

**COMMITTEE ON PUBLIC
UNDERTAKINGS
(1973-74)**

(FIFTH LOK SABHA)

FIFTY-THIRD REPORT

[Action taken by Government on the Recommendations Contained in the Twenty-eighth Report of the Committee on Public Undertakings (Fifth Lok Sabha.)]

(INDIAN AIRLINES)

(MINISTRY OF TOURISM AND CIVIL AVIATION)



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Fifty-Third Report of CPU (5 IS) on Indian Airlines.

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COMMITTEE ON PUBLIC UNDERTAKINGS
(1973-74)

CHAIRMAN

Shrimati Subhadra Joshi

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2. Shri Dinen Bhattacharya
3. Shri T. H. Gavit
4. Shri K. Gopal
5. Shri J. Matha Gowder
6. Dr. Mahipatray Mehta
7. Dr. Sankta Prasad
- *8. Shri Nawal Kishore Sharma
9. Shri Ramavatar Shastri
10. Shri R. P. Yadav
11. Shri M. S. Abdul Khader
12. Shri Lal K. Advani
- @13. Shri U. N. Mahida
14. Shrimati Purabi Mukhopadhyay
- @15. Shri Suraj Prasad

SECRETARIAT

Shri M. A. Soundararajan—*Deputy Secretary*

Shri M. N. Kaul—*Under Secretary*

* Appointed to act as Chairman from 16-5-1973 to 11-7-1973, during the absence abroad of Shrimati Subhadra Joshi.

@ Cessd to be a Member of the Committee consequent on his retirement from Rajya Sabha on 3-4-1974.

COMMITTEE ON PUBLIC UNDERTAKINGS

COMPOSITION OF STUDY GROUP ON ACTION TAKEN REPORTS AND GENERAL MATTERS

1. Shrimati Subhadra Joshi—*Chairman*
2. Shri Nawal Kishore Sharma—*Alternate Convener*
3. Shrimati Purabi Mukhopadhyay
4. Dr. Mahipatray Mehta
5. Shri Lal K. Advani
6. Shri U. N. Mahida

INTRODUCTION

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

2. The Twenty-Eighth Report of the Committee on Public Undertakings was presented to Lok Sabha on the 24th April, 1973. The replies of Government (not vetted by Audit) to all the 84 recommendations contained in the Report were received on the 18th October, 1973. Further information sought in respect of certain points arising out of the replies furnished by Government was received on the 16th February and 23rd March, 1974.

3. The replies of Government to the recommendations contained in the aforesaid Report were considered by the Committee on Public Undertakings on the 2nd April, 1974, and the Chairman was authorised to finalise the Action Taken Report on the basis of the decisions of the Committee.

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

- (i) Report;
- (ii) Recommendations that have been accepted by Government;
- (iii) Recommendation which the Committee do not desire to pursue in view of Government's replies;
- (iv) Recommendations in respect of which replies of Government have not been accepted by the Committee; and
- (v) Recommendations in respect of which final replies of Government are still awaited.

5. An analysis of the Action Taken by Government on the recommendations contained in the Twenty-Eighth Report of the Committee is given in Appendix II. It would be observed therefrom that out of the total number of 84 recommendations, 32.1 per cent have

(viii)

been accepted by Government. The Committee do not desire to pursue 42.9 per cent of the recommendations in view of Government's replies. Replies of Government in respect of 14.3 per cent of the recommendations have not been accepted by the Committee. Final replies of Government in respect of 10.7 per cent of recommendations have not been received.

SUBHADRA JOSHI,

Chairman,

Committee on Public Undertakings.

NEW DELHI;

April, 22, 1974.

Vaisakha 2, 1896 (S).

CHAPTER 1

REPORT

A. Augmentation of Fleet—Paras 2.58, 2.60, 3.32 and 3.33 of Twenty-Eighth Report (Fifth Lok Sabha).

Recommendations (Serial Nos. 6, 8 and 12)

In para 3.33 of their Twenty-eighth Report, the Committee on Public Undertakings (1972-73) had pointed out that according to estimates worked out by the Indian Airlines, they require 29 additional aircraft, (with capacity of 19.5 million ATKM per year) during the Fifth Plan period (1974-75 to 1978-79) to meet the estimated demand of passengers and cargo traffic. In addition, they will require six aircraft for replacement of Caravelle and Fokker Friendship Aircraft. According to year-wise estimate, the Corporation would require six to eight additional aircraft each year right from 1974-75 itself. The Committee, however, regretted to know that no decision had yet been taken about the type of aircraft to be purchased for augmentation of the fleet.

2. The Committee observed that with the experience of detailed exercise done as early as in 1968, the parameters and criteria evolved by IAC evaluation group appointed by Government in 1969, it should have been possible for the Corporation to complete the exercise about the selection of aircraft well in time and to submit detailed and definite proposals to Government to facilitate timely decision regarding the type of aircraft to be purchased and for making available the required resources, including foreign exchange. The Committee urged that the decision in this regard should be taken soon to ensure that the new aircraft become available as per the demands of traffic and the requirements of Indian Airlines.

3. The Committee also felt that the Government should take the initiative and ensure that a perspective plan for new aircraft (covering both requirements on additional and replacement account) is prepared having regard to the trends of traffic and other relevant technical considerations and it should be possible to draw up this perspective plan in detail in the light of the exercise done by the Corporation's own technical team in 1968 and the parameters and criteria evolved by the Indian Airlines Aircraft Evaluation Group appointed by Government in 1969.

4. In their reply, Government have stated that Indian Airlines commenced their studies connected with the question of fleet augmentation during the fifth plan period as early as 1971. There was some delay in obtaining performance and operational data from the various manufacturers. The studies were completed by Indian Airlines in May, 1973, and after obtaining the approval of their Board, the Management of Indian Airlines submitted their proposals to Government in the middle of June, 1973. The proposals were still under the consideration of Government.

5. The Committee regret to note that although Indian Airlines commenced their studies regarding fleet augmentation during the Fifth Five Year Plan as early as 1971, the Indian Airlines submitted to Government their proposals in this regard only in June, 1973, i.e. after a lapse of 2 years. The delay was stated to be due to the time taken in obtaining operational and performance data from the various manufacturers. The Committee find that even now no decision about the type of aircraft to be purchased has been taken inspite of the recommendation of the Committee in their Twenty-Eighth Report in April, 1973.

6. The Committee reiterate their recommendation that the decision regarding the type of aircraft to be purchased should be taken without any further loss of time.

7. The Committee also reiterate their earlier recommendation that the Corporation should soon prepare a perspective plan for the new aircraft covering both requirement on additional and replacement account.

B. Catering—Para 6.39 of Twenty-Eighth Report (Fifth Lok Sabha)

Recommendation (Serial No. 38)

8. The Committee found that the cost of meals in the Corporation's kitchen at Calcutta was the highest as compared to the kitchens at Bombay, Delhi and Madras. The Committee desired that the reasons for the cost of meals in the Corporation's kitchen at Calcutta being the highest should be investigated and remedial measures taken to reduce the cost. The Committee suggested that there should be a periodical review of the cost of supplies from the Indian Airlines kitchen by a Committee of Experts so that the cost could be kept under control.

9. In reply, Government have stated that in addition to light refreshments, the Calcutta Catering Unit has also begun providing

meals for the expanded services operated by the Corporation ex-Calcutta. It has also been stated that a study of the cost structure has been undertaken.

10. The Committee reiterate their earlier recommendation and urge that reasons for the high cost of meals in the Corporation's kitchen at Calcutta should be investigated and these reasons should be kept in view while undertaking the study of cost structure.

**C. Overhauling of Skymaster—Para 7.20 of Twenty-Eighth Report
(Fifth Lok Sabha)**

Recommendation (Serial No. 46)

11. The Committee had pointed out that a Skymaster aircraft was overhauled in 1969-70 although it had already been grounded and kept for disposal on 'as is where is' basis. Even after carrying out the overhauling (Check IV inspection) for making the aircraft air-worthy, it was never put on commercial operation nor the price realised from the sale of the aircraft subsequently proved to be better. The Committee were, therefore, constrained to observe that the expenditure incurred on overhauling was avoidable.

12. In their reply, Government have stated that before the Check IV inspection was carried out, the aircraft was without a Certificate of Airworthiness. Based on the anticipated charters and the need for having a stand-by for the Port Blair operations, the Corporation decided that the aircraft should be made airworthy and thus carried out Check IV inspection. It has also been stated that there were better chances of selling an aircraft with a Certificate of Airworthiness.

13. The Committee are not satisfied with the reply of the Government. No fresh facts have been brought to the notice of the Committee to justify the overhauling of the Aircraft. The Committee, therefore, reiterate their earlier observation that the expenditure incurred on overhauling of the aircraft was avoidable.

**D. Inventory Holdings—Para 8.28 of Twenty-Eighth Report (Fifth
Lok Sabha)**

Recommendation (Serial No. 50)

14. The Committee regretted to note that there was large stock of slow-moving and non-moving stores and spares. The Corporation had surplus stores items of Skymasters worth Rs. 20.21 lakhs although the fleet was withdrawn from service in 1969-70. The Committee also found that although Dakotas and Viscount were in the

process of being phased out, the Corporation had high stock of stores for these aircraft amounting to Rs. 378 lakhs.

15. In reply, Government have stated that Skymaster spares were held as these were required for overhaul of IAF Caribou engines and the possibility of selling these spares on package basis to IAF for their Caribou engines was being examined. They further stated that stock holdings of DC-3 spares mostly relate to those taken over from ex-Airlines. With the progressive phasing out of DC-3 aircraft, the stock of spares had become obsolete and there was no ready market for them and it was likely that they would be sold as scrap. Similarly Viscount spares not required by the Corporation would also be disposed of as scrap.

16. The Committee regret to observe that the Corporation had been holding the spares for Skymasters to the extent of Rs. 20.21 lakhs as surplus and they are still examining the possibility of selling these on package basis to IAF. The Committee feel that this step should have been taken much earlier even at the stage when the fleet of Skymasters was withdrawn. The Committee also need hardly stress that the overstocking of DC-3 and Viscount spares has resulted in a situation where they would be disposed of as scrap putting the Corporation into loss.

E. Import of Caravelle Ground Handling Equipment—Paras 12.27 to 12.33 of Twenty-Eighth Report (Fifth Lok Sabha)

Recommendations (Serial Nos. 74, 75 and 76)

17. In Chapter XII of their 28th Report, the Committee had commented upon the serious irregularities/lapses in the purchase of Caravelle ground handling equipment in 1966, which had been admitted both by the Management of the Corporation and the Ministry.

18. The Committee felt that mere availability of foreign exchange should not serve as an excuse for placing orders for equipments which were neither required nor would in the normal circumstances be allowed to be imported. The Committee recommended that Government should issue suitable guidelines to the public undertakings in the matter of utilisation of foreign credits to obviate recurrence of such instances.

The Committee pointed out that DGTD gave clearance to the purchase of some of these equipments within a few days of the receipt of the application and without making sure that these equipments were not available within the country and could not be indigenously manufactured.

19. The Committee also felt intrigued about the manner in which the whole case had been dealt with right from the beginning. It had taken the Management more than six years to take any conclusive action in the matter. Various papers connected with the transaction were also reported to be missing. The Committee urged that Government should make a thorough probe in the matter with a view to see how serious irregularities remained unnoticed for such a length of time and why there was so much delay in taking action against the delinquent officials. The Committee desired that the responsibility should be fixed for the delay in taking action against the guilty officials and also for the missing documents.

20. In their reply, the Ministry of Tourism and Civil Aviation stated that Ministry of Industrial Development are being addressed to find out the reasons for hasty action on the part of D.G.T.D. They also stated that serious notice has been taken by Indian Airlines of the transaction relating to the purchase of Caravelle ground handling equipment in 1966. The C.B.I. to whom the case was entrusted for a thorough probe had completed their investigations and the case was under their scrutiny. Meanwhile the then Director of Engineering and the Controller of Stores and Purchases had been prematurely retired from the service of the Corporation. Government have further stated that the detailed report of C.B.I. would enable the Corporation to go into all aspects and to take appropriate action to plug loop-holes and prevent recurrence of such lapses.

21. The Committee find that though their Twenty-Eighth Report was presented as far back as April, 1973, it is only now that the Ministry of Industrial Development is being addressed to find out the reasons for hasty action on the part of D.G.T.D. They also take a serious note of the fact that no enquiry has been held so far for fixing responsibility for the delay in taking action against the guilty officials and also for missing documents. They are also surprised to note that the Director of Engineering and Controller of Stores and Purchases have been allowed to retire prematurely when the cases were already under the investigation of the C.B.I., thus rendering it difficult to bring to books the delinquent officials. The Committee urge that Government should ensure that the investigation by the C.B.I. is completed and their report finalised quickly. The Committee expect that the Government, on receipt of the Report of C.B.I. would, before long, take action to investigate the causes of delay in taking action against the delinquent officials and fix responsibility. The Management should also take steps to plug loopholes, if any, in the procedures to prevent recurrence of such lapses.

The Committee find that the Ministry of Tourism and Civil Aviation have issued instructions regarding utilisation of foreign credits only to the undertakings under their administrative control. The Committee reiterate their recommendation in this regard and expect that Government would issue suitable guidelines to all the Public Undertakings.

F. Construction of Viscount Dock Hangar Gate—Paras 13.59 to 13.65 of Twenty-Eighth Report (Fifth Lok Sabha)

Recommendations (Serial Nos. 82, 83 and 84)

22. The Committee were distressed to note that there had been serious irregularities/lapses in the construction of Viscount dock hangar gate at Palam Airport. The construction work of the gate was taken up on the basis of a design submitted by an architect who had no experience of structural steel engineering jobs. The estimate duly signed by the architects were not available. Although according to the accepted tender of M/s. Mohan Singh and Sons, the work was to be completed by the end of May, 1963, it was only partially completed even upto June, 1964. Instead of taking any action against the contractor for delay in completing the work, he was granted repeated extensions of time.

23. The Committee come to know that there were technical defect in the construction of the gate and the work was suspended in June, 1964. However, it was only in January, 1965 i.e. after more than six months that an enquiry was instituted in this case. The Enquiry Committee appointed to look into the matter submitted its report only on 10th May, 1966. The Enquiry Committee considered the Plant Engineer of being grossly negligent in the discharge of his duties and suggested that disciplinary action should be taken against him. It was only in July, 1970 i.e. after more than four years of the submission of the Report by the Enquiry Committee, when a fresh departmental enquiry was instituted by issue of a show cause notice to the Plant Engineer followed by a charge sheet after another six months on 17th February, 1971.

24. The Enquiry Officer in his report dated 25th December, 1971 found the Plant Engineer guilty of all the four charges levelled against him amounting to gross negligence of serious nature, carelessness, bad and careless work. Even after the receipt of this report, the matter remained under consideration of the Management till September, 1972 when the Plant Engineer was given 15 days to show cause as to why the proposed punishment of removal from service should not be imposed on him. The matter was thereafter

referred to the Central Vigilance Commission on 18th December, 1972, for their advice with regard to the future course of action. Thus, even after the lapse of more than six years since the report was submitted by the Enquiry Committee in May, 1966, recommending disciplinary action against the Plant Engineer, he was allowed to continue in service inspite of serious charges against him and was permitted to handle important jobs.

25. The Committee also came across various other cases as mentioned in Chapters XII & XIII of their 28th Report where the Corporation failed to take prompt action against the delinquent officials found guilty of serious irregularities, with the result that the delinquent officials were allowed to continue in their posts unpunished. The Committee observed that such inordinate delays only created a doubt whether these were not intentional just to shield the delinquent officials. The Committee strongly urged that Government should have a thorough probe made in these cases and fix responsibility for such inordinate delays on the part of Management.

26. The Government, in their reply, have stated that for various reasons charges could be framed against the Plant Engineer only on 17th February, 1971. The Legal Adviser of the Corporation, to whom the papers were referred for advice, after a formal enquiry found that there were procedural lapses in the conduct of enquiry by the Departmental Committee. The advice of the Central Vigilance Commission had been sought before taking action against the Plant Engineer. The papers relating to the case were obtained back from the Central Vigilance Commission and the whole matter reviewed afresh. After taking all factors into account, the Corporation have terminated the services of the Plant Engineer with effect from the 11th December, 1973. It has also been stated that "the Corporation are fully alive to the fact that there has been inordinate delay in dealing with this matter and will take effective steps to ensure that such instances do not recur."

27. The Committee are constrained to observe that inspite of their recommendation in their Report in April, 1973, Government|Corporation have not taken action to investigate the causes for the delays at the several stages and fix responsibility for the same. The Committee therefore, reiterate their earlier recommendation and strongly urge that Government should take immediate action to investigate the causes for delays in taking action against the delinquent officials and fix responsibility for the same.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (Serial No. 3)

The Committee regret to note the delay in acquisition of 10 HS-748 aircraft by the Indian Airlines. As pointed out by HAL, although the Corporation had informed HAL in October, 1969 that the purchase of ten aircraft had been approved by the Board of Directors, it was only on 29th April, 1970 that the order was placed on HAL. The delay was stated to be due to time taken in obtaining approval of Government and the settlement of terms of payment. It is surprising that it should have taken the Corporation 6 months to settle these matters.

(Paragraph 2.29).

Reply of Government

For the second batch of 10 aircraft HAL proposed different terms of payment as compared to the first batch of 14 aircraft. In view of the difficult financial position of the Corporation, it became necessary to discuss the matter with HAL and persuade them to agree to modified terms of payment. This took some time. In any case there has been serious delay on the part of HAL in delivering the aircraft according to the agreed schedule of delivery as shown below:—

According to original schedule of delivery agreed in April, 1970	According to revised schedule proposed by HAL	Actual position of delivery
1st Sep., 1971	April, 1972	21-4-1972
2nd October, 71	April, 1972	30-5-1972
3rd December, 71	June, 1972	25-6-1972
4th January, 72	August, 72	Not yet delivered
5th March, 72	October, 72	"
6th April, 72	October, 72	"
7th May, 72	December, 72	"
8th June, 72	February, 73	"
9th Aug., 72	April, 73	"
10th Sept., 72	April, 73	"

Recommendation (Serial No. 4)

The Committee also find that the delay in the receipt of these aircraft has affected the programme of phasing out of uneconomical and outmoded aircraft resulting in increased operational expenses. The Committee would urge that timely action should be taken to assess the future requirements of aircraft more realistically and orders placed well in advance to ensure delivery of the aircraft according to the needs of the Corporation. (Paragraph 2.30).

Reply of Government

The studies undertaken by the Corporation for fleet augmentation during the 5th plan period and the formulation of the 5th Five Year Plan on that basis also included proposals for phasing out of uneconomic aircraft in the existing fleet. *The plan is to phase out the Dakotas, Viscounts and F-27 aircraft by the middle and the Caravelles by the end of the 5th plan period.

[Min. of Tourism & Civil Aviation O.M. No. H11013|4|73-AC, dated 16-10-1973].

Recommendation (Serial No. 9)

The Committee view with concern the delay in the disposal of surplus Dakotas and Viscount aircraft. As mentioned in paragraph 2.63, 15 Dakotas were grounded on various dates from 2nd November, 1967 onwards. Pending disposal of these aircraft, the Corporation had been incurring expenditure of Rs. 84,204 per annum (Rs. 72,000 for parking and moving charges and Rs. 12,204 as the maintenance cost) on the grounded aircraft. Even at present there were five Dakotas pending disposal. Similarly in the case of Viscount, 6 aircraft were pending disposal and the Corporation was incurring an expenditure of Rs. 69,600 per annum on parking charges. Besides, the Corporation was maintaining heavy inventory of spares for both the types of aircraft. (Paragraph 2.83)

The Committee find that the Indian Air Force selected 10 DC-3 aircraft and requested for immediate delivery during July|August, 1968. Instead of delivering these aircraft immediately as required by the Indian Air Force, the Corporation delivered only 3 of these aircraft to IAC during September, 1968, pending settlement of price. The matter remained under correspondence till July, 1969 i.e. for about a year when IAF informed Indian Airlines that they

* At the time of factual verification, the Ministry of Tourism and Civil Aviation informed the Committee that "Dakota and Viscounts have been withdrawn from service with effect from 18-3-1974".

were no longer interested to acquire any more Dakota aircraft. Similarly, the offer received from a foreign party for purchase of 5 aircraft as a result of advertisement in August, 1969, did not materialise into a sale order. Because of delay in finalisation of the sale agreement and the approval of Government for the export of aircraft, the party withdrew their offer, as their foreign clients had in the meantime met their requirements from other sources. The Committee regret to note that the Corporation failed to act with the promptitude expected of a commercial organisation of the standing of Indian Airlines in dealing with such cases. (Paragraph 2.84).

