indore		8
14.	Gauhati/Mohanbari		8
15.	Bombay/Bangalore		24
16.	Indore/Bhopal		8
17.	Tezpur/Jorhat		8
18.	Silchar/Imphal		8
<i>Proposed T.P. Circuits (order to be released by October End)</i>			
			Hrs. of Ops.
1.	Delhi/Amritsar		8
2.	Vizag/Bhubaneshwar		8
3.	Bombay/Bhavnagar		8
4.	Amritsar/Jammu		8
5.	Cochin/Coimbatore		8
6.	Goa/Belgaum		8

1	2	3	4
7. Rajkot/Kandla			8
8. Hyderabad/Vijayawada			8
9. Vijayawada/Vizag			8
10. Jammu/Srinagar			8
11. Banaras/Lucknow			8
12. Rajkot/Porbandar			8
13. Bangalore/Mangalore			8
14. Madurai/Trichy			8
15. Delhi/Chandigarh			8

NATIONAL TELEX

Existing :

- | | |
|--------------|--------------------|
| 1. Hyderabad | 7. Delhi |
| 2. Bangalore | (a) Malhotra Bldg. |
| 3. Madras | (b) Airlines House |
| 4. Bombay | 8. Patna |
| 5. Calcutta | 9. Gauhati |
| 6. Srinagar | |

On Order :

- | | |
|--------------|------------|
| 1. Ahmedabad | 4. Vizag |
| 2. Rajkot | 5. Madurai |
| 3. Cochin | |

APPENDIX VI

(Vide footnote to Recommendation at S. No. 23)

INDIAN AIRLINES

List of TP Circuits/Telex as on 11-4-1969

Sl. No.	Circuits	Available hrs. of ops.	Actual hrs. of operations
1	2	3	4
Existing			
1.	Bombay/Calcutta	24	24
2.	Bombay/Madras	24	24
3.	Bombay/Delhi	24	24
4.	Delhi/Calcutta	24	24
5.	Bombay/Hyderabad	24	15
6.	Bangalore/Madras	24	14
7.	Bombay/Nagpur	24	24
8.	Calcutta/Madras	24	24
9.	Calcutta/Gauhati	24	8
10.	Delhi/Srinagar	24	14
11.	Delhi/Madras	24	24
12.	Madras/Cochin	24	8
13.	Bombay/Ahmedabad	24	11
14.	Delhi/Bombay II	24	15
15.	Delhi/Varanasi	24	14
16.	Varanasi/Patna	24	8
17.	Calcutta/Patna	24	8
18.	Madras/Coimbatore	24	8
19.	Trivandrum/Cochin	24	8
20.	Ahmedabad/Rajkot	24	8
21.	Delhi/Jammu	24	7
22.	Mangalore/Bombay	24	6
23.	Madras/Madurai	24	8
24.	Bombay/Aurangabad	8	6
25.	Delhi/Jaipur	8	8
26.	Calcutta/Siliguri	24	8
27.	Delhi/Hyderabad	24	15
28.	Madras/Hyderabad	24	15
29.	Bombay/Goa	24	8
30.	Bangalore/Hyderabad	24	8
31.	Jaipur/Ahmedabad	8	8

1	2	3	4
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LOCAL CIRCUITS—*At Bmbay*

1. B.O./IN NTB, S'Cruz	24	15
2. B.O./Old Airport	24	15

At Delhi :

1. B.O. to Palam Airport	24	24
2. B.O. to Airlines House	24	15
3. B.O. to Thapar House	24	7
4. PANAM	24	24
5. AIR INDIA	24	24

At Madras :

1. B.O. to Airport	24	8
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T.P. CIRCUITS ALLOTTED AND IN THE PROCESS OF INSTALLATION

	Hours of Operations
1. Jaipur/Agra	8
2. Delhi/Bhopal	8
3. Calcutta/Bubhaneshwar	8
4. Ahmedabad/Bhuj	8
5. Ahmedabad/Bhavnagar	8
6. Bombay/Indore	8
7. Gauhati/Mohanbari	8
8. Indore/Bhopal	8
9. Bombay/Bangalore	24
10. Tezpur/Jorhat	8
11. Varanasi/Lucknow	8
12. Delhi/Amritsar	8
13. Bombay/Bhavnagar	8
14. Amritsar/Jammu	8
15. Cochin/Coimbatore	8
16. Rajkot/Kandla	8
17. Hyderabad/Vizag	8
18. Jammu/Srinagar	8
19. Madurai/Trichy	8
20. Delhi/Chandigarh	8

