

C.P.U.No.884

1

FIRST REPORT

COMMITTEE ON PUBLIC UNDERTAKINGS

(2004 – 2005)

(FOURTEENTH LOK SABHA)

AIR INDIA LIMITED -RECONSTITUTION OF BOARD OF  
DIRECTORS

MINISTRY OF CIVIL AVIATION

[Action Taken by the Government on the recommendation contained  
in 11<sup>th</sup> Report of Committee on Public Undertakings (Thirteenth Lok  
Sabha) on Air India Limited- Reconstitution of Board or Directors ]

S

E

A

L

Presented to Lok Sabha on **21.12.2004**

Laid in Rajya Sabha on **21.12.2004**

**LOK SABHA SECRETARIAT**

**NEW DELHI**

**December, 2004/Agrahayana, 1926(S)**

## CONTENTS

	Page
Composition of the Committee (2004-2005)	(iii)
Introduction	(v)
Report	1

## APPENDICES

<b>I.</b>	<b>Copy of the Cabinet Secretary's D.O. letter dated 9.5.2003 addressed to all Secretaries of the Ministries / Departments of Government of India.</b>	<b>5</b>
<b>II</b>	<b>Minutes of the Sitting of Committee on Public Undertakings</b>	<b>6</b>

**COMPOSITION OF COMMITTEE ON PUBLIC UNDERTAKINGS**  
**(2004 – 2005)**

**CHAIRMAN**

Shri Rupchand Pal

**MEMBERS, LOK SABHA**

2. Shri Ma-norajan Bhakta
3. Shri Gurudas Dasgupta
4. Shri P. S. Gadhavi
5. Shri Suresh Kalmadi
6. Dr. Vallabhabhai Kathiria
7. Smt. Preneet Kaur
8. Shri Sushil Kumar Modi
9. Shri Kashiram Rana
10. Shri Mohan Rawale
11. Shri Rajiv Ranjan Singh
12. Shri Bagun Sumbrui
13. Shri Rajesh Verma
14. Shri Parasnath Yadav
15. Shri Ram Kripal Yadav

**MEMBERS, RAJYA SABHA**

16. Prof. Ram Deo Bhandary
17. Shri Ajay Maroo
18. Shri Pyarimohan Mohapatra
19. Shri Jibon Roy
20. Shri Shahid Siddiqui
21. Smt. Ambika Soni
22. Shri Dinesh Trivedi

**SECRETARIAT**

- |    |                   |                      |
|----|-------------------|----------------------|
| 1. | Shri John Joseph  | Additional Secretary |
| 2. | Shri S Bal Shekar | Director             |
| 3. | Shri Raj Kumar    | Under Secretary      |
| 4. | Smt. Vidya Mohan  | Executive Assistant  |

## **INTRODUCTION**

I, the Chairman, Committee on Public Undertakings having been authorized by the Committee to submit the Report on their behalf, present this First Report on Action Taken by Government on the recommendation contained in the Eleventh Report of the Committee on Public Undertakings (Thirteenth Lok Sabha) on Air India Limited- Reconstitution of Board of Directors.

2. The Eleventh Report of the Committee on Public Undertakings(2003-2004) was presented to Lok Sabha on 19<sup>th</sup> December, 2003. Reply of the Government to the recommendation contained in the Report was received on 1<sup>st</sup> November, 2004. The Committee on Public Undertakings considered and adopted this Report at their sitting held on 15 December, 2004. The Minutes of the sitting are given in Appendix-II.

New Delhi:  
December 15 , 2004  
Agrahayana 24, 1926(S)

**RUPCHAND PAL**  
**CHAIRMAN,**  
**COMMITTEE ON PUBLIC UNDERTAKINGS.**

## **REPORT**

This Report of the Committee deals with the action taken by the Government on the recommendation contained in the Eleventh Report (Thirteenth Lok Sabha) of the Committee on Public Undertakings (2003-2004) on “Air India Limited –Reconstitution of Board of Directors” which was presented to the Lok Sabha on 19 the December, 2003.

2. The Eleventh Report mentioned above contained only one recommendation. Action Taken reply in respect of this recommendation has been received from the Government. The Committee have not accepted the Action Taken reply to the recommendation.