The Committee hope that every effort would be made to dispose of expeditiously the aircraft surpluses to the requirements of Corporation to avoid the locking up of capital and the expenditure incurred on their parking and maintenance. (Paragraph 2.85).

Reply of Government

As on 31-12-1970, there were in the fleet of the Corporation *inter alia*, 23 Dakotas and 14 Viscounts.

There are at present (Nov. 73) 7 Dakotas in operation, including one freighter. 14 Dakotas have been disposed of and 2 are on ground awaiting disposal.

Two of the 14 Viscounts met with accidents and were written off. 6 are in operation. 4 of the 6 grounded Viscounts have been disposed off as scrap and the remaining 2 are awaiting disposal. Vigorous efforts are being made to dispose of the 2 grounded Viscounts and the 2 Dakotas.

[Min. of Tourism & Civil Aviation O.M. No. H.11013/4/73-AC,
dated 16-10-1973].

Recommendation (Serial No. 10)

The Committee find that the Indian Airlines had been expanding its net work since its inception. There had been increase both in the number of stations and the scheduled services operated by the Corporation. The Committee, however, find that some of the new stations could not be connected by air, even though Indian Airlines desired to operate in these places, because of lack of airfields and allied facilities. The Committee fail to understand as to why there should not be a closer co-ordination between the DGCA and the Indian Airlines so that within the funds available there is proper

synchronisation between the Corporation's ability to operate the service to any station and the completion of the required airports and allied facilities by the DGCA. (Paragraph 3.12).

Reply of Government

The need for greater co-ordination between Indian Airlines and DGCA in determining in advance the new cities to be airlinked and timely provision of necessary airport and navigational facilities at those places is fully realised and advance action will be taken, in consultation with the DGCA wherever necessary.

[Min. of Tourism & Civil Aviation O.M. No. H.11013/4/73-AC, dated 16-10-1973].

Recommendation (Serial No. 11)

The Committee note that the number of cities served by the Corporation has increased from 56 in 1973-74 to 74 in 1971-72, i.e. an increase of only 18 new stations during the period of 18 years. The Committee are concerned over this slow rate of growth in the number of new stations of Indian Airlines. Considering the inadequacy of road, rail and other quick means of transport in India it is necessary that the Indian Airlines should consider opening of more stations so that it can serve the nation better and sustain its traffic growth. The Committee suggest that the Indian Airlines should undertake the necessary techno-economic feasibility studies of such areas which have not yet been covered by air services. The Committee would also like that at least by the end of the Fifth Five Year Plan all the States capitals and other important tourist centres are connected by air. (Paragraph 3.13).

Reply of Government

The need to carry out techno-economic feasibility studies of towns, which are at present not connected by air is realised by the Corporation and such studies were recently carried out in connection with proposals to operate air services to Hubli, Salem and Calicut. The 5th Five Year Plan of the Corporation includes proposals for possible operation of air services to 20 towns during the 5th Plan period, which cover agro-industrial growth centres, tourist spots and other towns. Traffic potential-cum-economic feasibility studies have been carried out in respect of some of the towns included in the list of 20 and similar studies will be completed in respect of the others before air services are operated to any of these

towns. The tight fleet position of the Corporation may, however, prove to be a constraining factor in air-linking additional cities. The following are State Capitals, which have not been air-linked so far:

State	Capital
Assam	Shillong
Meghalaya	
Himachal Pradesh	Simla
Nagaland	Kohima
Assam & Nagaland	Itanagar
Dadra & Nagar Haveli	Sylvassa
Laccadive, Minicoy & Amindiyq Islands	K. varette
Mizoram	Aijal
Pondicherry	Pondicherry

Of the above Capitals Shillong, Simla and Pondicherry figure in the list of 20 towns included in the Fifth Five Year Plan for possible air-linking. A proposal is under consideration to operate air services to Aijal. Indian Airlines are already operating air services to Dimapur, which is only 25 Kilometers from Kohima. The operation of air services to places such as Simla, Shillong and Aijal, all located in mountainous areas, is dependent on the acquisition of suitable STOL aircraft and provision of special navigation and approach aids.

[Min. of Tourism & Civil Aviation O.M. No. H.11013/4/73-AC, dated 16-10-1973].

Recommendation (Serial No. 13)

The Committee also desire that the Corporation/Ministry should consult the HAL and the Research and Development wing of the Ministry of Defence and explore the possibility of manufacture of suitable aircraft for use by Indian Airlines on its net work instead of going for imported aircraft involving valuable foreign exchange. (Paragraph 3.34).

Reply of Government

The observation of the Committee has been noted. This aspect is already under examination.

[Min. of Tourism & Civil Aviation O.M. No. H.11013/4/73-AC, dated 16-10-1973].

Recommendation (Serial No. 15)

The Committee find that one of the reasons for low utilisation of aircraft especially Caravelle and Boeing 737 was shortage of adequately trained pilots. The Committee feel that the Corporation would not have been facing such a situation had there been forward planning on the part of the management to train sufficient number of pilots. The Committee recommend that the training programme should be so planned, budgeted and implemented that the Corporation may have adequate pilots for flying the existing and projected types of aircraft to avoid under-utilisation of the aircraft. (Paragraph 3.44).

Reply of Government

Based on an annual utilisation of 3000 hours per aircraft in respect of Boeing 737 as well as Caravelle aircraft, the total pilot strength required is 30 sets (60 pilots) each as against the present strength of 38 and half and 33 sets for Boeing and Caravelle respectively. This is based on the existing strength of 6 Boeing 737 and 6 Caravelle aircraft respectively. Even when computed on the basis of 7 Boeing and 7 Caravelle aircraft, the pilot strength required is 35 sets each as against the available strength of 38 and a half and 33 sets respectively. On the whole, therefore, it will not be correct to say that there has been serious shortage in pilot strength. In any case, the need for having a systematic training scheme for pilots is fully appreciated and appropriate steps have been taken in that regard. There is a proposal to do away with one-way command. This is being negotiated with the Pilots' Association and if achieved, will result in the availability of a large number of sets of pilots and consequential balanced utilisation.

[Min. of Tourism & Civil Aviation O.M. No. H.11013/4/73-AC, dated 16-10-1973].

Recommendation (Serial No. 18)

The Committee were also informed that the routes on which the Corporation was suffering losses were overwhelmingly short haul routes which were more expensive to operate than long haul routes. The Committee feel that the Corporation should prepare route costs aircraft typewise, so that the economics of short sector and long haul operation by different types of aircraft may be available for critical study to enable the Corporation to deploy the right type of aircraft on various routes. (Paragraph 3.55).

Reply of Government

Cost curves showing the cost of operation against range (aircraft type-wise) have been prepared, which are taken into account while finalising Route Schedules.

[Min. of Tourism & Civil Aviation O.M. No. H.11013/4/73-AC,
dated 16-10-1973.]

Recommendation (Serial No. 22)

The Committee suggest that before opening a new route the financial implications of operating it should be precisely worked out and decision taken at the highest level in this regard after taking into consideration all aspects. (Paragraph 3.78)

Reply of Government

This is invariably done.

[Min. of Tourism & Civil Aviation O.M. No. H.11013/4/73-AC,
dated 16-10-1973.]

Recommendation (Serial No. 23)

The Committee also recommend that the Corporation should in consultation with the Ministry decide the routes|services which are not considered to be justified on commercial considerations or which cannot be considered as developmental routes but have to be operated by the Corporation in discharge of its social obligation. In respect of such routes, the Corporation should indicate in its Annual Reports, the extent of loss incurred on the operation of these routes, the various factors responsible for the continuing losses, the extent of loss suffered on account of each factor, the quantum of subsidy received and the remedial measures taken by the Corporation to reduce the losses with special reference to steps taken to reduce costs and to attract more traffic. This would enable the Public and the Parliament to judge the overall performance of the Indian Airlines in true perspective. (Paragraph 3.79)

Reply of Government

The question of liberalising the terms and conditions under which uneconomic routes are brought within the purview of the Civil Aviation Development Fund is being examined, so that some more of the uneconomic routes could be brought within the subsidy scheme. It is appreciated that a reference in the Annual Report regarding losses suffered by the Corporation on the operation of certain

routes, in fulfilment of their social obligations, could help in projecting a better picture of the working of the Corporation. It may be noted, however, that some uneconomic routes are already covered by subsidy from the Civil Aviation Development Fund. There are also some routes which the Corporation may not wish to give up, since they at least absorb some of the overheads and generate traffic for the trunk routes.

[Min. of Tourism & Civil Aviation O.M. No. H.11013|4|73-AC,
dated 16-10-1973.]

Further Information Called for by the Committee

The Committee had recommended for giving information on certain points in Annual Reports of the Indian Airlines in respect of losses on the operation of certain routes. From the reply furnished by the Ministry it is not clear whether they have agreed to give this information in the Annual Reports of Indian Airlines. This may please be clarified.

[Lok Sabha Sectt. O.M. No. 14-PU|71, dated 19-12-1973]

Further Reply of Government

The Committee's recommendation was received late for implementation in the Annual Reports for the year 1972-73. It is proposed to give effect to the suggestion of the Committee beginning from the Annual Report for the year 1973-74.

[Min. of Tourism & Civil Aviation O.M. No. H.11013|4|73-AC,
dated 16-10-1973.]

Recommendation (Serial No. 24)

The Committee would also suggest that the Corporation should undertake a periodical performance review of the working of the defferent routes especially those which prove to be uneconomical with reference to the cost of their operations and the revenue earned with a view to taking timely remedial measures to reduce the losses on such routes. (Paragraph 3.80)

Reply of Government

The performance on each route is reviewed on the basis of the load factor achieved each month and the possibility of promoting traffic by offering reduced fares and/or by organising all inclusive tours considered.

[Min. of Tourism & Civil Aviation O.M. No. H.11013|4|73-AC,
dated 16-10-1973.]

Recommendation (Serial No. 25)

The Committee regret to note that owing to non-adherence to the terms of the agreement with the Government of Orissa, the Corporation had not been able to recover so far a subsidy of Rs. 11.91 lakhs payable by the State Government for operating Calcutta|Bhubneshwar|Calcutta air service upto 1966-67. The Committee agree that the introduction of a better type of air-craft or extension of service was not to the disadvantage of the State Government but the Committee see no reason why the concurrence of the State Government could not have been obtained by the Corporation to the proposed change to obviate the possibility of the State Government taking advantage of a technical point to refuse the payment of subsidy. The Committee hope this would be kept in view in future so that the Corporation is not put to avoidable loss in such cases. (Paragraph 3.90)

Reply of Government

The observations of the Committee have been noted. Indian Airlines have been endeavouring over the years to recover their dues from the Government of Orissa, but their efforts have not been successful so far. The Government of Orissa in a communication dated 6th August, 1973 have again expressed their inability to accept the claim. Indian Airlines propose to invoke the terms of their agreement for referring the matter to arbitration

[Min. of Tourism & Civil Aviation O.M. No. H.11013/4/73-AC, dated 16-10-1973.]

Recommendation (Serial No. 31)

The Committee find that the mail rates originally fixed on the recommendations of the Air Transport Inquiry Committee have been revised thrice since 1951. However, instead of fixing the rates on a scientific basis, Government had been granting *ad-hoc* increases from time to time. It is only in June, 1972 that the Government appointed a Committee to go into the questions of revision of mail rates. The Committee find that the Committee on Revision of Mail Rates in its Report submitted on 12th December, 1972 has suggested a formula for arriving at the rates payable by the P&T Department to the Indian Airlines for carriage of mails and has recommended that the formula may be in force from March, 1970 till 1978-79 i.e. the last year of the 5th Plan unless reviewed earlier by mutual agreement. The Committee expect that the Corporation

would take steps to determine the mail rates on the basis of formula suggested by the Committee on Revision of Mail rates. (Paragraph 4.34)

Reply of Government

The formula suggested by the Committee for determining mail rates each year, to be valid until 1978-79, has been approved by Government. Mail rates will be claimed by Indian Airlines from P&T on this basis.

[Min. of Tourism & Civil Aviation O.M. No. H.11013/4/73-AC,
dated 16-10-1973.]

Recommendation (Serial No. 32)

The Committee find that there have been several upward revisions of fares from those fixed in July, 1955 on the basis of recommendations of a Committee set up by the Corporation. The increase in fares on certain sectors with reference to 1955 base shows a rise ranging from 64 per cent to 121 per cent. The Committee note that these revisions have been made on an *ad hoc* basis by adding a percentage over and above the taper per mile recommended by Air Transport Council without correlating these to the actual cost of the operation of the fleet. The Committee, therefore, recommend that the fare structure of Indian Airlines should be critically examined with a view to rationalise it and the studies being made by Indian Airlines in this regard should be expedited. The Committee also feel that while, as stated by the Secretary of the Ministry during evidence, it might not be a practical proposition at present to reduce the fares in general, Government should consider the feasibility of introducing special services at low fares to meet the social requirements of the country and to make air travel within the reach of the less affluent sections of the society, particularly in areas where there are no other easy means of transport. The Committee consider that the proposal of the Corporation to operate night services with Jet aircraft is a step in the right direction and they desire that urgent steps should be taken to finalise and implement this proposal. (Paragraph 5.11)

Reply of Government

The recommendation of the Committee in regard to the need for rationalisation of air fares is accepted. It is in line with the studies which Indian Airlines had been in the process of carrying out themselves, as a result of which the recent increase in fares by 5 per cent,

effective from 1-4-1973, rounded off to the next Rs. 5/- removed to some extent the imbalance between short and long sector fares and made them more relevant to operating costs. The position will be reviewed from time to time in the light of prevailing economic conditions.

Indian Airlines find that in view of the tight fleet position it will not be possible to operate night services with Jet aircraft at reduced fares at present.

[Min. of Tourism & Civil Aviation O.M. No. H.11013|4|73-AC,
dated 16-10-1973.]

Further Information Called for by the Committee

In their reply, the Ministry have stated that Indian Airlines find that in view of the tight fleet position it will not be possible to operate night services with jet aircraft at reduced fares at present. Please indicate whether Government have agreed to the proposal and whether the Indian Airlines have a plan to introduce such services when the fleet position improves with the acquisition of more aircraft.

[Lok Sabha Sectt. O.M. No. 14-PU|71, dated 19-12-1973.]

Further Reply of Government

Indian Airlines have no plans at present to operate night services with jet aircraft at reduced rates in view of the tight fleet position. Introduction of such services, as and when the fleet position of the Corporation improves with the acquisition of additional aircraft, will have to be reviewed in the context of the world wide crisis in terms both of supply and high cost of aviation fuel.

[Min. of Tourism & Civil Aviation O.M. No. H.11013|4|73-AC,
dated 15-2-1974.]

Recommendation (Serial No. 37)

The Committee feel that in the interest of economy, there should be full coordination between Indian Airlines and Air India in the matter of catering and deployment of surplus staff of Indian Airlines. The Committee strongly urge that both the Indian Airlines and Air India should conduct a surprise check periodically to ensure that the standard of catering arrangements is good and the food served is hygienic and well-balanced. (Paragraph 6.38)

Reply of Government

Indian Airlines conduct surprise checks on their catering establishments as well as Chefair kitchens.

[Min. of Tourism & Civil Aviation O.M. No. H.11013/4/73-AC,
dated 16-10-1973.]

Recommendation (Serial No. 39)

The Committee regret to note that there had been inordinate delay in printing and delivery of the time and tariff schedules of Indian Airlines defeating the very objective of their publication and thus causing inconvenience to the public. Instead of being available to the persons concerned well ahead of the date on which they were to become effective, there was delay in delivery ranging from 36 to 76 days from the effective date. The Committee are surprised that the schedules with tariff were not even printed during 1971. The Committee note that recently a scheduling committee had been formed in Headquarters of the Corporation for preparation of an agreed schedule at least three months ahead of its effective date and least number of changes would be made in the schedule. The Committee hope that the steps recently taken by the Corporation would enable timely publication and ensure delivery of time and tariff schedules much ahead of the effective date. (Paragraph 6.45)

Reply of Government

The need for the timely issue of the Corporation's Time Tables is always kept in view. Unfortunately in the first quarter of 1973-74, there has been a sudden drop in capacity due to aircraft necessitating revision of schedules a number of times.

Time Tables have had to be revised at short notice. In such cases Indian Airlines publishes the schedules in the daily Press for the benefit of the travelling public. In addition, the Sheet Time Tables are printed and circulated in about 7 to 8 days time.

[Min. of Tourism & Civil Aviation O.M. No. H.11013/4/73-AC,
dated 16-10-1973].

Recommendation (Serial No. 42)

The Committee would also suggest that a detailed analysis should be made of the cost of operations of surface transport with a view to economising expenses on fuel, maintenance etc. so that expenditure incurred on surface transport is kept as low as possible. (Paragraph 6.54)

Reply of Government

A detailed analysis of the operating cost per kilometer of the passenger coach fleet had been carried out in the past with a view to effecting economy to the extent possible. Such reviews would be conducted periodically in the future.

[Min. of Tourism & Civil Aviation O.M. No. H.11013/4/73-AC, dated 16-10-1973].

Recommendation (Serial No. 43)

The Committee note that the Indian Airlines had already obtained the services of the BOAC Consultancy Group under the United Nations programme to study the feasibility of installing a real time computerised passenger reservation system and studies in this regard had been started with the increase in the passenger traffic. The Committee hope that Indian Airlines would take advantage of this study and introduce, as early as possible, the system of real time computerised passenger reservation to cope with the increased passenger traffic. (Paragraph 6.59).

Reply of Government

Indian Airlines and Air India have assessed that a real time computer for reservation is a necessity. Detailed studies conducted by the Electronics Commission have established that a joint facility is feasible. Both the Corporations have included necessary funds in their 5th Five Year Plan for this purpose. The location and other details are being worked out. But there has been delay in processing the matter on account of the attitude of the Employees' Union which has opposed the introduction of Joint Real Time Computer system.

[Min. of Tourism & Civil Aviation O.M. No. H.11013/4/73-AC, dated 16-10-1973].

Recommendation (Serial No. 45)

The Committee find that the workshops of Indian Airlines fix annual production targets based on the programme of annual utilisation of the aircraft. The capacity of each workshop has, however, not been determined. The Committee feel that in order to ensure that the facilities provided in the workshops are being fully utilised, it is essential to determine the capacity of each workshop on the basis of men and machines in position and the norms evolved for the various types of jobs including periodical checks and running

repairs. This would also enable the Corporation in long term planning for further utilisation of spare capacity in each workshop on the basis of estimated quantum of workload. (Paragraph 7.16).

Reply of Government

The data of norms necessary for determining the capacity of the Corporation's workshops was always available, which, in fact, used to be the basis for allocating work to these workshops. Using these norms, the capacity of each Base Workshop is now being worked out, as suggested by the Committee, so that it will help the Corporation in its long term planning for proper utilisation of spare capacity.

[Min. of Tourism & Civil Aviation O.M. No. H.11013/4/73-AC, dated 16-10-1973].

Recommendation (Serial No. 51)

The Committee desire that immediate steps should be taken for the determination and disposal of surplus stores as the delay in the disposal of surplus stores not only adds to the heavy inventory carrying cost, blocking up of capital but also adds to the loss in their disposal because of low sale value of these outmoded aircraft. (Paragraph 8.29).

Reply of Government

The observations of the Committee have been noted. Action has already been initiated to determine surplus stores as well as spares, which have not moved for a long time, with a view to disposing them off to maximum advantage.

[Min. of Tourism & Civil Aviation O.M. No. H.11013/4/73-AC, dated 16-10-1973].

Recommendation (Serial No. 53)

The Committee note that certain steps have recently been taken by the Corporation to streamline material provisioning and material consumption. The Committee hope that these steps which include computerisation of inventories will help in better control of inventories and in bringing them down to a reasonable level. (Paragraph 8.31).