Orders Placed

1. Jaipur/Udaipur	8
2. Agra/Banaras	8
3. Gauhati/Silchar	8
4. Gauhati/Agartala	8
5. Gauhati/Tezpur	8
6. Jorhat/Mohanbari	8
7. Silchar/Imphal	8

1	2	3	4
8.	Vizag/Bhubaneswar	8	
9.	Hyderabad/Vijayawada	8	
10.	Rajkot/Porbandar	8	
11.	Bombay/Poona	8	
12.	Delhi/Kanpur	8	
13.	Delhi/Belgaum	8	
14.	Patna/Ranchi	8	
15.	Delhi/Khajuraho	8	
16.	Madras/Colombo	8	

NATIONAL TELEX

EXISTING:

- | | |
|--------------------|----------------|
| 1. Hyderabad | 8. Patna |
| 2. Bangalore | 9. Gauhati |
| 3. Madras | 10. Ahmedabad |
| 4. Bombay | 11. Cochin |
| 5. Calcutta | 12. Madurai |
| 6. Srinagar | 13. Coimbatore |
| 7. Delhi— | |
| (a) Malhotra Bldg. | |
| (b) Airlines House | |

ON ORDER :

- | | |
|-----------|----------|
| 1. Rajkot | 2. Vizag |
|-----------|----------|

RADIO CIRCUITS

ON ORDER :

1. Calcutta/Portblair
2. Calcutta/Agartala
3. Calcutta/Kathmandu

APPENDIX VII

(Vide para 4 of introduction)

Analysis of the action taken by Government on the recommendations contained in the Twenty-Third Report of the Committee on Public Undertakings (Third Lok Sabha)

I.	Total number of recommendations made ..	51
II.	Recommendations that have been accepted by Government— <i>Vide</i> Sl. Nos. 6, 7, 8, 9, 10, 13, 15, 17, 18, 21, 22, 25, 26, 27, 28, 30, 33, 34, 35, 36, 39, 40, 41, 42, 43, 44, 49 and 50	
	Number ..	28
	Percentage to total	55%
III.	Recommendations which the Committee do not desire to pursue in view of Government's reply— <i>Vide</i> Sl. Nos. 1, 2, 3, 4, 5, 12, 14, 16, 19, 20, 23, 24, 29, 31, 32, 37, 38, 45, 46, 47, 48 and 51.	
	Number ..	22
	Percentage to total ..	43%
IV.	Recommendations in respect of which replies of Government have not been accepted by the Committee.	
	Number	Nil
	Percentage to total	Nil
V.	Recommendations in respect of which replies from Government are still awaited— <i>Vide</i> Sl. No. 11.	
	Number	1
	Percentage to total ..	2%

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
DELHI			33.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi-1.	68
24.	Jain Book Agency, Connaught Place, New Delhi.	11	34.	People's Publishing House, Rani Jhansi Road, New Delhi.	76
25.	Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.	3	35.	The United Book Agency, 48, Amrit Kaur Market, Pahar Ganj, New Delhi.	88
26.	Atma Ram & Sons, Kashmere Gate, Delhi-6.	9	36.	Hind Book House, 82, Janpath, New Delhi.	95
27.	J. M. Jaina & Brothers, Mori Gate, Delhi.	11	37.	Bookwell, 4, Sant Narankari Colony, Kingsway Camp, Delhi-9.	96
28.	The Central News Agency, 23/90, Connaught Place, New Delhi.	15	MANIPUR		
29.	The English Book Store, 7-L, Connaught Circus, New Delhi.	20	38.	Shri N. Chaoba Singh, News Agent, Ramlal Paul High School Annexe, Imphal.	77
30.	Lakshmi Book Store, 42, Municipal Market, Janpath, New Delhi.	23	AGENTS IN FOREIGN COUNTRIES		
31.	Bahree Brothers, 188 Lajpatrai Market, Delhi-6.	27	39.	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON, W.C.—2.	59
32.	Jayana Book Depot, Chapparwala Kuan, Karol Bagh, New Delhi.	66			

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**PUBLISHED UNDER RULE 382 OF THE RULES OF PROCEDURE AND CONDUCT
OF BUSINESS IN LOK SABHA (FIFTH EDITION) AND PRINTED BY THE
MANAGER, GOVERNMENT OF INDIA PRESS, FARIDABAD.**