3. The Committee will now deal with the details of action taken by the Government on their recommendation in the succeeding paragraphs.

4. The Committee in their Eleventh Report have recommended about need to fill up vacant posts on the Board of Directors of Air India as follows:-

“The Committee note that the Ministry of Civil Aviation had issued an Order on December 12, 1998 regarding reconstitution of the Board of Directors of Air India Ltd. which envisages appointment of four Functional Directors in charge of Commercial, Engineering, Finance and Personnel and five Non-official Directors in the Board of Directors of Air India Ltd. The Committee further note that in April, 2000 the Ministry of Civil Aviation had sent a proposal to the Department of Personnel and Training (DOPT) for seeking approval of the Appointments Committee of Cabinet (ACC) regarding reconstitution of the Board of Directors of Air India Ltd. for a period of 3 years or till the question of disinvestment of Government equity in Air India was finalized. The Committee are surprised to note that in the proposed reconstitution of the Board of Directors, the Ministry had suggested to include some names of experts from various fields in place of

the slots of four Functional Directors keeping in view the impending disinvestment of Air India Ltd. However, the Committee note that though the decision to include experts in place of Functional Directors was taken in January, 2000, this information was not furnished to the Committee by the Ministry of Civil Aviation at the time of oral evidence before the Committee which took place on 8<sup>th</sup> August , 2000. Nor was this information furnished by the Ministry at the time of furnishing written replies to the Committee. In this regard, the Secretary, Civil Aviation while tendering evidence before the Committee on October 20, 2003 expressed regrets not only for delay in implementation of the recommendation of the Committee but also for some of the points which were not specifically replied to the Committee. The Ministry of Civil Aviation has now informed the Committee that a decision has been taken at the Minister's level for filling up the posts of Functional Directors through Public Enterprises Selection Board (PESB) and a proposal in this regard has already been forwarded to PESB. The Committee also note that Air India has been removed from the Disinvestment list as per the decision taken by the Cabinet Committee on Disinvestment on 15<sup>th</sup> April, 2003. The Committee feel that the Government should have a professionalized Board of Directors for Air India as per the DPE guidelines of March, 1992 regarding composition of Board of Directors in public sector undertakings. They, therefore, recommend that four posts of Functional Directors in charge of Finance, Commercial, Personnel and Engineering and five posts of Non-official Directors should be filled up in the Board of Directors of Air India without any further loss of time."

5. The Ministry of Civil Aviation in their Action Taken Reply on the above recommendation has stated as under:-

"It is submitted that at the instance of this Ministry, Public Enterprises Selection Board, notified four vacant posts of Functional Directors in Air India and applications have been invited from eligible candidates. The process is likely to be completed in due course.

It may kindly be noted that this Ministry has already initiated necessary action to fill up the posts of Functional Directors in the Board of Air India."

**6. The Committee are not satisfied with the reply of the Government as it is evasive and incomplete. The Committee in their Eleventh Report recommended that four posts of Functional Directors representing the Finance, Commercial, Personnel and Engineering Departments and five posts of Non-official Directors should be filled**

up in the Board of Directors of Air India so that the Company is run by a professionalised Board of Directors as per the DPE guidelines of March, 1992 regarding composition of Board of Directors in public sector undertakings. The Committee regret to note that more than a year had elapsed before a proposal was sent by the Ministry of Civil Aviation to the Public Enterprises Selection Board (PESB) for filling up the posts of Functional Directors, the decision for which was taken at the Minister's level. The persons have not yet been appointed against these vacant posts. The Ministry of Civil Aviation has not even mentioned the time by which the Functional Directors would be appointed. Rather they have stated that "the process is likely to be completed in due course". What surprises the Committee more is that the reply of the Government is completely silent on the appointment of Non-official Directors in the Board of Air India. In this regard, the Committee wish to draw the attention of the Ministry to the Cabinet Secretary's D.O.letter dated 9<sup>th</sup> May, 2003 addressed to all Secretaries of the Ministries / Departments of the Government of India, wherein he had emphasized upon the need to suitably sensitize the officials of their Ministries / Departments about the importance of furnishing comprehensive replies to each and every question raised in the recommendations made by various Parliamentary Committees so that the possibility of any loose or casual replies is eliminated. The Committee, therefore, take a strong note of such lackadaisical approach adopted by the Ministry while furnishing Action Taken reply to the Committee's recommendation. The Committee also express their strong displeasure over the manner in which Board Level appointments in Air India have been delayed for a longer period. They, therefore, recommend that the appointment