Reply of Government

With a view to streamlining material provisioning and material consumption, the Corporation have already computerised the inventory of spares of Boeing and HS-748 aircraft and all types of Dart

Engines. The computerisation of F-27 and Caravelle spares is in progress. With the computer facilities now available, it is proposed to undertake monthly reviews of all moving items with a view to streamlining the level of material provisioning and material consumption.

[Min. of Tourism & Civil Aviation O.M. No. H.11013/4/73-AC, dated 16-10-1973].

Recommendation (Serial No. 54)

The Committee find that M/s. Rolls Royce Limited manufacturers of Dart Engines had forwarded the catalogue of spares and tools required for the overhaul of the engines to the Calcutta office of the Corporation in April, 1966. It has been stated by the Corporation that there was no intention of placing orders for all the items and the requirements had to be carefully assessed in view of the difficult foreign exchange situation and this required some inter-departmental co-ordination. Keeping in view that the validity period for the quotation from M/s. Rolls Royce Limited was to expire after 90 days i.e. by 10th June, 1966, the Corporation should have made arrangements for scanning the list and to place the orders for the required items, within the validity period. The Committee regret to observe that the lack of coordination between the units of the Corporation and the delay at several stages had put the Corporation to an extra expenditure of more than a lakh of rupees in foreign exchange. The Committee recommend that the Corporation should ensure proper coordination between its different wings and take expeditious action in such cases to avoid lapses of this nature. (Paragraph 8.39).

Reply of Government

Corrective steps have been taken by setting up a special cell to be responsible for provisioning of spares etc. at the Regional level.

[Min. of Tourism & Civil Aviation O.M. No. H.11013/4/73-AC, dated 16-10-1973].

Recommendation (Serial No. 56)

The Committee regret to note that there had been frequent changes in the post of Chairman of Indian Airlines since its inception. During the last six years (1967 to 1972) the Corporation had five Chairmen. The Committee are constrained to observe that inspite of their recommendation in this regard in their earlier Reports as well as the recommendation by Administrative Reforms

Commission|Sen Committee, the post of Chairman, has been vacant off and on. The Committee would, therefore, reiterate that the incumbents to these posts should be selected carefully, keeping in view the above recommendations so that the person at the helm of affairs of an undertaking like Indian Airlines is able to fully implement the plans and programmes of the Corporation and his experience in the field may be advantageously utilised. (Paragraph 9.12).

Reply of Government

The observations of the Committee have been noted*.

[Min. of Tourism & Civil Aviation O.M. No. H.11013/4/73-AC, dated 16-10-1973].

Recommendation (Serial No. 57)

The Committee also find that at present the Indian Airlines is having a part-time Chairman and a full time Managing Director. The Committee would like to invite the attention of Government in this connection, to the following recommendation of the Committee in para 182 of their 8th Report on Hindustan Aeronautics Ltd:—

“The Committee feel that when the Chairman has no executive functions and is simply required to preside over the meetings of the Board, there is no point in having one such in addition to a Managing Director. This makes the organisation top heavy without any attendant advantages. It leads to duality of control and clash of personalities. The Committee are, therefore, of the view that it will be better to combine the posts of Managing Director and Chairman.”

The Committee recommend that the Government should consider the desirability of combining these two posts. (Paragraph 9.13).

Reply of Government

Air Chief Marshal P. C. Lal, until recently Chief of the Air Staff, has been appointed Chairman-cum-Managing Director of Indian Airlines with effect from 1st August, 1973.

[Min. of Tourism & Civil Aviation O.M. No. H.11013/4/73-AC, dated 16-10-1973].

* At the time of factual verification, the Ministry of Tourism and Civil Aviation informed the Committee that “Air Chief Marshal P. C. Lal has been appointed as Chairman, Indian Airlines, with effect from 1-8-1973 for a period of three years”.

Recommendation (Serial No. 60)

The Committee note that the objective of the Manpower Planning Committee is to virtually double the productivity measured in terms of ITKm per employee by the end of the Fifth Plan. The Committee would like the Corporation to take concrete measure to ensure that the objective is realised at the earliest but at any rate not later than 1979-80 (the last year of the Fifth Plan). (Paragraph 10.20).

Reply of Government

The observations of the Committee have been noted for implementation.

[Min. of Tourism & Civil Aviation O.M. No. H.11013/4/73-AC, dated 16-10-1973].

Recommendation (Serial No. 73)

The Committee also hope that with the experience gained so far in internal audit, it should be possible for the Corporation to finalise the Internal Audit Manual soon. (Paragraph 11.58).

Reply of Government

The Internal Audit Manual relating to expenditure audit has already been circulated to the various Regions and is in use. The chapters on revenue audit and computer system audit are under preparation.

[Min. of Tourism & Civil Aviation O.M. No. H.11013/4/73-AC, dated 16-10-1973].

Recommendation (Serial No. 77)

The Committee also stress that effective remedial measures should be taken to obviate recurrence of such cases. They would also urge that expeditious and strict disciplinary action should be taken against all concerned in cases where such serious lapses occur so as to act as a deterrent to others. (Paragraph 12.34).

Reply of Government

The Committee's observations have been noted.

[Min. of Tourism & Civil Aviation O.M. No. H.11013/4/73-AC, dated 16-10-1973].

CHAPTER III

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF GOVERNMENTS REPLIES

Recommendation (Serial No. 1)

The Committee find that one of the important internal constraints of Indian Airlines is the multiplicity in the types of aircraft some of which have become obsolete and uneconomic of operation. The variety in the types of aircraft besides being a drag on the economic operations imposing burden on the costs and efficiency of the Airlines creates several other problems like high ratio of spare inventory, increase in training cost etc. as mentioned in para 2.5 above. The Committee would, therefore, reiterate their earlier suggestion in their 23rd Report (3rd Lok Sabha) that the Corporation should reduce the types of aircraft to the minimum and attempt at standardisation of its fleet consistent with requirements, economy and efficiency. (Paragraph 2.8).

Reply of Government

One of the objectives of the fleet planning studies of Indian Airlines, undertaken in connection with formulation of their 5th Five Year Plan, is to rationalise the types of aircraft in their fleet consistent with economy and efficiency. It is not possible to operate the different routes with only one type of aircraft in the Corporation's fleet because of the diversity of the net work in terms of range of operations traffic densities and varying standards of airport facilities. The benefit of having a standardised fleet in the matter of scheduling of services, industrial relations and reduction in training and maintenance cost, lower inventory etc. have been taken into account in determining the type and number of aircraft to be purchased as part of fleet augmentation during the 5th plan period.

{Min. of Tourism & Civil Aviation O.M. No. H.11013/4/73-AC, dated 16-10-1973}.

Recommendation (Serial No. 2)

The Committee find that the cost of production of HS-748 aircraft which was estimated at Rs. 45 lakhs in 1965 has gone upto

Rs. 131.84 lakhs. While for the 14 aircraft delivered earlier by HAL, the Indian Airlines paid a price of Rs. 89.742 lakhs for each aircraft, there is no specific agreement regarding the price payable for the additional 10 aircraft to be delivered by HAL. The letter placing the order by Indian Airlines provides that the price to be paid to HAL for these 10 aircraft will be Rs. 92.742 lakhs per aircraft. But it also mentions that any escalation in this price to be proposed by HAL would be referred to Government for final decision. The Committee feel that the Corporation should have entered into a firm agreement with HAL in regard to the price payable for these aircraft as any escalation in the price would not only result in additional capital expenditure but would also affect the operating cost and consequently the profitability of the Corporation. Even if the provision for future escalation of price was considered unavoidable, the broad principles for calculation of escalation should have been spelt out and a ceiling fixed for the total escalation instead of leaving it ambiguous as mentioned in para 2.18 and the order should have been placed after working out the economics of the purchase of the aircraft on the basis of the maximum price payable for it. (Paragraph 2.23).

Reply of Government

The price payable for the first batch of 14 HS-748 aircraft was decided by the Committee of Secretaries, which *inter alia* ruled that while the price per aircraft payable to HAL would be Rs. 103.475 lakhs, the actual amount to be paid by IA per aircraft will be limited to Rs. 89.742 lakhs, the balance coming out as a subsidy from the Civil Aviation Development Fund. The Committee also decided that I.A. should meet the extra expenditure arising out of the implementation of the Wage Award limited to Rs. 3 lakhs per aircraft. It was also indicated that the price payable for the second batch of 10 aircraft would be settled by the Committee of Secretaries at the appropriate time. It was against this background that IA agreed to a figure of Rs. 92.742 lakhs (Rs. 89.742 lakhs plus Rs. 3 lakhs) on the basis that any question of escalation in the price would be referred to Government. It may be noted that Government have since set up a Committee with Additional Secretary and D.G., Bureau of Public Enterprises as Chairman, to examine and recommend a fair and reasonable price for the second batch of 10 HS-748 aircraft. Indian Airlines have indicated to the Committee that whatever price is settled, payable to HAL, the amount payable by the Corporation should be limited to a maximum of Rs. 95 lakhs.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC,
dated 16-10-1973].

Recommendation (Serial No. 14)

The Committee are also concerned over the declining trend in Cargo traffic which had come down from 25,079 tonnes in 1969-70 to 20,665 tonnes in 1971-72, the lowest during the last five years. The Committee feel that there is potential market for cargo and earnest efforts should be made to exploit it. The Committee would suggest that study be made of the measures adopted by domestic airlines elsewhere to attract goods and for ensuring their time bound delivery. (Paragraph 3.35).

Reply of Government

The induction of Boeing 737 into IA's fleet made it possible to think in terms of cargo promotion on an enhanced scale. Apart from the seminar held at Madras and other points in India, promotional rates were introduced for both bulk/commodity cargo. A Cargo Development Campaign has been planned and stations have been exhorted to increase their cargo revenue by direct sales and as an incentive, Cargo Agents' commission has been raised from 2½ to 5 per cent. Meanwhile, non-productive Agents are being pruned out. This has already resulted in improving cargo revenue. Calcutta Region, as an example, has appreciably increased their cargo revenue. Indian Airlines are also interested in the marketing methods adopted by other airlines and efforts to this end will be intensified as capacity of Indian Airlines increases. Due to loss of capacity in 1973-74, because of the accident to the Boeing 737 aircraft on 31-5-1973, damage to a Caravelle aircraft on 3-7-1973 and to a F-27 aircraft on 20-7-1973, the Corporation have had to restrict their cargo promotional activities and even cargo bookings on certain sectors.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC,
dated 16-10-1973].

Further Information Called for by the Committee

The Ministry have not given any reply to Committee's suggestion that study should be made of the measures adopted by domestic airlines elsewhere to attract goods and for ensuring time bound delivery. Please intimate whether any such study was carried out and if so, the findings thereof. Please also intimate the volume of cargo carried during 1972-73.

[Lok Sabha Sectt. O.M. No. 14-PU/71, dated 19-12-1973]

Further Reply of Government

The promotional measures adopted by other air carriers to attract cargo by air are studied regularly, particularly in respect of provision of capacity, handling equipment, pricing and advertising. The methods employed by each carrier are generally related to conditions of the countries concerned. Freight carriage by air has reached very sizeable proportions in highly industrialised and affluent countries. In India, however, only such commodities as are perishable or have high intrinsic value can bear air freight. Against this background, the large resources required for such modern techniques of air freight carriage, such as pelletisation, containerisation, computerised cargo handling may not be justified at present.

Cargo (including excess baggage) carried during 1972-73 was 29,406 tons as compared to 20,665 tons in 1971-72.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC, dated 15-2-1974].

Recommendation (Serial No. 15)

The Committee view with concern the low utilisation of various aircraft. The average utilisation of all types of aircraft had come down from 2174 hrs. in 1969-70 to 1981 hours in 1971-72. The utilisation of various aircraft is also lower than the optimum fixed by the Management itself in April, 1970. Thus, in the case of Fokker Friendship and HS-748 aircraft, as against the optimum of 2500 hours, the actual utilisation in 1971-72 was only 2091 hours and 2027 hours respectively. Similarly in the case of Caravelle and Boeing 737 aircraft the actual utilisation was only 2402 and 2343 hours respectively as against the optimum of 3000 hours fixed by the Management. It is regrettable that while the Indian Airlines is short of modern aircraft, even those available are not being put to optimum use. (Paragraph 3.43).

Reply of Government

The aircraft utilisation budgeted for the year 1973-74 was as follows:—

Boeing	2809 hours
Caravelle	2986 hours
Viscount	1333 hours
F-27	2704 hours
HS-748	2814 hours
DC-3	765 hours

In view of the loss of one Boeing 737 aircraft on 31-5-1973, damage to one Caravelle aircraft on 3-7-1973 and also to one F-27 aircraft on 20-7-1973, the loss in total aircraft capacity as compared with the capacity available based on May Schedule has been of the order of 17.27 per cent. This had the effect of reducing the utilisation of different types of aircraft as budgeted for 1973-74. To make good the capacity, however, the Corporation, with the approval of the Central Government, are taking on lease 3 Caravelle aircraft from abroad @ \$25,000 per aircraft per month for a period of 18 months. These aircraft are due to be received and put into operation during October/November, 1973. Thereafter, the position in regard to aircraft utilisation and overall capacity provided during 1973-74 will improve.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC, dated 16-10-1973].

Further Information Called for by the Committee

It has been stated that with the acquisition of 3 Caravelle aircraft on lease from abroad, the position in regard to aircraft utilisation and overall capacity provided during 1973-74 will improve. Please state the dates on which each aircraft arrived and was put into operation and the actuals of aircraft utilisation in respect of each type of aircraft for 1973-74.

[Lok Sabha Sectt. O.M. No 14-PU/71, dated 19-12-1973]

Further Reply of Government

The dates on which the three Caravelles, taken on lease from abroad were received by the Corporation and the purpose for which they have been put to use are given below:—

Aircraft	Date of receipt	Purpose for which aircraft have been used
VT-ECH	12-10-1973	For training (21-10-1973).
VT-ECG	5-11-1973	For training (12-11-1973).
VT-ECA	12-12-1973	Earmarked for scheduled services, but could not be put to use because of the lock-out.

The planned utilisation of the various types of aircraft in the fleet of the Corporation during 1973-74 and actual utilisation up to Octo-

ber, 1973, are given below:—

Utilisation per annum
(Revenue hours)

Aircraft	Planned (1973-74)	Actuals from April to October, 73
Boeing-737.	2755	2710
Caravelle .	3017	2,811
Viscount.	1350	1391
F- 2	2825	2396
HS-748	2724	2227
DC-3.	747	805

[Min. of Tourism & Civil Aviation O.M. No. H.11013/4/73-AC, dated 15-2-1974]

Recommendation (Serial No. 16)

The Committee need hardly stress that the aircraft used by Indian Airlines are most costly assets with limited effective life. In view of the fact that the Corporation was also having high load factor, it is essential to achieve maximum utilisation of these aircraft. The Committee, therefore, recommend that effective steps should be taken for stepping up utilisation and to ensure optimum utilisation of the aircraft to improve the operating results of the Corporation. (Paragraph 3.45).

Reply of Government

The position in regard to utilisation has been explained against Recommendation Serial No. 15.

[Min. of Tourism & Civil Aviation O.M. No. H.11013/4/73-AC, dated 16-10-1973].

Further Information Called for by the Committee

The Committee had recommended that effective steps should be taken for stepping up utilisation and to ensure optimum utilisation of the aircraft to improve the operating results of the Corporation. The Ministry have not informed about the specific steps taken in this regard and the result thereof. This may please be intimated.

[Lok Sabha Sectt. O.M. No. 14-PU/71, dated 19-12-1973].

Further Reply of Government

The Central Training Establishment of Indian Airlines at Hyderabad is in the process of being re-organised. A Director of Training, directly responsible to the Chairman has been appointed for initiating and implementing pilots' training programmes. Four HS-748 Pilots have been selected to undergo training as HS-748 Instructors. This will go far in stepping up training of HS-748 Captains from amongst whom pilots for jet conversion are drawn. Similar programmes have been drawn up for jet conversion training.

Other steps taken in this regard are given below:—

- (1) The present practice has been to have on each jet flight two Commanders to take command by turn each way instead of having one Commander and a Co-pilot as is usual. It is proposed to abolish the system of one-way command thereby making available Commanders for stepping up utilisation of aircraft.
- (2) Although under the Flight and Duty Time Limitations, applicable to pilots, a pilot could return to his base on the same day, the Corporation had, as insisted upon by the pilots, permitted non-operational night stops at the end of each flight, resulting in extra expenditure and lower utilisation of pilots. It has been decided to do away with such non-operational night stops.
- (3) So far, pilots have been insisting on operating one return flight only if they land at their home base even though the duration of the flight permitted the operation of another flight within the flight and duty time limitations. It has been decided to effect combination of flights so that it will be possible for one set of pilots to operate more than one flight wherever feasible. This will result in better utilisation of pilots.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC, dated 15-2-1974].

Recommendation (Serial No. 17)

The Committee view with concern that there were operational losses on the majority of the aircraft in the fleet of the Corporation. The Corporation was suffering heavy losses on the operation of old and economic Dakotas and Viscount aircraft, but still these were being operated by the Corporation mainly because of shortage of

aircraft. There was also generally increasing trend of break-even load factor on various aircraft and in respect of F-27 and HS-748, the break-even load factor was about 100 per cent which means that the aircraft entail operational losses even if operated upto maximum capacity unless steps are taken to reduce operating expenses. (Paragraph 3.54).

Reply of Government

Because of their tight fleet position, the Corporation have been obliged to carry on with many types of aircraft, like Dakotas and Viscounts, although they have become highly uneconomical in operation. The 5th Plan of the Corporation has been drawn up on the basis that Dakotas, Viscounts and F-27 aircraft will be phased out by the middle of the 5th Five Year Plan period and the Caravelles before the end of the plan period. The Corporation will have to keep HS-748 aircraft in their fleet, irrespective of their economics of operation, being indigenously manufactured and serve the needs of traffic on regional routes.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC,
dated 16-10-1973].

Recommendation (Serial No. 19)

The Committee desire that the Corporation should develop a sense of cost consciousness and make a critical analysis of the cost of operations with a view to improving the economics of the airline through effective control on major items of expenditure, optimum utilisation of aircraft, increased productivity, standardisation and modernisation of the fleet and rationalisation of route pattern, etc., to ensure that the Corporation remains a viable economic entity rather than becoming a burden on the national exchequer. (Paragraph 3.56).

Reply of Government

The Committee's observations have been noted.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC,
dated 16-10-1973].

Further Information Called for by the Committee

Government have not given any reply to Committee's suggestion that the Corporation should make a critical analysis of cost of operations, etc., in order to bring down the losses on operations. Please

intimate the action taken in this regard to find out the areas where economics could be effected and the results thereof.

[Lok Sabha Sectt. O.M. No. 14-PU/71, dated 19-12-1973]

Further Reply of Government

Some of the steps taken to eliminate wasteful work practices, achieve increased productivity and efficiency and effect economies have been enumerated in reply to the further information asked for by the Committee against Recommendation No. 66.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC,
dated 15-2-1974].

Recommendation (Serial No. 20)

The Committee would also suggest that the Corporation should make a comparative study of the performance of leading domestic Airlines in other countries and take concrete measures with a view to improving the economics of operation. (Paragraph 3.57).

Reply of Government

The Corporation have made a study of the performance of some leading domestic airlines in other countries with a view to compare the performance of Indian- Airlines and to effect improvements wherever feasible.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC,
dated 16-10-1973].

Further Information Called for by the Committee

It has been stated that the Corporation have made a study of the performance of some leading domestic airlines in other countries.

The result of the study made and the action taken or proposed to be taken by the Corporation to effect improvements as a result of this study may please be intimated.

[Lok Sabha Sectt. O.M. No. 14-PU/71, dated 19-12-1973]

Further Reply of Government

The comparative study of performance of some leading domestic airlines in other countries made by Indian Airlines brought out prominently the fact that the productivity of Indian Airlines was very low as compared to other airlines similarly placed. Indian Airlines are taking various steps to improve their productivity. These

have been enumerated in reply to the further information asked for by the Committee bearing on recommendations Nos. 49, 59 and 63.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC, dated 15-2-1974].

Recommendation (Serial No. 27)

The Committee regret to observe that the long delays occurred in the settlement of the bills pertaining to subsidy payable from Civil Aviation Development Fund during the years 1965-66 to 1969-70 and bills could be finally settled only on 18th March, 1972. The main reasons for non-settlement of the bills was stated to be the non-acceptance by Government of the basis of computation of revenue by the Corporation. The Civil Aviation Development Fund having been constituted in 1964, it is surprising that even after the lapse of eight years the principles which should govern the payment of subvention from the Civil Aviation Development Fund have not been finally decided. The Committee regret to note that no immediate steps were taken in this regard in spite of the recommendations of the Committee in Para 28 of their 23rd Report (Third Lok Sabha) in March, 1966 suggesting 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. (Paragraph 3.119).

Reply of Government

The basis of computation of subsidy for uneconomic routes brought within the purview of the Civil Aviation Development Fund has since been settled and consequently there is no ambiguity or delay in preferring claims.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC, dated 16-10-1973].

Recommendation (Serial No. 28)

The Committee recommend that, in order to avoid the delay in the payment of subsidy, the Corporation should maintain proper accounts so that all the relevant information is readily available for determination of the amount of subsidy payable in any year. (Paragraph 3.120).

Reply of Government

Proper accounts are maintained and steps have been taken to ensure that claims for subsidy from the Civil Aviation Development Fund are submitted in time.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC,
dated 16-10-1973].

Recommendation (Serial No. 29)

The Committee also note that as against the sum of Rs. 23.47 crores paid by Indian Airlines as excise duty from 1964-65 to 1971-72 on aviation fuel and oil, the amount appropriated to the Civil Aviation Development Fund during the period was only Rs. 9.04 crores. The Committee recommend that the feasibility of enlarging the scope of the payment of subsidy from Civil Aviation Development Fund, should be examined so that the Corporation is compensated to some extent the heavy financial burden shouldered by them on account of heavy duty on aviation fuel and oil. (Paragraph 3.121).

Reply of Government

The feasibility of enlarging the scope of the Civil Aviation Development Fund with a view to enabling the Corporation to receive a larger amount of subsidy to match the huge amount being paid by them each year by way of excise duty and sales tax on Aviation fuel is being examined.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC,
dated 16-10-1973].

Further Information Called for by the Committee

The Ministry in their reply have stated that the feasibility of enlarging the scope of the Civil Aviation Development Fund was being examined. The result of such an examination may please be intimated.

[Lok Sabha Sectt. O.M. No. 14-PU/71. dated 19-12-1973].

Further Reply of Government

The question of liberalizing the Civil Aviation Development Fund Rules with a view to giving greater power to CAD Fund Committee to bring within the purview of the Fund a larger number of

uneconomic routes operated by Indian Airlines was considered by the Government but unfortunately it was not found feasible to enlarge the scope of the terms and conditions of the Fund.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC,
dated 20-3-1974]

Recommendation (Serial No. 30)

In a vast country like India with the development of faster communications the airlifting of mails is a necessity and, therefore, needs no emphasis. The Committee, however, find that at present only 50 per cent of the first class mails (post cards, envelopes and money orders) are being airlifted. One of the reasons advanced is that there was shortage of capacity with the Indian Airlines. The Committee, however, find that the percentage of increase in mails carried by air during the last five years (1967-68 to 1971-72) had been only 19 per cent, as compared to 42 per cent in the case of passengers. It is, therefore, apparent that the airlifting of mails had not been given the importance it deserved. The Committee desire that satisfactory arrangements should be made by the Indian Airlines for the carriage of mails by air by ensuring regular operation of their services especially the night air mail service which is meant primarily for the carriage of mails and to deploy the right type of aircraft for these services to be able to carry the mails upto the prescribed capacity and to see that no portion of the air mails is off-loaded to accommodate the passengers.

The P. & T. Department being one of the biggest customers for Indian Airlines should get the best service in public interest. (Paragraph 4.23).

The Committee also desire that the Indian Airlines being a national net work, there should be co-ordinated approach in future planning so as to provide, as far as possible, for air carriage of all first class mails between the Centre and State Capitals and for this purpose the Corporation should make available to the P&T Department the requisite 'dead load' on assured basis. (Paragraph 4.24)

Reply of Government

Allotment of space on each flight for carriage of mails is made in consultation with the P&T at regular intervals. Experience has shown that such allocation of space has not been always fully utilised on all flights by the P&T. A sample survey conducted in the

month of August, 1971 covering a period of 8 days has revealed that the P&T had not utilised the allotted capacity to the fullest extent. It has been computed that if the unutilised capacity is projected over a period of one year, over the entire network, the value of the unutilised capacity would be of the order of Rs. 2.13 crores at the mail rates then prevailing.

So far as NAMS are concerned their regular operation are sometimes disrupted due to adverse weather conditions and other factors beyond the control of the Corporation. It is the endeavour of the Corporation, however, to ensure that maximum mails are carried on their services.

The Corporation connect all State Capitals with Delhi except those which do not have Airport facilities. Allotments for carriages of mails to such Capitals have been in existence ever since the services started operating.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC, dated 16-10-1973].

Further Information Called for by the Committee

The Committee had recommended to provide space for air carriage of all first class mails between the Central and State Capitals. It has been stated in the reply that allotments of carriage of mails to such capitals have been in existence ever since the service started operating. It has, however, not been stated whether the allotments made are adequate to carry all first class mails. This may please be clarified.

[Lok Sabha Sectt. O.M. No. 14-PU/71, dated 19-12-1973].

Further Reply of Government

The allotments on all the flights of Indian Airlines for the carriage of mails are worked out in consultation with the P&T Department and consequently it may be confirmed that the allotments have been adequate to meet the demands of the P&T for the carriage of first class mails. Such allotments are reviewed constantly.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC, dated 15-2-1974].

Recommendation (Serial No. 33)

The Committee regret to note the unsatisfactory performance of Indian Airlines regarding 'on time' operation of their scheduled services. The number of services delayed in 1971-72 for 15 minutes and

above was as high as 28,824 and constituted 35.6 per cent of the total number of flights during the year. In spite of the assurances given by Indian Airlines in reply to the comments in the Committee's earlier Report on Indian Airlines in March, 1966 (23rd Report, 3rd Lok Sabha) about the large number of delays in flights, the Committee are distressed to note the lack of any improvement in the position and instead they find only a deterioration year after year and the percentage of the number of services delayed to total number of flights had increased from 17.8 in 1967-68 to 35.6 in 1971-72. Needless to point out that the travelling public are greatly harassed and inconvenienced by such delays and cancellations. The Committee have been assured both by the Indian Airlines and the Ministry that they were doing their best to ensure that delays were reduced and the travelling public were not inconvenienced.

Certain remedial measures have been taken by the Corporation like involvement of all departments, creation of a task force, improving of communication system, procurement of additional equipment etc. to eliminate the delays. The Committee need hardly emphasise that air services are on the increase and, therefore, it is of utmost importance that 'on time' operations are ensured at this stage in the interest of building up a sound tradition. The Committee would also suggest that the Corporation should consider taking disciplinary action against persons found responsible for avoidable delays. (Paragraph 6.15).

Reply of Government

The observations of the Committee have been noted. Both the Government and the Corporation are alive to the need for effecting an improvement in this regard.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC, dated 16-10-1973].

Further Information Called for by the Committee

The observation of the Committee regarding improving 'on time' performance of the services has been noted by Government. However, the specific steps taken/proposed to be taken in this regard have not been intimated. This may please be done.

[Lok Sabha Sectt. O.M. No. 14-PU/71, dated 19-12-1973].

Further Reply of Government

Engineering delays of more than 30 minutes duration are invariably investigated and remedial action taken wherever called for. This is a statutory requirement which is fulfilled meticulously.

Commercial delays usually occur due to—

- (a) Delays in connecting passengers arriving by one service and departing by another.
- (b) Clearance by Customs and Immigration authorities of passengers arriving by International flights to join domestic flights and *vice-versa*.
- (c) Late reporting at the airport of large tourist groups.

Delays on account of such factors are mostly beyond the control of the Corporation. Any delays that can be traced to any employee or a section of the employees are always investigated and appropriate action taken wherever necessary.

Delays also often result on account of bad weather, which again are beyond the control of the Corporation.

In all Regional Headquarters (Calcutta, Madras, Bombay and Delhi) "Delay Committees" have been established with representatives from Engineering, Operations and Commercial Departments under the overall guidance of the Regional Director. The Committee meets frequently, analyses the causes of delays and takes suitable remedial action. Problems of various regions in this regard are taken up at IA Hqrs. at regular intervals to scrutinise, investigate and take appropriate steps for minimising all types of delays|cancellations.

[Min. of Tourism & Civil Aviation O.M. No. H11013|4|73-AC,
dated 15-2-1974]

Recommendation (Serial No. 34)

The Committee also desire that the passengers should be informed timely of such delays in flights and the extent thereof preferably even before they leave their residence for airport. For this purpose, the Corporation should have the telephone numbers of passengers and a record should be kept of the time and the names of persons to whom message is given. The Committee would strongly recommend that measures for keeping the passengers informed of delays at the airport should also be tightened to avoid any inconvenience to the passengers and suggest that any failure to follow the instructions issued in this regard should be strictly dealt with. (Paragraph 6.16)

Reply of Government

The telephone numbers of passengers are recorded at the time of booking, except when:—

- (i) a passenger does not have a telephone;
- (ii) he arrives at a point with a firm booking for the next sector, but does not give his contact address to IA;
- (iii) Office telephone number have been given, which are unmanned after office hours;
- (iv) a passenger is booked through an agent, whose own office does not remain open overnight;
- (v) tourists arrive at a Station to pick up their next connection.

Wherever telephone numbers are available, IA endeavour to give information regarding delays to flights. However, if adequate time is not available to notify so many passengers or if communication difficulties are experienced, it becomes difficult to inform all passengers.

[Min. of Tourism & Civil Aviation O.M. No. H.11013/4/73-AC, dated 16-10-1973]

Further Information called for by the Committee

In their reply, Government have not indicated whether Indian Airlines are keeping any record, as recommended by the Committee, to show the time and names of passengers to whom telephonic messages are given. This may please be intimated.

[Lok Sabha Sectt. O.M. No. 14-PU/71, dated 19-12-1973]

Further Reply of Government

As already indicated, wherever telephone numbers are available, Indian Airlines endeavour to give information regarding delays to flights etc. to the passenger concerned. In view, however, of the large number of passengers involved and the limited time available, it is not feasible to keep a record showing the time and the names of passengers to whom telephonic messages are given beyond putting a mark against the names of the passengers to whom such messages are conveyed.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC, dated 15-2-1974]

Recommendation (Serial No. 35)

The Committee need hardly emphasise the desirability of making suitable arrangements for the supply of good quality of food both at the airport restaurants and in the aircraft. In order to improve the

catering arrangements at small airports, the Ministry had suggested to Indian Airlines as early as December, 1971 that at places where the food caterers were not forthcoming, the Corporation should open their own stalls so that refreshments such as tea, coffee, cold drinks, biscuits, etc. could be provided and a Corporation of the size of the Indian Airlines should not feel shy and worried about the small and limited financial risks. The Committee note that this suggestion of Government was, however, not accepted by the Indian Airlines; instead the Corporation suggested that since Air India was also in the Hotel trade and had taken over the restaurant at Bombay Airport, the Air India might be given the additional responsibility for looking after a few minor airports. The Committee would urge that the Corporation should ensure that satisfactory arrangements are made at all airports for supply of tea, coffee, cold drinks, snacks etc. to the passengers at reasonable rates whatever be the agency through which such facilities are provided. (Paragraph 6.36)

Reply of Government

The need for providing adequate catering facilities at all Airports is fully appreciated. The DGCA is largely responsible to ensure satisfactory arrangements in this regard. Such facilities are provided wherever feasible.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC,
dated 16-10-1973]

Recommendation (Serial No. 36)

The Committee also find that there has been large increase in the cost of meals in the Corporation's kitchens at Bombay and Delhi after the Corporation started lifting of meals for Caravelles from Air India's kitchens at these places. One of the main reasons for the increase had been the large increase in the element of labour because of reduced workload in these kitchens. The Committee desire that a careful review should be made of the workload in the Corporation's kitchens at these places and the staff employed should be consistent with the quantum of workload. The surplus staff, if any, should be suitably employed on other jobs. In the alternative the lifting of the meals from the Chefair of Air India should be only to the extent the Corporation's own kitchens were not able to cope with the requirements. (Paragraph 6.37)

Reply of Government

It is the constant endeavour of Indian Airlines to improve the quality of meals served by them and to hold costs within reasonable

limits. To this end the Corporation have taken a number of steps to improve the quality of food placed on board. In regard to work-load, Indian Airlines have already reduced the off-take of food from Chefair which had the effect of increasing the workload on their kitchens. Indian Airlines have been, from time to time, in touch with Air-India regarding the quality of food supplied by Chefair.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC,
dated 16-10-1973]

Further Information called for by the Committee

To improve the work-load on the Indian Airlines' own kitchen, Indian Airlines is stated to have reduced the off-take of food from Chefair. The present position regarding the workload in Corporation's kitchen and its comparison with that prevailing last year may please be intimated.

[Lok Sabha Sectt. O.M. No. 14-PU/71, dated 19-12-1973]

Further Reply of Government

Details of meals produced in the Indian Airlines' Kitchens at Delhi, Bombay and Calcutta in the year 1972-73 as compared with the corresponding figures for 1971-72 are given below:—

	Total No. of meals prepared		Variation in No. of meals	Total
	1971-72	1972-73	Over 1971-72	%
1	2	3	4	5
<i>Breakfast</i>				
Bombay Region	21292	34872	(+)	63.78
Calcutta Region	99527	96746	(—)	2.79
Delhi Region	30789	57936	(+)	88.17
<i>Lunch</i>				
Bombay Region	55957	69145	(+)	23.57
Calcutta Region	47038	63770	(+)	35.57
Delhi Region	4330	3338	(—)	22.91

1	2	3	4	5
<i>Dinner</i>				
Bombay Region	30400	78909	(+)	159.57
Calcutta Region	307	224	(-)	27.04
Delhi Region	172	668	(+)	287.21
<i>Heavy Snacks</i>				
Bombay Region	195056	200443	(+)	2.76
Calcutta Region	94121	157032	(+)	66.84
Delhi Region	140547	170246	(+)	21.13
Total	719536	933329	(+)	29.71

The Management of Indian Airlines have decided to discontinue meals on their domestic services as a measure of economy and to provide additional pay-load on the services. Tea, coffee and biscuits will, however, continue to be served.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC,
dated 15-2-1974]

Recommendation (Serial No. 40)

The Committee note with deep regret that it took the Corporation about two years to complete the study of the economics of the proposal to levy the charges for the carriage of the passengers between city booking offices and Airports and *vice-versa*, after the decision of the General Manager of the Corporation in this regard as early as in January, 1969. Even after completion of the study, it took the Corporation another 16 months to actually introduce the scheme. In the meantime the Corporation suffered a loss of revenue of the order of Rs. 2.30 lakhs per month. The fact that it took the Corporation Government more than 3 years to study and introduce a proposal for augmenting their revenue is not a happy reflection on the working of a commercial organisation like Indian Airlines. (Paragraph 6.52)

Reply of Government

The surface transport levy scheme, as conceived by the Corporation, was to be implemented on its net work involving different States, following different motor vehicle rules. It was with great difficulty that the re-registration work of the Corporation's coaches operating in different States was completed before 30th January, 1972. At the same time, the Corporation had to negotiate with the

Air Corporations Employees' Union whose members were to perform important functions connected with the implementation of the scheme. The process of negotiation and settlement took longer than expected with the resultant delay in implementing the scheme.

[Min. of Tourism & Civil Aviation O.M. No. H11013|4|73-AC,
dated 16-10-1973].

Recommendation (Serial No. 41)

The Committee also find that the present occupancy ratio of the passenger coaches was only 25 per cent of the seating capacity due to passengers resorting to alternate means of transport. The Committee urge that the reasons for such low occupancy ratio be carefully examined and immediate measures taken to improve it. In this connection, the Committee would suggest that the Corporation should also examine the desirability of reducing the charges per passenger and introduction of coaches with better amenities with a view to improving the occupancy ratio and thereby increasing the overall revenue earned from these coaches. (Paragraph 6.53)

Reply of Government

The level of the present Surface Transport charge has nothing to do with the occupancy ratio of the passenger coaches and consequently any reduction in these rates will not improve the position. The coaches at present in use are of semi-luxury class and are considered fit for the use of air passengers. The Corporation are exploring all possibilities of improving the occupancy ratio.

[Min. of Tourism & Civil Aviation O.M. No. H11013|4|73-AC,
dated 16-10-1973].

Recommendation (Serial No. 44)

The Committee also note that the Indian Airlines are already examining the possibility of having certain electric/mechanical aids and equipments to bring about improvement in baggages and cargo handling. The Committee would strongly urge that in order to cater to the rapidly growing traffic and to provide quicker and better facilities, the Indian Airlines should finalise their studies in this regard and introduce facilities without delay to improve the baggage clearance system and to cut down the time taken in booking and release of passenger baggages. The Committee hope that the various measures introduced or steps proposed to be taken would help in improving the services provided to the passengers. The Committee need hardly emphasise that the image of the Indian Airlines depends on its personality perceptions of its consumers and the efficiency in

the services offered. The Committee, therefore, desire that the Corporation should always ensure that the various amenities provided by it to the passengers are to their satisfaction so as to raise its image in the eyes of the travelling public. (Paragraph 6.60)

Reply of Government

In their 5th Five Year Plan Indian Airlines have made a provision of Rs. 1.5 crores for the purchase of mechanical|electrical aids for Airport handling. Conveyors for baggage distribution are available at Bombay, Delhi, Madras and Hyderabad. Studies of the Airport handling system in Bombay have been completed by Indian Airlines and improvements will be effected as and when the Airport Authority provided the ancillary services.

[Min. of Tourism & Civil Aviation O.M. No. H11013|4|73-AC, dated 16-10-1973].

Recommendation (Serial No. 47)

The Committee note the low productivity in the workshops of Indian Airlines. The Committee find that the norms for various jobs were fixed as early as in 1964 and were revised only in 1969. Even those revised norms were stated to be pending examination in the light of discussion with various unions and associations of employees and had not been reviewed thereafter. A review of the actual man hours booked on various jobs showed that these far exceeded the revised norms fixed in 1969 and the variations ranged from 6 per cent to 365 per cent. The additional cost of extra man hours consumed (excluding overheads) over the revised norms worked out to Rs. 52.80 lakhs during the period 1966-67 to 1969-70. The Committee also regret to note the various malpractices and deficiencies pointed out by the Norms Committee which were responsible for the increase in actual man-hours over the norms. The Norms Committee pointed out in 1969 that 'unless effective steps are taken to eradicate or considerably reduce the present malpractices and deficiencies (quite a few of which are common to all Departments of the Airlines) and to inculcate discipline in the Organisation, the spiral of rising man-hours will continue.' The Committee are constrained to observe that in spite of these observations of the Norms Committee, no concerned efforts have been made in this regard and there was wide disparity in the norms fixed and the actual man hours booked on various jobs in 1970-71 also. (Paragraph 7.29).

Reply of Government

Indian Airlines are alive to the fact that there has been an increase in the actual man hours booked as compared to the norms, laid down in 1969, and are making every effort to improve productivity in the workshops. As one of the steps in this direction, the Corporation had incorporated certain productivity clauses in the Wage Agreements concluded with the Technicians' and Engineers Associations, which are in the process of implementations. An Industrial Engineering Section, under the charge of a Senior Industrial Engineer, has been set up at Hqrs. and similar units are in the process of being established at the four Bases. One of the functions of these units will be to review the norms on a scientific basis, which would facilitate effective control on performances.

[Min. of Tourism & Civil Aviation O.M. No. H11013|4|73-AC,
dated 16-10-1973].