**process for filling up the four posts of Functional Directors representing the Finance, Commercial, Personnel and Engineering Departments should be completed within a fixed time frame and also immediate action should be taken to appoint persons against the five posts of Non-official Directors in the Board of Air India.**

NEW DELHI  
15 December, 2004  
24 Agrahayana, 1926(S)

RUPCHAND PAL  
CHAIRMAN  
COMMITTEE ON PUBLIC UNDERTAKINGS



**ANNEXURE - I**

D.O.No. 213/5/1/2003-CA.IV

CABINET SECRETARY  
NEW DELHI

**May 9, 2003.**



Dear Secretary,

The accountability of the Executive in our Parliamentary Democracy has been ensured through various mechanisms. Scrutiny of the work of the Ministries/Departments by various Parliamentary Committees is one such mechanism that demands our utmost respect and attention.

2. Reports submitted by various Parliamentary Committees make specific recommendations on which the Ministries/Departments concerned are required to furnish detailed replies bringing out clearly the action taken on each recommendation. In order to help the Committees appreciate the efforts made or difficulties encountered in taking the recommended action, such replies should be relevant and complete in all respects. In case the Ministries/Departments are not in a position to accept a particular recommendation, the reasons therefor need to be explained clearly with relevant details.

3. Instances of casual replies, furnished to the Parliamentary Committees, raise doubts in the minds of members of the Committee about the seriousness of the Government's efforts in giving effect to their recommendations. In one such recent instance, the Parliamentary Committee on Public Undertakings has taken a serious note of the casual replies furnished to it.

4. I would, therefore, urge you to suitably sensitize the officials of your Ministry/Department about the importance of furnishing comprehensive replies to the questions raised and the recommendations made by the various Parliamentary Committees. A careful scrutiny at your level would further help in eliminating the possibility of any loose or casual replies being furnished.

With regards,

Yours sincerely,  
Sd/-  
(Kamal Pande)

Addressed to all Secretaries of Ministries/Departments  
of the Government of India

**MINUTES OF THE 6<sup>th</sup> SITTING OF THE COMMITTEE ON PUBLIC  
UNDERTAKINGS HELD ON 15 DECEMBER, 2004**

The Committee sat from 1600 hrs to 1700 hrs.

**CHAIRMAN**

Shri Rupchand Pal

**MEMBERS**  
**LOK SABHA**

2. Shri P. S. Gadhavi
3. Shri Suresh Kalmadi
4. Dr. Vallabhabhai Kathiria
5. Smt. Preneet Kaur
6. Shri Mohan Rawale
7. Shri Rajiv Ranjan Singh
8. Shri Bagun Sumbrui

**MEMBERS**  
**RAJYA SABHA**

9. Shri Jibon Roy
10. Shri Dinesh Trivedi

**SECRETARIAT**

- |    |                     |                    |
|----|---------------------|--------------------|
| 1. | Shri S. Bal Shekar, | Director           |
| 2. | Shri Raj Kumar,     | Under Secretary    |
| 3. | Shri N. C. Gupta,   | Under Secretary    |
| 4. | Shri Ajay Kumar,    | Assistant Director |

2. The Committee, at first, took up for consideration the following draft reports and adopted the same :-

i) Action Taken Report (ATR) on action taken by Government on the recommendation contained in the Eleventh Report (13<sup>th</sup> Lok Sabha) of the Committee on Public Undertakings on “Air India Ltd. – Reconstitution of Board of Directors”.

ii) XX XX XX XX XX

iii) XX XX XX XX XX

3. The Committee authorised the Chairman of the Committee to finalise the aforesaid Reports and to present / lay the same to the Parliament.

4. XX XX XX XX XX

The Committee then adjourned.