Recommendation (Serial No. 50)

The Committee note that the stock of inventories in Indian Airlines as on 31st March, 1972 was of the order of Rs. 16.47 crores. The value of stock of consumables engineering stores alone was Rs. 744.55 lakhs as on 31st March, 1972 which was equivalent to 37.2 months' consumption as against the maximum stock level for 18 months provided in the Stores Manual of the Corporation. It has been stated that the utilisation of aircraft during the year 1970-71 all round was low correspondingly reducing overhaul and consumption of material though the fleet strength remained the same. The Committee, however, find that even in 1969-70 when the revenue hours flown were highest during the last five years, the stock of consumables was equivalent to 37.5 months' consumption. (Paragraph 8.27).

Reply of Government

Admittedly the stock of inventories in I.A. as on 31st March, 1972 had been on the high side. This is partly due to the fact that provisioning of HS-748 aircraft spares had been made on the basis that the strength of the fleet would be 24 by March, 1973, whereas the present fleet strength is only 15. Also the major overhaul of components for both HS-748 and Boeing aircraft were due in the year 1973-74, for which a part of the provisioning had been made earlier. In any case a system has been evolved under which it is proposed to segregate obsolete as well as slow-moving stores, with a view to disposing them and thereby reducing the stock of inventories.

Modern methods of provisioning and control are also being applied progressively to the Corporation's inventories.

[Min. of Tourism & Civil Aviation O.M. No. H11013|4|73-AC, dated 16-10-1973].

Further Information Called for by the Committee

In reply, it has been stated that provisioning of spares for HS-748 aircraft had been made on the basis that the strength of the fleet would be 24 by March, 1973 whereas the present fleet strength is only 15. The reasons for acquiring spares in excess of the requirements on the basis of existing fleet may please be intimated.

[Lok Sabha Sectt. O.M. No. 14-PU|72, dated 12-12-1973].

Further Reply of Government

As stated earlier, the second batch of 10 HS-748 aircraft, in addition to the 14 acquired earlier, was expected to be in position by March, 1973 and hence advanced provisioning was made. However, against the 10 aircraft, Hindustan Aeronautics Ltd, could deliver only 3, that too belatedly and delivery dates of the remaining 7 are still uncertain. The advance action was in the interest of operational requirements.

[Min. of Tourism & Civil Aviation O.M. No. H11013|4|73-AC, dated 15-2-1974].

Recommendation (Serial No. 52)

The Committee also find that even in the case of HS-748 aircraft the stores holdings of consumables has increased from 20.2 months' consumption in 1970-71 to 30.1 months' consumption in 1971-72. In view of the fact that HS-748 aircraft is being indigenously manufactured by a public undertaking, it should be possible for the Indian Airlines to rationalise inventory holdings for the indigenous stores and spares. (Paragraph 8.30).

Reply of Government

The availability of HS-748 spares from indigenous sources is limited. All air-frame spares are imported by Indian Airlines through HAL, for which the Corporation pay 10 per cent handling charges to HAL. Out of the total HS-748 inventory amounting to Rs. 264.38 lakhs as on 31st March, 1973 only stores worth Rs. 10.79 lakhs have been supplied by HAL from their indigenous manufactured stock. This amount to approximately 5 per cent. Nonetheless the need for limiting the stores holdings of Consumables in

respect of HS-748 aircraft is fully appreciated and all steps have been taken towards that end.

[Min. of Tourism & Civil Aviation O.M. No. H11013|4|73-AC,
dated 16-10-1973].

Recommendation (Serial No. 55)

The Committee regret to note that long delay in submission of the Reports regarding physical verification and reconciliation of stores and assets to the Board of Directors/Comptroller and Auditor General of India. The Committee note that already steps are being taken to computerise the system of inventory and that such computerisation would help in streamlining the procedure for verification and reconciliation of stores. The Committee would like to emphasise the importance of fixation of a time-limit for submission of reports of verification/reconciliation to the Board of Directors/Comptroller and Auditor General as delay in the submission of the Reports would only create difficulties in fixing responsibility and taking suitable remedial measures for excesses |shortages. (Paragraph 8.43).

Reply of Government

A procedure has been evolved to ensure that reports of verification|reconciliation of stores for a particular financial year is put up to the I.A. Board within a period of 9 months from the close of the year, i.e., by the end of that calendar year.

So far as the backlog is concerned, efforts have been made to complete the report of verification|reconciliation of stores for the year 1971-72 before the end of 1973.

[Min. of Tourism & Civil Aviation O.M. No. H11013|4|73-AC,
dated 16-10-1973].

Recommendation (Serial No. 58)

The Committee find that there has been progressive increase in staff strength of Indian Airlines especially in Engineering, Traffic and Sales and Finance Departments. The Committee on Public Undertakings had suggested in their 23rd Report (Third Lok Sabha) in March, 1966 that "an overall review of staff requirement should be made periodically to ensure that the disposition of the staff at the various places actually conforms the increase or decrease in the workload necessitated from time to time." They regret to note that in spite of the above recommendation of the Committee, no steps were taken all these years to review the staff

strength by making a scientific study of the man-power requirements. It is only recently that the Industrial Engineering Unit and the Management Advisory Services Department have been asked to fix norms for the various jobs, and to look into the systems and procedures of work. A Manpower Planning Committee has also been set up for preparing a rolling Five Year Manpower Plan.

The Committee stress that these studies should be completed without delay and the staff strength for the various Departments of the Corporation should be realistically fixed and readjustments of staff made as necessary keeping in view the recommendations of Manpower Planning Committee an the norms evolved by the Industrial Engineering Cells, Management Advisory Service Department, etc. (Paragraph 10.10).

Reply of Government

The number of employees as on 31st March, 1973 was 15641 as against 14883 on 31st March, 1972. The breakup of these figures as on 31st March, 1973 were 6205 technical and 9436 non-technical, the corresponding figures on 31st March, 1972 having been 5874 and 9009 respectively. This does indicate an increasing trend in staff strength in Indian Airlines, especially in the technical categories. The need for arresting this trend and to fix norms for various jobs and to look into the systems and procedures of work has been fully realised and action initiated towards that end. Pending a comprehensive study in this regard the creation and filling up of new posts has been severely restricted and efforts are being made to increase the productivity of the existing staff.

[Min. of Tourism & Civil Aviation O.M. No. H11013|4|73-AC, dated 16-10-1973].

Recommendation (Serial No. 59)

The Committee find that although the productivity in terms of ATKm per employee has been registering increase from year to year, it has not been commensurate with the increase in wages. The productivity of Indian Airlines (in terms of ATKm) was much lower than that of any other Airlines. According to the Management the production of ATKm was dependent on many other factors besides employee efficiency. The Committee consider that even taking these into consideration the productivity of Indian Airlines cannot be considered to be satisfactory and there is scope for substantial increase in it. A large section of the technical employees of Indian Airlines are amongst the highest paid in the country.

The Committee, therefore, desire that the wages should be linked with productivity so that the incidence of wages on the operating cost may be reduced and it may be possible to provide air service to the general public at reasonable rates. The Committee desire that the Manpower Planning Committee appointed by the Corporation would undertake a study in depth and suggest appropriate measures to increase productivity and reduce the incidence of wages per ATKm. (Paragraph 10.19).

Reply of Government

The observations of the Committee have been noted and all steps are being taken to improve the productivity of the employees of the corporation, which is admittedly low at present.

[Min. of Tourism & Civil Aviation O.M. No. H.11013/4/73-AC,
dated 16-10-1973].

Recommendation (Serial No. 61)

(i) The Committee find that the utilisation of the crew especially the First Officers and Radio Officers has been below the prescribed minimum of 50 hours during 1966-67 to 1971-72 (except for Radio Officers in 1966-67). The low utilisation of First Officers was stated to be due to the fact that they were being deployed only on the Dakotas as they did not have any endorsement except that of DC-3. Similarly Radio Officers were also required only on Dakotas and the Dakotas were being phased out gradually. (Paragraph 10.28).

It is surprising that in spite of the fact that the Corporation had a programme for phasing out gradually the Dakota aircraft, no appreciable steps were taken to train and employ all the surplus First Officers and Radio Officers on alternative jobs to avoid their under utilisation. The Committee expect the Corporation to ensure that the deployment of staff on various jobs is in conformity with the work load and any staff expected to be rendered surplus are trained in advance as necessary to ensure optimum utilisation. (Paragraph 10.29).

Reply of Government

The average utilisation of Pilots category-wise-Jet Captains,

Turbo Prop Captains and First Officers—during the period from August '71 to May '73 is given below:

Month	Jet Captains	Turbo Prop Captains	First Officers
1971-72			
August, 1971	59·52	48·06	40·19
September, 1971	52·19	48·30	37·27
October, 1971	59·05	49·37	35·73
November, 1971	56·13	49·56	37·14
December, 1971	48·14	36·40	24·12
January, 1972	54·33	50·63	31·55
February, 1972	53·09	44·93	30·96
March, 1972	50·87	48·30	32·29
1972-73			
April, 1972	48·45	47·45	32·55
May, 1972	56·29	50·80	36·40
June, 1972	52·33	50·41	36·20
July, 1972	53·30	54·26	40·33
August, 1972	50·35	49·53	36·28
September, 1972	50·91	50·54	37·70
October, 1972	49·55	52·23	39·07
November, 1972	52·15	52·37	37·32
December, 1972	52·22	54·07	42·41
January, 1973	51·54	53·26	41·58
February, 1973	47·22	47·39	39·21
March, 1973	52·05	56·33	42·58
1973-74			
April, 1973	50·22	53·03	43·39
May, 1973	54·37	51·53	44·25

[Min. of Tourism & Civil Aviation O.M. No. H 11013/4/73-AC, dated 18-10-1973].

(ii) The Committee find that the utilisation of other crew members e.g., turbo-prop Captains, cabin crew and Flight Engineers

was also below the limit of 50 hours per month during 1970-71 and 1971-72. The Committee note that the Corporation are now increasing utilisation of various aircraft which may make for better utilisation of existing staff. The Committee consider that the Corporation should have taken these measures earlier as there has been an ever increasing demand for air services in recent years. (Paragraph 10.30).

Reply of Government

Effective steps have been taken to ensure improvement in the utilisation of pilots. The utilisation achieved for First Officers is considered adequate having regard to the fact that it takes a minimum of 4 years for a Co-pilot to acquire the requisite experience to qualify to be trained as a Captain and that this category forms the base for the Corporation's future supply of Captains necessitating a larger number of pilots in this category.

[Min. of Tourism & Civil Aviation O.M. No. H 11013/4/73-AC, dated 16-10-1973].

Recommendation (Serial No. 62)

The Committee find that the Corporation agreed to pay an additional Radio Telephone Allowance of Rs. 400 per month to all the pilots with effect from the 1st November, 1965 for operating HF/VHF/RT. This has resulted in payment of allowance to even the Pilots/Co-pilots who are operating Dakota aircraft and have flying endorsement only for this type of aircraft although the Radio Officers are required to be deployed on these aircraft. The Committee were informed that the additional payment on this account upto September, 1970 in Delhi and Calcutta Regions alone amounted to Rs. 16.38 lakhs. The Committee find that, on the other hand, the grounded Radio Officers who were withdrawn from other aircraft and who were trained and redesignated as Flight Operations Officers (Tech.) for flight planning duty could not be fully utilised.

The Committee were informed that there were 16 such surplus officers in Calcutta in 1969-70 and the expenditure on the pay and allowances of such surplus officers during the years 1966-67 to 1969-70 amounted to Rs. 8.18 lakhs (approx.).

The Committee have been assured that the surplus grounded Radio Officers were now being fully utilised in the Flight Despatch Scheme. The Committee would like the Corporation to draw up a plan including necessary training well in advance to ensure that Radio Officers who become surplus on withdrawal of Dakotas are put to productive assignments. (Paragraph 10.42).

Reply of Government

All rounded Radio Officers have since been trained and have been deployed as Flight Operations Officers. They are being fully utilised.

[Min. of Tourism & Civil Aviation O.M. No. H 11013/4/73-AC, dated 16-10-1973].

Recommendation (Serial No. 63)

The Committee find that the amount of overtime paid to the staff of Indian Airlines was as high as Rs. 298.97 lakhs in 1971-72 constituting 18.7 per cent of the total salaries and wages during the year. The Committee regret to note that although in their 3rd Report in March, 1966 (para 200) they had recommended that overtime payment should be reduced substantially, the overtime payment had showed a continuous rising trend (an increase of 170 per cent within a period of five years) and the amount of overtime paid had gone up from Rs. 111.43 lakhs in 1966-67 to Rs. 293.97 lakhs in 1971-72. The Committee also note that the total staff strength of the Corporation had also increased by 20 per cent in this period (Para 10.3). Viewed against this background the Committee feel greatly concerned about the increase in overtime allowance and recommend that the Corporation should spare no efforts to increase the productivity and exercise strict check on absenteeism and other wasteful practices about which a reference has also been made in para 7.21 of this Report so as to reduce incidence of overtime to the minimum. (Paragraph 10.52).

Reply of Government

As against Rs. 298.97 lakhs paid as overtime during 1971-72, representing 18.7 per cent of the total wages, the overtime paid during 1972-73 amounted to Rs. 362.46 lakhs representing 20.5 per cent of the total wages. This undoubtedly reflects an increasing trend in the level of overtime payments. Indian Airlines have already made a note of this unsatisfactory trend and have decided to take certain steps after consulting the Unions with a view to increasing productivity and bringing down the expenditure on this account.

[Min. of Tourism & Civil Aviation O.M. No. H 11013/4/73-AC, dated 16-10-1973].

Further Information Called for by the Committee

The observations of the Committee regarding heavy payments of overtime and low productivity have been noted by Government. It has been stated that steps are being taken to improve productivity of

the employees of the Corporation which is admittedly low at present. The steps taken/proposed to be taken in this regard may please be indicated.

[Lok Sabha Sectt. O.M. No. 14-PU/71, dated 19-12-1973].

Further Reply of Government

The steps taken/proposed to be taken in this regard are:—

- (1) Introduction of a "revised shift system" in the Engineering, Commercial and other Departments, with a view to matching the available manpower with the work-load required to be done, instead of having a "balanced shift", as heretofore in force, which resulted in wastage of manpower in certain shifts, and the need to have a larger number of staff on over-time in certain other shifts, involving lower productivity and increased expenditure no over-time.
- (2) Intensification of training programmes for pilots, withdrawal of one-way command on the jet aircraft, abolition of non-operational night stops and combination of flights.
- (3) Elimination of several wasteful work practices so far in vogue, resulting inefficiency and lower productivity. For example:—
 - (a) Union office bearers will be required henceforth to perform their allotted work during the normal working hours or on over-time as required and all Association work to be conducted would be beyond the working hours of the employee concerned as against the present practice of a large number of office bearers not performing any Corporation work at all.
 - (b) The management assuming the power to determine the duties and responsibilities of each category of workmen, including duties incidental or ancillary to their main duties, which some of the employees were refusing to perform so far.
 - (c) Doing away with the practice of employees taking privilege leave for very small periods and thereby causing dislocation of work. The practice of employees taking half a day's leave of any kind has also been stopped.
 - (d) The management assuming sole discretion to decide the period of posting of a workman to an outstation in the exigencies of work as against the present practice of

certain categories of workmen insisting on proceeding on only temporary transfer not exceeding 90 days, which involves payment of daily allowance for the entire period.

- (e) Enforcing strict adherence to prescribed hours of work, meal hours and arrival and departure timings.
- (f) Limiting the number of workmen to be detained on overtime and its duration on the basis of actual work requirement.
- (g) Imparting need based training to pilots and introduction of a career pattern based on work requirement instead of seniority basis as heretofore which resulted in waste of training effort.

[Min. of Tourism & Civil Aviation O.M. No. H 11013/4/73-AC, dated 15-2-1974]

Recommendation (Serial No. 66)

The Committee are distressed to find that the Corporation had suffered an accumulated loss of Rs. 1456.15 lakhs as on 31st March, 1972 which means that 68 per cent of the equity capital of the Corporation has been wiped out. The losses suffered in 1970-71 and 1971-72 alone amounted to Rs. 467.60 lakhs and 454.93 lakhs respectively. The Committee note that even in 1972-73, according to the budgetary anticipation, the Corporation expected to make a profit of Rs. 295.27 lakhs. However, the trend of actuals upto January, 1973 indicated a loss of Rs. 64.39 lakhs. An analysis of the operating expenditure and revenue during 1970-71 and 1971-72 indicated that the growth of operating expenditure had been at a faster rate than the operating revenue. Thus, while the operating revenue increased by Rs. 997.66 lakhs in 1971-72 as compared to 1969-70, the operating expenditure during the corresponding period increased by Rs. 1454.83 lakhs. The Committee have dealt with in the previous chapters of this Report the various factors affecting the revenue and expenditure of the Corporation.

From the details of the growth of operating expenditure and operating revenue as given in Paragraph No. 11.5, it is seen that the increase in other staff costs had been to the extent of 46.2 per cent in 1971-72 as compared to 1970-71. From a break-up of the expenses under other staff costs, the Committee find that there was a phenomenal increase under (i) lay-over allowance to crew other than pilots; (ii) meals allowance to pilots; (iii) hotel accommodation to crew. The Committee feel that there is scope for effecting economy in the expenditure under these heads by rationalisation.

According to the Corporation one of the reasons affecting the revenue is its heavy expenditure on excise duty and sales tax on fuel and oil. The Committee find that there has been an increase in the rate of consumption of fuel per hour in the case of Caravelle, Viscount and F-27 aircraft in 1971-72 as compared to 1969-70. The Committee need hardly stress that unless effective remedial measures are taken by the Corporation to improve its working results through stricter control on major items of expenditure including fuel oil, optimum utilisation of aircraft, increased productivity and control on staff strength, standardisation and modernisation of the fleet and rationalisation of route pattern etc. it would be difficult for the Corporation to remain a viable economic entity or to make a positive contribution towards the internal resources for financing its Five Year Plans without becoming a burden on the national exchequer. (Paragraph 11.22).

Reply of Government

Referring to the accounts for 1972-73 since finalised, the Corporation made a marginal profit of Rs. 0.75 lakhs as against the budgeted profit of* Rs. 295.27 lakhs. Even for the year 1973-74, the position is not satisfactory. With the loss of Boeing 737 aircraft on 31st May, 1973, damage to a Cavarelle aircraft on 3rd July, 1973, and to a F-27 aircraft on 20th July, 1973 it became necessary for the Corporation effective from 23rd July, 1973, to cancel 14 services and to reduce the frequencies of 5 services. The loss in the total aircraft capacity as compared with the capacity available under the schedule current at the time of the Boeing accident has been of the order of 17.27 per cent. With the approval of Government, the Corporation have decided to take on lease 3 Caravelle aircraft from abroad for a period of 18 months at the rate of \$25,000 per aircraft per month. These aircraft are expected to be put into operation during Oct./Nov. 1973. If this materialises, the position is likely to improve somewhat, though the indications are that the budgeted profit of Rs. 282.51 lakhs for 1973-74 is likely to be converted into a sizeable loss. Action has also been initiated with the approval of the Government for acquiring a replacement aircraft for the Boeing 737 lost in May, 1973. This aircraft is expected to be delivered during Sept./Oct. 1974.

In addition to the above steps, the question of reducing expenditure under various heads and augmenting revenues with a view to

At the time of factual verification, Audit informed the Committee that—

* the figure should be Rs. 264.50 lakhs.

† the figure should be Rs. 282.50 lakhs.

improving the overall financial position of the Corporation is engaging the attention of the Management. The position, however, has been further aggravated by the withdrawal of Avro fleet on 12th September, for special technical check following the failure of an aileron hinge fitting of an aircraft in flight, and the detection of incipient cracks on four other aircraft.

[Min. of Tourism & Civil Aviation O.M. No. H-11013/4/73-AC, dated 16-10-1973].

Further Information Called for by the Committee

The specific steps taken in regard to reducing expenditure under various heads and results achieved may please be indicated.

[Lok Sabha Sectt. O.M. No. 14-PU/71, dated 19-12-1973].

Further Reply of Government

For the year 1973-74 a reduction in revenue expenditure to the extent of Rs. 40 lakhs is expected by the following economy measures undertaken:—

- (1) Stopping outside recruitment, and keeping permanent transfers to the minimum.
- (2) Duty tours and All-India conferences to be kept to the barest minimum..
- (3) Publicity and sales promotion expenditure to be drastically cut by giving up printing of calendars, reducing entertainments and giving up publication of journals, etc.
- (4) Reduction in miscellaneous expenses such as renovation of booking offices, maintenance of buildings, telephones, etc.

In addition, the following measures have been taken to eliminate wasteful work-practices, increase productivity and efficiency and reduce over-time expenses:—

- (1) Introduction of a "revised shift system" in the Commercial, Engineering and other Departments matching the man-power with the workload required to be done instead of having a "balanced Shift" as heretofore, which resulted in wastage of manpower in certain shifts and larger numbers of staff being kept on over-time in other shifts, involving wasteful expenditure on overtime.

- (2) Intensification of training programmes for pilots, withdrawal of one-way command on jet aircraft, abolition of non-operational night stops and combination of flights.
- (3) Elimination of wasteful work practices.
- (4) Discontinuance of supply of meals on domestic services.
- (5) Closing down some booking officers at night.
- (6) Withdrawal of surface transport facility between booking offices and airports at the 4 major cities.

[Min. of Tourism & Civil Aviation O.M. No. H-11013/4/73-AC, dated 15-2-1974]

Recommendation (Serial No. 67)

The Committee are distressed to note that there are several deficiencies in the operation of the systems of the workshops and surface transport departments. The Committee are surprised that even the system of maintenance of log books, submission of periodical returns of labour hours or overhaul cost have not been in vogue. There is not even a system of periodical submission of Reports in respect of large variation between actual and standard labour hours in the workshops. The Committee are surprised as to how any cost control is being exercised by the management in the absence of such basic information. One of the reasons advanced for some of these deficiencies is the paucity of staff. In the opinion of the Committee this reason can hardly be considered plausible. The Committee regret to observe that though the Corporation was aware of these deficiencies in the costing system it was only recently that the Corporation chose to have a review of the Costing System conducted. The report of such a review had been recently received and was stated to be under examination of the Management. The Committee recommend that the Corporation should complete examination of the Report expeditiously and take steps to streamline the entire costing system. (Paragraph 11.34).

Recommendation (Serial No. 68)

The Committee are also surprised to find that although the Wheat Croft Committee emphasised as early as 1959 the need of determining the standard cost of operation, it is only recently that the feasibility of introducing standard costing is being examined as a part of overall review of the costing system. The Committee feel that the

least that the Corporation could have done was to introduce such a system of standard costing in the interest of overall cost control (Paragraph 11.35).

Reply of Government

The Report of the Costing Review Committee envisages elaborate changes in the system of costing which to be effective have to be accompanied by changes in the workshop set up and changes in the control units. It is proposed to implement the recommendations of this Committee in stages so as not to disrupt the current working, a process that is likely to take some time to show results.

[Min. of Tourism & Civil Aviation O.M. No. H-11013/4/73-AC, dated 16-10-1973].

Recommendation (Serial No. 69)

The Committee view with concern the heavy amount outstanding against the Sundry Debtors which had increased from Rs. 717.03 lakhs as on 31st March, 1970 to Rs. 967.23 lakhs on 31st March, 1972. The percentage of debtors to operating revenue had also increased from 15.9 to 17.7 during the Corresponding period. The Committee also find that the debts outstanding for 3 years and more had gone up from Rs. 17.90 lakhs as on 31st March, 1970 to Rs. 38.75 lakhs on 31st March, 1972. Out of these, debts worth Rs. 24.38 lakhs were considered doubtful of recovery.

The heavy outstandings result in avoidable loss to the Corporation by way of interest charges on the funds locked up. It is, therefore, imperative that effective steps are taken by the Corporation to realise expeditiously the outstanding dues, especially those which have remained unpaid for long. A review should be made of doubtful debts at least once every six months so that all possible steps are taken to recover the amounts. (Paragraph 11.48).

Reply of Government

The outstandings against the Sundry Debtors as on 31st March, 1973 was *Rs. 1229.19 lakhs, representing* 17.4 per cent of the total operating revenue. This compares favourably with the corresponding figures as on 31st March, 1972 namely *Rs. 967.23 lakhs and 17.7

At the time of factual verification, Audit informed the Committee as under:—

"1. As per audited accounts for 1972-73, the figures as on 31-3-1973 in respect of Sundry Debtors are Rs. 1324.16 lakhs and the percentage comes to 18.7 %.

2. Figures for Sundry Debtors as on 31-3-1972 should be Rs. 991.61 lakhs."

per cent respectively. The Corporation, however, propose to review old book debts at least every six months to ensure speedy recovery and elimination of bad debts as far as possible.

[Min. of Tourism & Civil Aviation O.M. No. H-11013/4/73-AC, dated 16-10-1973].

Recommendation (Serial No. 70)

In this connection, the Committee also find that in spite of the fact that the billing system had been computerised it took the Corporation 60 to 65 days to despatch the bills to the parties concerned although originally it was planned to raise the bills within 15 days from the date of transactions. The Committee were assured that certain steps were being taken to reduce the time lag in raising the bills. They desire that the time taken in raising the bills should be periodically reviewed and effective steps taken to achieve the objective of raising the bills in respect of credit transactions within 15 days from the date of transactions, if not earlier. (Paragraph 11.49).

Reply of Government

A review of the billing procedure has revealed that while the manual time taken on various points was reasonable, the transit time of the documents from location to location was heavy. Steps have been taken to effect an improvement in this regard, as a result of which the time lag between the date of sale and the date of despatch of the bills has been reduced to three to four weeks. Efforts continue to be made for a further reduction.

[Min. of Tourism & Civil Aviation O.M. No. H-11013/4/73-AC, dated 16-10-1973].

Recommendation (Serial No. 71)

The Committee regret to note that although according to the existing instructions, each station of the Corporation is required to be inspected by the Internal Audit at least once in two years, the Audit of 38 stations had not been conducted by the Internal Audit Department of the Corporation even once since their establishment. The Costing Department and the data compiled by it was also not being audited by the Internal Audit Department. The paucity of staff could hardly be considered as a satisfactory reason for these failures. The Committee hope that as the Internal Audit Department has now been reorganised, it would become an effective instrument for management control and the auditing of all the stations would be regularly done as per the existing instructions. (Paragraph 11.56).

Reply of Government

All the 38 stations referred to have since been inspected. Instructions have been issued to ensure that no Station will remain uninspected during a period of two years.

[Min. of Tourism & Civil Aviation O.M. No. H-11013/4/73-AC, dated 16-10-1973].

Recommendation (Serial No. 72)

The Committee need hardly emphasise the importance of checking the data compiled by the Costing Department as they form the basis for the different aspect of financial control by the Management. (Paragraph 11.57).

Reply of Government

The cost accounts procedure of the Corporation is still under review. The Internal Audit would undertake the work of checking the cost data in due course.

[Min. of Tourism & Civil Aviation O.M. No. H-11013/4/73-AC, dated 16-10-1973].

Recommendation (Serial No. 78)

The Committee regret to note the inordinate delay in the construction of hangars and service complex at Bombay. Although the scheme was sanctioned by Government as early as December, 1964 and the project was to be completed within three or four years, the Corporation took about 3 years even for completing the preliminaries like selections of designs, Architects, Engineers and consultants, soil survey, etc. Thereafter, the tenders for the work were invited only in January, 1968. What distressed the Committee was that the Corporation, inspite of such delays in completing the preliminaries, did not obtain the prior approval of the Government to the revised cost of the project which was estimated to be Rs. 124.15 lakhs as against the earlier estimates of Rs. 66.50 lakhs. It was only in August, 1968 that the Corporation approached Government for *ex post facto* sanction to the increased expenditure. Paragraph 13.19).

The Committee also find that although the Government deplored the action of the Corporation in not conducting soil investigation in the initial stages, the delay in the execution of the project and taking up the work without prior approval, they (Government) themselves took about 18 months to sanction the

revised estimates which were approved in February, 1970. The Committee see no justification for such long delays in sanctioning the estimates. (Paragraph 13.20)

Reply of Government

Because of the magnitude of the project and the fact that no new hangars were constructed since the Second World War and building techniques had advanced considerably in other countries Indian Airlines had to import know-how and study a large number of proposals. This took considerable time in finalising the project.

The project was approved by the Government in December, 1964. The Corporation were aware that as the cost of the project had gone up subsequently by Rs. 57.65 lakhs, approval of the Central Government was required again before the project could be proceeded with. However, when the Board of the Corporation approved of the revised estimates in August, 1968, it was found necessary to go ahead with the project and obtain *ex post-facto* approval of the Government as any further delay would have meant calling for fresh tenders with the resultant escalation in charges. It will be ensured that in all such matters prior approval of the Government is invariably obtained by the Corporation.

[Min. of Tourism & Civil Aviation O.M. No. H-11013/4/73-AC, dated 16-10-1973].

Recommendation (Serial No. 79)

The Committee are unhappy to note that there had been delay in construction and in occupation of these hangars even after the award of the contract. The project was completed in December, 1971 i.e. after a period of about 7 years of the sanctioning of the Project by Government. The main reasons advanced for these delays are the non-availability of steel and building material and the delay of 4 years in the construction of the connecting taxi tracks which were required to be constructed by the DGCA. The Committee consider that hangars and taxi tracks being integral parts of the same project, Government should have ensured at the time sanction was accorded for construction of hangars in 1964 that action was also taken simultaneously to decide firmly about the provision of taxi tracks and the agency for the execution of the project. The Committee see no reason for lack of coordination for such a vital and important matter when both the Indian Airlines who need and constructed the hanger and the Directorate General of Civil Aviation which were responsible for taxi tracks were and continue to be

under the same Ministry. The Committee would like Government to take a lesson from this instance and ensure that in future well-coordinated and integrated action is taken in such projects. Paragraph 13.21).

Reply of Government

The period of construction initially was 2 years but the time actually taken was 3 years. The delay was mainly due to chronic shortage of building materials such as steel and cement and the need for undertaking additional work costing approx. Rs. 40 lakhs for Taxi Track.

[Min. of Tourism & Civil Aviation O.M. No. H11013/473-AC, dated 16-10-1973].

Recommendation (Serial No. 81)

The Committee view with concern the incident which took place on 27th May, 1972, the preliminary enquiry of which has brought to light the serious lapses especially the security arrangements at the Calcutta airport. The Committee regret that although it is now more than nine months since this incident happened, the further inquiry which had been ordered to be conducted has not yet been completed. The Committee deplore the dilatory manner in which such important investigations are conducted by the Corporation. The Committee have also come across other cases where the Corporation failed to take expeditious action against the persons found responsible for serious negligence in the discharge of their duties even after these had been brought to light. The Committee would, therefore, urge that the Corporation should view this incident seriously and finalise the enquiry expeditiously so that responsibility could be fixed on the delinquent officials. The Committee need hardly stress the necessity of taking suitable remedial measures including the tightening of security measures so as to avoid the recurrence of such cases. (Paragraph 13.31).

Reply of Government

The investigation has been completed and disciplinary action taken against those responsible.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC, dated 16-10-1973]

Further Information called for by the Committee

The Ministry have stated that the investigation regarding the boarding of some passengers without proper tickets has been completed and disciplinary action taken against those responsible.

A copy of the report of the investigation and the details of the action taken thereon may please be supplied.

[Lok Sabha Sectt. O.M. No. 14-PU/71, dated 19-12-1973]

Further reply of Government

A copy of the Inquiry Report, New Delhi service IC-130 of 27-5-1972 together with a statement indicating the action taken on the report is enclosed*.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC, dated 20-3-1974]

*Not included in the report.

CHAPTER IV

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

Recommendation (Serial No. 6)

The Committee find that although the Technical Committee of the Indian Airlines recommended as far back as 30th May, 1968 that from the point of view of operating cost, airport performance, engineering facilities and Indian conditions, the Board 737 would be the most suitable plane to be used on trunk routes, it was only on 14th January, 1970 i.e., after more than 19 months that Government approved the purchase of seven Boeing 737 aircraft. The main reason advanced for the delay was that the Board of Directors of Indian Airlines changed twice their decision about the type of the aircraft to be purchased and the Government came to know about some shady deal by a Senior Officer of Indian Airline with the manufacturers of the DC-9, which required a thorough probe. Ultimately Indian Airlines Aircraft Evaluation Group was constituted by Government on 25th August, 1969 to evaluate the four planes namely Boeing 737, Boeing-727, TU-154 and BAC-111. The Report of the Evaluation Group was received by the Ministry on 29th December, 1969. and approval given by the Ministry on 14th January, 1970.

The Committee regret to note that on account of delay in taking decision about the type of aircraft to be purchased by Indian Airlines, there had not only been escalation of price of Boeing-737 but the delay has resulted in loss of revenue to the Corporation. (Paragraph 2.58).

Reply of Government

It is true that there has been considerable delay in coming to a decision on the question of the type and number of aircraft to be purchased by Indian Airlines to augment their capacity. There were various reasons for this delay, which were beyond the control of both the Indian Airlines and the Government. So far as proposals for fleet augmentation during the 5th Plan period is concerned, the Corporation commenced their study in that regard as

early as 1971 and finalised their proposals in May 1973. After obtaining the approval of the Board, IA Management submitted their proposals to Government in June, 73. The proposals are now under the consideration of Government.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC,
dated 16-10-1973]

Comments of the Committee

Please see paras 1 to 7 of Chapter I of the Report.

Recommendation (Serial No. 8)

The Committee are distressed to find that the Corporation have not upto now submitted to Government their proposals for augmenting their fleet during the Fifth Five Year Plan. The Committee feel that the Corporation with its experience of placing orders for Boeings in 1968-69 should have learnt the lesson and done advance planning for purchase of the aircraft. The Committee feel that the Government should take the initiative in the matter and ensure that a perspective plan for new aircraft (covering both requirements on additional and replacement account) is prepared having regard to the trends of traffic and other relevant technical considerations. It should be possible to draw up this perspective plan in detail in the light of the exercise done by the Corporation's own technical team in 1968 and the parameters and criteria evolved by the Indian Airlines Aircraft Evaluation Group appointed by Government in 1969. The Committee have no doubt that in selecting the aircraft, Government would ensure that it makes for economic operations and maintenance and is best suited to the Indian conditions and becomes available in time (Paragraph 2.60).

Reply of Government

Indian Airlines commenced their studies connected with the question of fleet augmentation during the fifth plan period as early as 1971. There was some delay in obtaining performance and operational data from the various manufacturers. The studies were completed in May, 1973, and after obtaining the approval of their Board, the Management of Indian Airlines submitted their proposals to Government in the middle of June, 1973. The proposals are under the consideration of Government.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC,
dated 16-10-1973]

Comments of the Committee

Please see paras 1 to 7 of Chapter I of the Report.

Recommendation (Serial No. 12)

The Committee regret to note the slow rate of growth of Indian Airlines in the last decade, between 1960 and 1969 while the IATA carriers expanded their capacity at an average rate of 17 per cent per year and Air India by 14 per cent the rate of growth of Indian Airlines had been only 7½ per cent. According to the Corporation, the resources, specially the foreign exchange could not be spared in sufficient amount to buy the aircraft required to expand and modernise the Indian Airlines fleet. The under provisioning of capacity between 1960 and 1969 had been made up to some extent by the acquisition of seven Boeings 737 in 1970-71 but the Corporation had hardly been able to cope with the increasing traffic demands. (Paragraph 3.32).

According to estimates worked out by the Corporation, they require 29 additional typical aircraft (with a capacity of 19.5 million ATKms per year) during the Fifth Five Year Plan period (1974-75 to 1978-79) to meet the estimated demand of passenger and cargo traffic. In addition, they will require six aircraft for replacement of Caravellen and Fokker Friendship aircraft. According to year-wise estimate, the Corporation will require six to eight additional aircraft each year right from 1974-75 itself. The Committee, however, regret to note that no decision has yet been taken about the type of aircraft to be purchased for augmentation of the fleet.

With the experience of detailed exercise made as early as in December, 1969 about the criteria and parameters for selection of aircraft and about economics of various aircraft at the time of the purchase of Boeings 737, it should have been possible for the Corporation to complete the exercise about the selection of aircraft well in time and to submit detailed and definite proposals to Government to facilitate timely decision regarding the type of aircraft to be purchased and for making available the required resources including foreign exchange. The Committee would urge that the decision in this regard should taken soon to ensure that the new aircraft become available as per the demands of traffic and requirements of Indian Airlines.

In this connection the Committee would also invite attention to their observation in paragraph 2.60. (Paragraph 3.33).

Reply of Government

Indian Airlines are fully alive to the need for taking advance action in the matter of fleet planning and acquisition of additional aircraft. Studies for fleet augmentation during the 5th Plan period were undertaken as early as in 1971. There were delays in obtaining performance and operational data from the manufacturers of various aircraft, which were included in their studies. The studies were completed in May, 1973 and, after obtaining the approval of the IA Board, proposals for fleet augmentation in the first three years of the plan period were submitted to Government in the middle of June, 1973. The proposals are now under consideration of Government.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC,
dated 16-10-1973]

Further Information called for by the Committee

It is stated that proposals for augmentation of the Indian Airlines fleet, as finalised by the Indian Airlines, were under consideration of Government. The final decision taken by Government in this regard and the type of aircraft decided to be purchased may be intimated. The reasons for the delay in taking decision may also be intimated.

[Lok Sabha Sectt. O.M. No. 14-PU/71, dated 19-12-1973].

Further reply of Government

As indicated earlier, the proposals of Indian Airlines for fleet augmentation during the Fifth Plan period were submitted to Government in June, 1973. Pending a decision on the type and number of aircraft to be purchased during the Fifth Plan period, Government have approved the proposals of the Corporation to go in for four Boeing-737 aircraft—one in replacement of the aircraft lost in the accident on 31-5-1973 and the other three to augment the existing capacity. No decision has yet been taken on the question of the type and number of aircraft to be purchased during the Fifth Plan period. This is a complex issue which requires detailed and careful examination from various angles, including the fuel crisis that has developed in recent months.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC,
dated 18-2-1974].

Comments of the Committee

Please see paras 1 to 7 of Chapter I of the Report.

Recommendation (Serial No. 38)

The Committee also find that the cost of meals in the Corporation's kitchen at Calcutta was the highest as compared to the kitchens at Bombay, Delhi and Madras. As stated during the evidence one of the reasons for the high cost of meals in Calcutta appears to be that the Corporation was getting from the Calcutta kitchen only 'light refreshments' and meals are generally obtained from outside. The Committee desire that the reasons for the cost of meals in the Corporation's kitchen at Calcutta being the highest should be investigated and remedial measures taken to reduce the cost. The Committee suggest that there should be a periodical review of the cost of supplies from the Indian Airlines Kitchen by a Committee of Experts so that the cost can be kept under control. (Paraphragh 6.39).

Reply of Government

In addition to light refreshments the Calcutta Catering Unit has also begun providing meals for the expanded services operated by the Corporation ex-Calcutta. A study of the cost structure has been undertaken. The Corporation also propose to undertake periodical reviews of cost in their units.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC,
dated 16-10-1973]

Comments of the Committee

Please see paras 8 to 10 of Chapter I of the Report.

Recommendation (Serial No. 46)

The Committee regret to note that even after the Check IV inspection was carried out for making it airworthy, the aircraft was never put on commercial operation nor the price realised proved to be better. The Committee are therefore, constrained to observe that the expenditure incurred on overhauling was avoidable. (Paraphragh 7.20).

Reply of Government

Before the Check IV Inspection was carried out on the Skymaster aircraft VT-CZW in April, 1969, the Aircraft was without a certificate of Airworthiness. Based on the anticipated charters and the need for having a standby for the Port Blair operations, the Corporation decided that the aircraft should be made airworthy, which

necessitated the carrying out of a Check IV inspection. There was also better chances of selling an aircraft with a Certificate of Airworthiness.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC,
dated 16-10-1973]

Comments of the Committee

Please see paras 11 to 13 of Chapter I of the Report.

Recommendation (Serial No. 50)

The Committee regret to note that there was large stock of slow moving and non-moving stores and spares. The value of such stores and spares (including Dakota and Viscount spares) as on 31st March, 1972 was Rs. 494.29 lakhs which constituted about 30 per cent of the total stores holdings. The Corporation still have surplus stores items of skymasters worth Rs. 20.21 lakhs although the fleet was withdrawn from service in 1969-70. Similarly although Dakotas and Viscount are in the process of being phased out, the Corporation had high stock of stores for these aircraft amounting to Rs. 378 lakhs. The Committee also find that in the case of DC-3 aircraft there was large increase in the inventory of rotables in 1967-68 and 1968-69 and it went up from Rs. 24.29 lakhs in 1966-67 to Rs. 48.62 lakhs in 1968-69 i.e. an increase of over 100 per cent. The increase was stated to be mainly due to special provisioning of rotables amounting to Rs. 14.61 lakhs for overhaul of 30 engines belonging to M|S. Royal Nepal Airlines Corporation, the contract for which eventually did not materialise. The Committee doubt the wisdom of purchasing large quantities of rotables for overhaul of these engines without first finalising the contract with Nepal Airlines (Paragraph 8.28).

Reply of Government

Though the fleet of Skymasters was withdrawn from service in 1969-70, the Corporation had held on to Skymaster spares to the extent of Rs. 20.21 lakhs as these were required for overhaul of IAF Caribou engines and many of them were common for use on Dakota engines as well. The possibility of selling these spares on package basis to IAF for their Caribou engines is being examined.

The stock holdings of CC-3 spares mostly relate to those taken over from ex-Airlines. With the progressive phasing out of DC-3 aircraft, the stock of spares have become obsolete and there is no ready market for them. They are likely to be sold as scrap.

A list of Viscount spares, which are common with other aircraft, has been prepared and the feasibility of disposing the balance as scrap is being examined.

The position in regard to rotables referred to by the Committee is that the contract for the overhaul of RNAC engines did not materialise after provision had been made to procure the spares required for such work. Since these spares were in regular consumption category, it was possible to use them at a later stage for overhauling Corporation's own engines for which, but for this stock, it would have become necessary to obtain additional supplies, possibly at higher rates.

[Min. of Tourism and Civil Aviation O.M. No. H.11013/4/73-AC, dated 16. 10. 1973.]

Comments of the Committee

Please see paras 14 to 16 of Chapter I of the Report.

Recommendation (Serial No. 74)

The Committee are constrained to observe that there had been serious irregularities/lapses in purchase of ground handling equipment in 1966 which have been admitted both by the Management of the Corporation and the Ministry. Firstly, equipments valued at Rs. 89.88 lakhs (foreign exchange component of Rs. 56.12 lakhs) were purchased with a view to utilising the funds under the French credit without a careful examination of the need for it. The Chief Engineer (Headquarters) who looked into the matter observed in his Report in November, 1969 "there is no evidence in the engineering files (both Headquarters and Bombay) of calling for competitive quotations which I think is a mandatory requirement particularly for ground equipment and other capital items.... There is also no evidence in the engineering files of prior technical assessment of the French equipment in question as to suitability, utility, etc., at each station for which it was intended. This assessment was all the more necessary as we have indigenous sources of supply of this equipment. We have never in the past imported toilet servicing equipment and locally manufactured equipment costing a few thousands instead of lakhs was in use until about a year or so and working satisfactorily". The Committee feel that mere availability of foreign exchange should not serve as an excuse for placing orders for equipments which are neither required nor would in the normal circumstances be allowed to be imported. The Committee recommend that Government should issue suitable

guidelines to the Public Undertakings in the matter of utilisation of foreign credits to obviate recurrence of such instances. (Paragraph 12.27).

Reply of Government

Serious notices has been taken by Indian Airlines of the transaction relating to the purchase of ground handling equipment in 1966. The case has been entrusted to the CBI for a thorough probe. Meanwhile, the Engineering Manager and the Controller of Stores and Purchases connected with the transaction have been prematurely retired from the service of the Corporation.

[Min. of Tourism and Civil Aviation O.M. No. H.11013|4|73-AC, dated 16-10-1973].

Comments of the Committee

Please see paras 17 to 21 of Chapter I of the Report.

Recommendation (Serial No. 75) ..

Secondly the Committee find that the DGTD gave clearance to the purchase of some of these equipments within a few days of receipt of application and without making sure that these equipments were not available within the country and could not be indigenously manufactured. (Paragraph 12.28).

Thirdly, it is also regrettable that no specific prior approval of the Board was obtained for the purchase of the equipment. The matter was reported to the Board in February, 1967 where these items figured in a consolidated list of items of capital expenditure. This was in pursuance of the normal procedure of reporting capital expenditure exceeding Rupees twenty-five thousands per item authorised by the General Manager. Though according to the Management it was construed as approval by the Board the fact remains that such an approval was obtained *ex-post facto* and was not a specific approval in detail. (Paragraph 12.29).

The Committee also find that as required under Section 35(a) of the Air Corporation Act, no prior approval of the Government of India was obtained for the purchase of equipment exceeding Rs. 15 lakhs. It has been stated that approval of Government for the purchase of two additional Caravelle aircraft (7th and 8th) was accorded *vide* Ministry of Transport and Aviation letter No. 9|CA(10)|66, dated 21st July 1966. The Committee, however, find that this sanction was only for the purchase of 2 additional 'Caravelle' aircraft

together with related spares and spare engines from Messrs Sud Aviation of France and did not specifically cover items of ground handling equipment. It is strange that orders for some items of equipment costing about Rs. 58 lakhs were released even before the receipt of this sanction letter from the Government. As observed by the Secretary of the Ministry "quite apart from the fact that the purchase of ground handling equipment was not covered by either the authority of the Board of Indian Airlines or sanction of Government, these items worth almost Rs. one crore were purchased in what appears to be complete disregard of the established procedure, etc. Some of the ground handling equipment so purchased have not been used at all by Indian Airlines due most probably to the fact that they were not required. Many papers connected with the transaction are reported to be missing from the files, which again creates further suspicion as to the bonafides of the transactions". (Paragraph 12.30).

The Committee are perturbed to find that the matter come to the notice of higher management in July, 1969 only. Although the Internal Audit had raised questions regarding low utilisation, non-utilisation of some of these items of equipment since May, 1967, it did not correlate them to the actual purchase orders and failed to bring to the notice of higher management well in time the serious irregularities/lapses in the placing of orders. The fact that the matter came to the notice of higher management only after about three years of placing of orders indicates that there are serious deficiencies in the working of the various departments of the Corporation which need to be rectified without delay. (Paragraph 12.31).

Reply of Government

The procedural lapses pointed out have been noted by the Corporation and remedial steps taken to avoid recurrence of such lapses. It is a fact that the sanction accorded by the Ministry of Tourism and Civil Aviation covered only the purchase of Caravelle aircraft and related spares and not ground handling equipment.

[Min. of Tourism and Civil Aviation O.M. No. H.11013/4/73-AC,

Comments of the Committee

Please see paras 17 to 21 of Chapter I of the Report.
dated 16-10-1973].

Recommendation (Serial No. 76)

The Committee also view with concern that even after the matter had come to the notice of higher management in July, 1969 and the Chief Engineer, who was asked to look into the matter in detail, had confirmed the various lapses in placing of orders in his report in November, 1969, the Management took another fifteen months to issue charge sheets to the two officers concerned and to obtain their replies which were received only on 1st March and 15th April, 1971.

Thereafter, the matter was first referred to the CBI in November, 1971 and then to Central Vigilance Commission in February, 1972. The advice of CVC became available on 4th October, 1972. The Committee are informed that the two officers concerned have been retired from service with effect from 18th January, 1973. (Paragraph 12.32).

The Committee have also been informed at the time of factual verification of the report that the Indian Airlines had written to the Director, CBI on 4th December, 1972, indicating the irregularities of the case and requesting the Director, CBI to get the transaction investigated thoroughly as it was felt that "there is room to suspect that the purchases were not made in the interest of the Corporation and were due to ulterior motives of the person or persons in employment of the Corporation and/or outside leading to a wrongful loss to the Corporation." A regular case on this matter was registered for investigation by the CBI on 25th January 1973 under the Prevention of Corruption Act, 1974. On the same day an FIR was registered with the Delhi Special Police Establishment under Section 154 Cr. P.C.

The Committee have not been informed of any reasons which have now prompted the Indian Airlines to file a formal complaint with the CBI at this late stage while earlier in November, 1971 the Corporation had decided not to do so as mentioned in paragraph 12.18. It is significant to note that the letter to the CBI requesting them to investigate the case was written on 4th December, 1972 and the case registered on 25th January, 1973 after the officers concerned have been retired from service on the 18th January, 1973.

The Committee feel intrigued about the manner in which the whole case has been dealt with right from the beginning. It has taken the Management more than six years to take any conclusive action in the matter. Various papers connected with the transaction are also reported to be missing. The Committee, would, there-

fore, strongly urge that the Government should make thorough probe in the matter with a view to see how such serious irregularities remained unnoticed for such a length of time, why there was so much delay in taking action against the delinquent officials, and whether this delay itself was bonafide. The Committee desire that the responsibility should be fixed for the delay in taking action as also for the missing documents. (Paragraph 12.33).

Reply of Government

As indicated elsewhere, Indian Airlines have since filed a formal complaint with the CBI and a thorough enquiry is being conducted by the CBI. The Corporation wanted to have the benefit of the advice of the CVC before lodging a formal complaint with the CBI. There was some delay in obtaining the advice of the CVC.

[Min. of Tourism and Civil Aviation O.M. No. H.11013|4|73-AC, dated 16-10-1973].

Further information called for by the Committee

It has been stated that the case regarding the transaction relating to the purchase of Caravelle ground handling equipment was referred to the CBI for a thorough probe on 25th January, 1973. The date by which the CBI was likely to submit their report may please be intimated.

The specific action taken on each of the observations/recommendations of the Committee in paras 12.27 to 12.33 may be intimated. The remedial steps stated to have been taken to avoid recurrence of lapses pointed out in this case may also be intimated.

The Ministry have also not informed about the action taken by Government on the recommendation of the Committee in last sub-para of para 12.33. The action taken in this regard may be intimated.

[Lok Sabha Sectt. O.M. No. 14-PU/71, dated 19-12-1973].

Further reply of Government

12.27. A copy of the letter which has been addressed to the Heads of Public Sector Undertakings in the Ministry of Transport and Civil Aviation is attached. (Appendix I).

12.28. The Ministry of Industrial development are being addressed to find out the reasons for hasty action on the part of the D.G.T.D.

12.29. and 12.30. Government approval under section 35 of the Air Corporations' Act to the project cost for the purchase of Caravelle aircraft was duly obtained. In terms of the approval, the aircraft etc. were to be purchased against the French credit. At the same time, the terms of French credit did not cover the equipment component. Subsequently, with the approval of the Government, the terms of the French credit were enlarged to cover the equipment component also. The Corporation then proceeded on the understanding that with this enlargement of the scope of the French credit no further approval of the Government was necessary to cover the equipment within the project cost. The equipment component was imported against the import licence issued for the whole project. In the instructions issued to the Chief Executives of the Public Sector Undertakings, as indicated against para 12.27, they have been requested to obtain Government approval for the release of foreign exchange before placing orders.

12.31, 12.32 and 12.33. Indian Airlines have admitted that some delay had occurred in obtaining the advice of the CVC. The Corporation was anxious to obtain this advice before lodging their formal complaint with the CBI. The then Director of Engineering and the Controller of Stores & Purchases have been pre-maturely retired. The CBI have informed that the investigations are almost complete and the case is under scrutiny. In the circumstances, it will be appreciated that it will be more advantageous if the various points raised by the Committee, specially in paragraph 12.33 are gone into by Indian Airlines on receipt of the detailed report of CBI. The detailed report of CBI will enable the Corporation to go into all aspects and to take appropriate action to plug loop-holes and prevent recurrence of such lapses.

[Min. of Tourism and Civil Aviation O.M. No. H.11013/473-AC, dated 20-3-1974).

Comments of the Committee

Please see paras 17 to 21 of Chapter I of the Report.

Recommendation (Serial No. 82)

The Committee are distressed to note that there has been serious irregularities/lapses in the construction of Viscount dock hangar gate at Palam Airport. As mentioned in the above paragraphs the work of construction of the gate was taken up on the basis of a design submitted by an architect who had no experience of Structural Steel Engineering jobs. Neither a copy of the letter asking

the architects for the estimates nor the estimates duly signed by the architects were available. There was also no evidence to show whether any advertisement was made in the papers calling for tenders. As pointed out in the Report of the Enquiry Committee, which inquired into this case in 1965, although on 25th February, 1963, the Plant Engineer wrote to the Senior Traffic Manager to insert advertisement in papers calling for tenders, the date on such notice appeared in the papers was not available. In fact, the Enquiry Committee could not say if at all it appeared any of the newspapers. The tender forms were handed over only to the Indian Airlines listed contractors in Delhi. Out of four tenders received, the work was awarded to M/s. Mohan Singh and Sons, who gave the lowest tender on 26th/30th March, 1963. Although the work was to be completed within two months i.e. by the end of May, 1963, the Committee find that the work was only partially completed even upto June, 1964 when it was suspended as it was not satisfactory. Instead of taking any action against the contractor for delay in completing the work, he was repeatedly granted extension of time on the plea of non-availability of material.

The Committee also regret to note that although according to the work order, permits for cement, G.I. Sheet etc. were to be obtained by the contractor and the Indian Airlines could only recommend his case, the Corporation actually arranged permits for the contractor. As pointed out by the Enquiry Committee "It is strange how the Plant Engineer started writing directly to the permit issuing authorities and how he wanted Assistant Controller of Stores to issue these items from our own stocks if the same were available." (Paragraph 13.59).

Apart from these irregularities there had been technical defects even in the construction of the gate as mentioned in para 13.47 and, therefore, the work was suspended in June, 1964. However, it was only in January, 1965 i.e. after more than six months that an enquiry was instituted in this case. (Paragraph 13.60).

The Committee also regret to note that it took the Enquiry Committee more than one year to submit its report which was submitted only on 10th May, 1966. The Enquiry Committee after examining all the aspects, considered the Plant Engineer of being grossly negligent in the discharge of his duties and suggested that disciplinary action should be taken against him. The Committee are constrained to observe that there was unconscionable delay on the part of the Management in taking action against the Plant Engineer. It was only in July, 1970 i.e. after more than four years

of the submission of the Report by the Enquiry Committee, that a show cause notice was issued to the Plant Engineer followed by a charge sheet after another six months on 17th February, 1971. (Paragraph 13.61).

In his report dated the 25th December, 1971 the Enquiry Officer found the Plant Engineer guilty of all the four charges levelled against him amounting to gross negligence of serious nature, carelessness, bad and careless work. However, even after the receipt of this report, the matter remained under consideration of the Management till September, 1972 when the Plant Engineer was informed that the Corporation proposed to impose on him the punishment of removal from service. He was, therefore, given a period of 15 days to show cause as to why the proposed punishment should not be imposed. Thereafter, the matter was referred to the CVC on 18th December, 1972 for their advice with regard to the future course of action. (Paragraph 13.62).

Thus even after the lapse of more than six years since the report was submitted by the Enquiry Committee in May, 1966 recommending that disciplinary action should be taken against the Plant Engineer for his gross negligence in the discharge of his duties, the Plant Engineer was allowed to continue in service in spite of serious charges against him and was permitted to handle important jobs (Paragraph 13.63).

Comments of the Committee

Please see paras 22 to 27 of Chapter I of the Report.

Recommendation (Serial No. 83)

The Committee note that the Plant Engineer was found to be responsible for serious irregularities in several other cases and even in those cases there had been a delay of more than 3 years in taking action. The Committee would like to be informed of the results of investigation by the Central Vigilance Commission in all these cases and the action taken by the Indian Airlines thereon. (Paragraph 13.64).

Reply of Government

The design of the hangar gate and the method of fabrication were found faulty and the work had to be stopped. A Departmental Committee appointed by the Corporation recommended that disciplinary action should be taken against the Plant Engineer for gross negligence on his part. For various reasons charges could be

framed against the Plant Engineer only on 17th February, 1971. When ultimately, after a formal enquiry was completed, the papers were referred to the Legal Adviser of the Corporation, he found that there were procedural lapses in the conduct of the enquiry. The advice of the CVC has been sought before taking action against the Plant Engineer. The Corporation are fully alive to the fact that there has been inordinate delay in dealing with this matter and will take effective steps to ensure that such instances do not recur.

[Min. of Tourism and Civil Aviation O.M. No. H.11013|4|73-AC,
dated 16-10-1973].

Further Information called for by the Committee

From the reply of Government, it appears that no final action has been taken against the Plant Engineer so far. Please furnish a copy of the advice given by the CVC in the matter. The date on which the Report was submitted by the CVC and the action taken thereon may also be intimated.

It has been stated that the Corporation are fully alive to the fact that there have been inordinate delays in dealing with this matter and will take effective steps to ensure that such instances do not recur. The action taken by the Management to fix responsibility for inordinate delays in this case and the steps taken to avoid recurrence of such instances may be intimated.

[Lok Sabha Sectt. O.M. No. 14-PU/71, dated 19-12-1973].

Further Reply of Government

The papers relating to the case of the Plant Engineer, sent to the Central Vigilance Commission, were obtained back and the whole matter reviewed afresh. After taking all factors into account the Corporation decided to terminate his service after giving 30 days notice or salary in lieu.

While returning the papers as asked for by the Corporation, the Commission had no objection to the course of action proposed to be taken by the Corporation. A copy of the letter received from the Commission in this regard is enclosed*.

[Min. of Tourism and Civil Aviation O.M. No. H.11013|4|73-AC,
dated 15-2-1974].

*Not included in the Report.

Comments of the Committee

Please see paras 22 to 27 of Chapter I of the Report.

Recommendation (Serial No. 84)

The examination of the Indian Airlines has revealed serious deficiencies and shortcomings in the working of the Corporation which have been discussed in the foregoing chapters.

The Committee have also come across various cases as mentioned in Chapters XII and XIII where the Corporation failed to take prompt action against the delinquent officials found guilty of serious irregularities with the result that the delinquent officials were allowed to continue in their posts unpunished. Such inordinate delays only create a doubt whether these were not intentional just to shield the delinquent officials. The Committee would strongly urge that Government should have a thorough probe made in these cases and fix responsibility for such inordinate delays on the part of the management. (Paragraph 13.65).

Reply of Government

The nature of the action taken or proposed to be taken on the various irregularities brought out by the Committee in Chapters XII and XIII of their report, has been indicated against respective recommendations.

[Min. of Tourism & Civil Aviation O.M. No. H-11013/4/73-AC,
dated 16-10-1973].

Further Information called for by the Committee

The Committee had desired that Government should have a thorough probe made in the cases mentioned in Chapters XII and XIII of their Report to fix responsibility for inordinate delays on the part of Management in taking action against the delinquent officials. No reply has been given to this recommendation. The action taken in this regard may pleased be intimated.

[Lok Sabha Sectt. O.M. No. 14-PU/71, dated 19-12-1973].

Further Reply of Government

The action taken by the Corporation in the cases mentioned in Chapters XII and XIII of the 28th Report of the Committee is indicated below:—

Details of the case	Action Taken
CHAPTER XII	
Import of Caravelle Ground Handling Equipment	(i) The Director of Engineering and the Controller of Stores and Purchases of the Corporation, connected with the transaction, have been retired from the service of the Corporation (ii) Indian Airlines have filed a formal complaint with the CBI and a thorough enquiry is being conducted by the CBI into the whole matter.
CHAPTER XIII	
(1) Delay in the construction of Hangars and Service Complex at Borjbay	The question of getting a reimbursement of Rs. 13.50 lakhs, initially due from the Civil Aviation Department and, which is now the responsibility of the International Airports Authority of India, is being pursued vigorously. As already indicated, there has been a procedural lapse in not obtaining the prior approval of the Central Government for the revised estimate. It will be ensured that in all such matters prior approval of the Central Government is invariably obtained by the Corporation.
(2) Boarding of Passengers without proper tickets.	As already indicated in reply to recommendation 81 of the Committee, an investigation was made into the whole matter and disciplinary action taken against those responsible. A copy of the Investigation Report is being sent to the Committee as required by them in connection with Recommendation No. 81.
(3) Construction of Viscount Deck Hangar Gate.	The services of the Plant Engineer connected with the project have been terminated under Rule 13 of the Corporation's Service Rules with effect from 11th December, 1973.

[Min. of Tourism & Civil Aviation O.M. No. H-11013/4/73-AC dated 15-2-1974]

Comments of the Committee

Please see paras 22 to 27 of Chapter I of the Report.

CHAPTER V

RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF GOVERNMENT ARE STILL AWAITED

Recommendation (Serial No. 5)

The Committee find that according to the Report of the Task force set up by Government of India and the evidence tendered by the Indian Airlines, the performance of HS 748 aircraft already in operation with Indian Airlines is satisfactory and there is no hazard whatsoever as far as safety is concerned. However, as stated by the Minister of Tourism & Civil Aviation, the fact remains that the performance of Avros has been the subject matter of prolonged controversy and a decision has now been taken by Government to institute a high level examination of all the aspects involved. The Committee would like to be informed of the results of examination. (Paragraph 2.44).

Reply of Government

The one man Committee under the Chairmanship of Dr. S. Dhawan, Director Indian Institute of Science, Bangalore which is going into all aspects of the working of the AVRO has been given extension of time to submit its report. The results of the examination and the action taken thereon will be reported to the Committee in due course.

[Min. of Tourism & Civil Aviation O.M. No. H-11013/4/73-AC,
dated 16-10-1973].

Further Information called for by the Committee

The Ministry have stated that the Dhawan Committee has been given extension of time to submit its Report.

The date by which extension has been granted and when the Report is likely to be available may be intimated.

[Lok Sabha Sectt. O.M. No. 14-PU/71, dated 19-12-1973].

Further Reply of Government

The Dhawan Committee was given extension of time to submit its Report till 17th October, 1973 This date was extended at the re-

quest of Dr. Dhawan. No time limit was fixed as Dr. Dhawan stated that the matter required careful study and he would submit this report as early as possible.

[Min. of Tourism and Civil Aviation O.M. No. H.11013/4/73-AC,
dated 15-2-1974]

Recommendation (Serial No. 7)

The Committee also desire that the prosecution case against the officer of the Indian Airlines alleged to be involved in a shady deal with the manufacturers of DC-9, which is at present pending in the court should be pursued. The Committee would like to be informed of the final outcome of the case. (Paragraph 2.59).

Reply of Government

The C.B.I., who investigated the matter, registered a case against the officer in the Court of Special Judge, Delhi on 20-11-1969. The case is now pending in the Court of Additional Sessions Judge, Delhi. The final outcome of the case will be reported to the Committee in due course.

[Min. of Tourism & Civil Aviation O.M. No. H-11013/4/73-AC,
dated 16-10-1973].

Recommendation (Serial No. 21)

The Committee regret to note that out of 103 routes operated by the Corporation in 1970-71 it was earning profit only on 15 routes taking into consideration the total operating cost. There has been large increase in the number of routes where the Corporation has not been able to meet the direct operating cost|total operating cost. The number of routes where the revenue fell short of total operating cost had gone up from 28 in 1966-67 to 39 in 1970-71. The amount of deficit incurred on these routes during the corresponding period had also gone up from Rs. 195.15 lakhs to Rs. 314.13 lakhs. What surprised the Committee was that in 1970-71 the revenue on 49 routes fell short of even the direct operating cost (as against 32 in 1966-67) and the deficit with reference to total operating cost was as high as Rs. 855.17 lakhs as against Rs. 447.87 lakhs in 1966-67. (Paragraph 3.76).

One of the reasons advanced for the losses on these routes is that the Corporation being a public enterprise has certain social responsibilities and, therefore, had to operate even uneconomic routes. The Committee, however, find that on the routes which had

been started by the Corporation at the instance of Government, either to meet regional requirements or for the promotion of tourism, the Corporation had been getting subsidy to the extent of total operating cost on these routes. It is, therefore, evident that other routes operated by the Corporation are those developmental routes which the Corporation considered to be justified on commercial considerations and the Corporation should be able to run these routes in a self-financing way after some time. The Committee desire that the reasons for incurring loss on a large number of routes should be analysed and remedial measures taken to improve their working by deploying suitable types of aircraft and by effecting economy in every field including overhead and administrative expenditure, purchase of spare parts etc. (Paragraph 3.77).

Reply of Government

The observations of the Committee have been noted.

[Min. of Tourism & Civil Aviation O.M. No. H-11013/4/73-AC, dated 16-10-1973].

Further Information called for by the Committee

Please state whether the reasons for incurring loss on a large number of routes have been analysed and if so, what were these and what remedial measures have been taken in this regard.

[Lok Sabha Sectt. O.M. No. 14-PU/71, dated 19-12-1973].

Further Reply of Government

Indian Airlines have been analysing at regular intervals the economics of operation of the various routes with view to bringing the uneconomic routes within the purview of the Civil Aviation Development Fund for getting subsidy from that fund. Although it has not been possible for the Corporation to get subsidy for all the uneconomic routes from the Fund, the Corporation, as a public utility have been obliged to continue these uneconomic routes. These routes meet special regional requirements apart from serving tourist interests in some cases. It is proposed to study the economics of these routes on the basis of the revised fare structure.

[Min. of Tourism & Civil Aviation O.M. No. H-11013/4/73-AC, dated 15-2-1974].

Recommendation (Serial No. 26)

The Committee view with concern the increasing loss suffered by the Corporation on the operation of Calcutta Port Blair service.

As against the deficit of Rs. 2.79 lakhs in 1965-66, the deficit had increased to Rs. 16.09 lakhs in 1969-70. On the other hand, the Government have not yet agreed to reimburse the deficit in excess of Rs. 3 lakhs per annum, with the result that the balance of Rs. 38.33 lakhs is still outstanding. (Paragraph 3.100).

The Committee also regret to note that although since 1966-67, the amount of deficit had been more than the subsidy of Rs. 3 lakhs, the question of the payment of any subsidy in excess of Rs. 3 lakhs has not yet been decided even after the lapse of more than 5 years. The Committee recommend that the quantum of subsidy to be paid on this service should be settled expeditiously. (Paragraph 3.101).

Reply of Government

Indian Airlines feel that the entire loss sustained by them on the operation of this service should be subsidized by the Ministry of Home Affairs, on the basis that it will be for the Ministry of Home Affairs to decide the frequency of the service and the level of the air fare to be levied. Having regard to the size of the subsidy involved, details regarding the frequency of the service and the level of the air fare to be levied on this sector are being worked out in consultation with the Ministry of Home Affairs.

[Min. of Tourism & Civil Aviation O.M. No. H-11013/4/73-AC,
dated 16-10-1973].

Further Information called for by the Committee

The Ministry have stated that details regarding the frequency of the service and the level of the air fare to be levied on Calcutta|Port Blair service were being worked out in consultation with the Ministry of Home Affairs.

Please intimate the final decision in this regard and also whether the total deficit of Rs. 38.33 lakhs has been reimbursed by the Government.

[Lok Sabha Sectt. O.M. No. 14-PU/71, dated 19-12-1973].

Further reply of Government

The matter was taken up with the Ministry of Home Affairs in October, 1973 and their final reply has been received on 17.1.1974, intimating that Ministry of Home Affairs will continue payment of subsidy at the existing rate of Rs. 3 lakhs per year to Indian Airlines

and that the fair charge on this route be increased to Rs. 400/- to bring it at par with fares prevailing in the Eastern Region. The matter is being further considered.

[Min. of Tourism & Civil Aviation O.M. No. H-11013/4/73-AC, dated 15-2-1974].

Recommendation (Serial No. 48)

One of the reasons advanced for such a disparity was the defective job costing system and the booking of man hours by the Engineering staff to specific jobs or to heads like idle time, indirect or unallocated work etc. being not precise. It is regrettable that the importance of correct booking of time on various jobs has not been realised so far. The Committee recommend that the entire system of costing to various jobs in the shops may be reviewed and the defects in the system of booking of time may be removed so as to ensure correct accounting of cost of various jobs. The Committee also recommend that Norms for man hours should be fixed early on a scientific basis in consultation with the worker and trade unions so as to enable a realistic comparison with the actual man hours on various jobs and effective measures introduced, to reduce the time on various jobs where it exceeded the fixed norms. (Paragraph 7.30).

Reply of Government

The Corporation are fully alive to the need for an effective system of job booking. The job costing system is also under review.

Norms already exist and the Industrial Engineering Sections which are in the process of being established at the four Bases will take up the review of norms on a scientific basis.

[Min. of Tourism & Civil Aviation O.M. No. H-11013/4/73-AC, dated 16-10-1973].

Recommendation (Serial No. 49)

The Committee regret to note that not only the productivity of workshops was low but the available man hours were also not being fully utilised. The percentage of productive hours to total available man hours had gone down from 78.31 in 1968-69 to 71.81 in 1970-71. On the other hand, the percentage of overtime hours to total hours on jobs had increased from 16.59 in 1968-69 to 21.51 in 1970-71 resulting in increased expenditure on overtime payment. The two main reasons for low productive hours were excessive leave hours and indirect and unallocated hours. The Committee,

therefore, urge that strict control should be maintained on absenteeism, overtime and indirect, unallocated hours, etc. to reduce expenditure on repairs and maintenance of the aircraft. The Committee hope that appropriate steps would be taken by the Corporation to enforce the rules of productivity which formed part of the agreement reached between Management and the Union so that the level of productivity in the workshops in the different bases may be raised. (Paragraph 7.36).

Reply of Government

The observations of the Committee have been noted. The Corporation propose to take steps to implement the productivity clauses incorporated in the Wage Agreements signed with the Technicians' and Engineers' Associations, which *inter alia* provide for certain control on absenteeism, etc.

[Min. of Tourism & Civil Aviation O.M. No. H11013.4/73-AC,
dated 16-10-1973]

Recommendation (Serial No. 64)

The Committee view with concern the unsatisfactory labour-management relations in Indian Airlines which is a sensitive industry where it is possible for even a small number of employees in the strategic sections of the Corporation to resort to concerted industrial action resulting in the dislocation of services. Being the only domestic service and the process of production and consumption of the product being simultaneous the impact of labour trouble on the customers in terms of inconvenience and harassment is immediate and considerable and the financial loss to the Corporation is irretrievable. As stated by the Minister of Tourism and Civil Aviation in his statement in Lok Sabha, "the country cannot afford to have constant break-downs in its aviation industry. Aviation is one of the essential services in any modern developed country particularly in a nation like ours which is so vast and which is so far flung." (Paragraph 10.66).

The Committee regret to note that instead of finding a lasting solution to this problem, the Management had been trying to solve each problem as it arose. As pointed out by the Sen Committee "the industrial relations had been understood mainly as the negotiation of fresh contracts with the unions once in three years. In the meantime, things were allowed to drift." The agreements signed at present by the Management with the various unions are valid only upto March, 1973. The Committee consider that the Cor-

poration|Ministry should not rest content with buying industrial peace in instalments through ad-hoc measures and periodic wage hikes by negotiating separately with unions representing different trades but should instead try to find an integrated solution acceptable to all sections of the employees. In this connection, they would invite attention to the following recommendations of the Committee in their 17th Report (5th Lok Sabha) on 'Personnel Policies and Labour-Management Relations'.

"The Committee consider that while the undertaking may hold direct negotiations, with the most representative union, a way should be found to associate representatives of other registered unions functioning in the undertaking when general questions pertaining to work-load, pay-scales, etc. affecting the workers of the undertaking as a whole are discussed so that agreed decisions may be more readily implemented."

"In the opinion of the Committee, a single bargaining agent in each undertaking is essential in order to reach any meaningful and lasting agreement with the workers. It will also avoid unhealthy competition between unions and reduce inter-union rivalries."

The Committee feel that the formation of a Joint Council in the Indian Airlines is a move in the right direction. The Committee also desire that as announced by the Minister of Tourism and Civil Aviation in Lok Sabha, the Government should set up a body to go into the entire salary structure of the Corporation with a view to rationalising it both vertically and in relation to the rest of the public sector. (Paragraph 10.67)

Reply of Government

Government propose to review the entire salary structure and service conditions of employees in the two Air Corporations, both vertically and in relation to the position obtaining in other comparable public sector undertakings.

[Min. of Tourism & Civil Aviation O.M. No. H11013/4/73-AC,
dated 16-10-1973]

Further Information called for by the Committee

In regard to salary structure of employees of Indian Airlines, it has been stated that Government propose to review the entire salary

structure and service conditions of employees in the two Air Corporations—both vertically and in relation to the position obtaining in other comparative public sector undertakings. The specific action taken in this regard may please be indicated.

[Lok Sabha Sectt. O.M. No. 14-PU/71, dated 19-12-1973].

Further Reply of Government

The matter is still under consideration

[Min. of Tourism & Civil Aviation O.M. No. H-11013/4/73-AC, dated 15-2-1974].

Recommendation (Serial No. 65)

The Committee are unable to agree with the views of the Ministry given in paragraph 10.74. In view of heavy expenditure involved in getting the commercial pilots' licence from the Flying Club, it is difficult for anyone with limited means to enter into this profession although he may be otherwise talented and has the aptitude for it. The main reason advanced for the inability of the Corporation to provide initial training for pilots is that the Corporation would have to incur an expenditure of over Rs. 30,000 on each candidate to bring him to the level of a commercial pilot licence holder. The Committee, however, feel that keeping in view the heavy expenditure incurred by the Indian Airlines on the training of pilots after their selection by the Corporation, the expenditure to be incurred on their initial training should not be considered prohibitive. The Committee find that a school has already been opened by the Directorate General of Civil Aviation for imparting training to candidates for Commercial Pilots licence. However, the school selects candidates who already hold private pilots licence and have a minimum of 100 hours flying experience. The Committee suggest that the Government should examine the feasibility of expanding the scope of this training and the school should select some candidates direct from the universities after proper screening and aptitude, test, etc. for purpose of training them as pilots. The Committee also suggest that as a measure of safeguard, Government should consider obtaining from the trainees bonds in proper form enforcing that after completion of training the trainees would serve only Indian Airlines|Air India for a specified period. (Paragraph 10.75).

Reply of Government

Government have appointed a high level Committee under the

Chairmanship of Shri J.R.D. Tata to review the organisation structure and functions of the Civil Aviation Department and make recommendations in the light of the rapidly growing requirements of modern aviation. One of the important aspects which the Committee would study and report on is the existing organisation|arrangements and facilities in India forming part of the Civil Aviation Deptt. for the recruitment, training and licensing of commercial pilots and measures to improve and strengthen such organisation and facilities with special emphasis on safety and efficiency.

The observation made by the committee will be duly kept in view while reviewing this matter, in the light of the recommendations, which the high level committee may make.

[Min. of Tourism & Civil Aviation O.M. No. H11013|4|73-AC,
dated 16-10-1973]

Further Information called for by the Committee

It has been stated that Government have appointed a high level Committee under the Chairmanship of Shri J. R. D. Tata to review the organisational structure and functions of the Civil Aviation Department and make recommendations in the light of the rapidly growing requirements of modern aviation. The date on which the Committee was set up, its terms of reference and the date by which it is likely to submit the Report may please be intimated.

[Lok Sabha Sectt. O.M. No. 14-PU|71, dated 19-12-1973].

Further Reply of Government

The Committee was set up on the 21st July, 1972, to review the organisational structure and functions of the Civil Aviation Department and make recommendations for its re-organisation in the light of the rapidly growing requirements of modern aviation. The Committee will still take some time to submit its report in view of the complexity of the problems involved.

[Min. of Tourism & Civil Aviation O.M. No. H11013|4|73-AC,
dated 15-2-1974]

Recommendation (Serial No. 80)

The Committee also regret to note that although the taxi tracks have been constructed by the Corporation on behalf of the DGCA.,

the reimbursement of Rs. 13 lakhs promised by the DGCA has not yet been made. The Committee would like to be informed of the reimbursement of Rs. 13 lakhs by the DGCA. (Paragraph 13.22)

Reply of Government

The reimbursement of Rs. 13.50 lakhs has not yet been effected. The International Airports Authority of India is now responsible for reimbursing the amount to the Corporation. The matter has been taken up at a high level.

[Min. of Tourism & Civil Aviation O.M. No. H-11013/4/73-AC,
dated 16-10-1973].

NEW DELHI;

April 22, 1974.

Vaisakha 2, 1896 (Saka).

SUBHADRA JOSHI,

Chairman,

Committee on Public Undertakings.

APPENDIX I

(Vide Reply to recommendations at Sl. Nos. 74, 75, 76—Chapter IV)

CONFIDENTIAL

IMMEDIATE

N. Khosla,
Jr. Secretary.

D.O. No. H. 11013/473-AG

Government of India

Ministry of Tourism and Civil Aviation

Sardar Patel Bhawan,
Parliament Street,
New Delhi.

Dated: March 15, 1974.

I reproduce below the observations of the Committee on Public Undertakings (1972-73) (Fifth Lok Sabha) on Indian airlines on the purchase of ground handling equipment by Indian airlines from France in 1966:

"12.27. The Committee are constrained to observe that there had been serious irregularities/lapses in purchase of ground handling equipment in 1966 which have been admitted both by the Management of the Corporation and the Ministry. Firstly, equipments valued at Rs. 89.88 lakhs (foreign exchange component of Rs. 56.12 lakhs) were purchased with a view to utilising the funds under the French credit without a careful examination of the need for it. The Chief Engineer (Headquarters) who looked into the matter observed in his Report in November 1969 there is no evidence in the engineering files (both Headquarters and Bombay) of calling for competitive quotations which I think is a mandatory requirement particularly for ground equipment and other capital items. . . . There is also no evidence in the engineering files of prior technical assessment of the French equipment in question as to suitability, utility etc. at each station for which it was

intended. This assessment was all the more necessary as we have indigenous sources of supply of this equipment.... We have never in the past imported toilet servicing equipment and locally manufactured equipment costing a few thousands instead of lakhs was in use until about a year or so and working satisfactorily. The Committee feel that mere availability of foreign exchange should not serve as an excuse for placing orders for equipments which are neither required nor would in the normal circumstances be allowed to be imported. The Committee recommend that Government should issue suitable guidelines to the public undertakings in the matter of utilisation of foreign credits to obviate recurrence of such instance."

2. As you will see the Committee has criticised Indian Airlines for the haste in placing orders without ensuring that the equipment was really necessary and was not available in India. It should please be ensured in future that while placing any orders, essentiality is established and indigenous sources of supply fully screened. Government approval should also be taken to release of foreign exchange to cover the cost of equipment irrespective of the fact whether the terms of the original foreign credit for a project are enlarged to cover any ancillary equipment that may be required.

These instructions may kindly be observed very strictly.

Yours sincerely,

Sd/-

N. KHOSLA.

1. Shri K. K. Unni,
Managing Director,
Air-India, Bombay-1.
2. ACM P. C. Lal,
Chairman,
Indian Airlines,
New Delhi.
3. Air Marshal Y. V. Malse,
Chairman, IAAI,
New Delhi.
4. Shri M. S. Sundara,
Chairman, ITDC,
New Delhi.

APPENDIX II

(Vide Para 5 of Introduction)

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

I. Total Number of recommendations	84
II. Recommendations that have been accepted by Government (<i>vide</i> recommendations at serial Nos. 3, 4, 9, 10, 11, 13, 15 (para 3·44), 18, 22, 23, 24, 25, 31, 32, 37, 39, 42, 43, 45, 51, 53, 54, 56, 57, 60, 73 and 77)	
Number	27
Percentage of total	32·1
III. Recommendations which the Committee do not desire to pursue in view of Government's replies (<i>vide</i> recommendations at serial nos. 1, 2, 14, 15 (para 3·43), 16, 17, 19, 20, 27, 28, 29, 30, 33, 34, 35, 36, 40, 41, 44, 47, 50 (para 8·27), 52, 55, 58, 59, 61, 62, 63, 66, 67, 68, 69, 70, 71, 72, 78, 79 and 81)	
Number	38
Percentage of total	42·9
IV. Recommendations in respect of which replies of Government have not been accepted by the Committee (<i>vide</i> recommendations at serial nos. 6, 8, 12, 38, 46, 50 (Para 8·28), 74, 75, 76, 82, 83 and 84)	
Number	12
Percentage of total	14·3
V. Recommendations in respect of which final replies of Government are still awaited (<i>vide</i> recommendations at serial nos. 5, 7, 21, 26, 48, 49, 64, 65 and 80)	
Number	9
Percentage of total	10·7