

COMMITTEE ON PETITIONS

(SIXTEENTH LOK SABHA)

ELEVENTH REPORT



LOK SABHA SECRETARIAT
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COMPOSITION OF THE COMMITTEE ON PETITIONS
(2015-2016)

Shri Bhagat Singh Koshyari - *Chairperson*

MEMBERS

2. Shri Suresh C. Angadi
3. Shri Om Birla
4. Shri Jitendra Chaudhury
5. Shri Ram Tahal Choudhary
6. Shri Rajen Gohain
7. Dr. K. Gopal
8. Shri Chhedi Paswan
9. Shri Kamlesh Paswan
10. Smt. Krishna Raj
11. Shri Arjun Charan Sethi
12. Shri Kodikunnil Suresh
13. Shri Dinesh Trivedi
14. Shri Rajan Vichare
15. Shri Dharmendra Yadav

SECRETARIAT

- | | | |
|--------------------------------|---|---------------------------|
| 1. Shri K. Vijayakrishnan | - | Additional Secretary |
| 2. Shri Shiv Kumar | - | Joint Secretary |
| 3. A.K. Srivastava | - | Director |
| 4. Shri Raju Srivastava | - | Additional Director |
| 5. Shri Jyoti Prakash Krishna- | | Senior Executive Asistant |

(iii)

ELEVENTH REPORT OF THE COMMITTEE ON PETITIONS

(SIXTEENTH LOK SABHA)

INTRODUCTION

I, the Chairperson, Committee on Petitions, having been authorized by the Committee to present the Report on their behalf, present this Eleventh Report (Sixteenth Lok Sabha) of the Committee to the House on the representation received from Shri Amit Roy alleging disparity in pay and allowances with the parent company and amelioration of other conditions thereof.

2. The Committee considered and adopted the draft Eleventh Report at their sitting held on 28 January, 2016.

3. The observations/recommendations of the Committee on the above matters have been included in the Report.

NEW DELHI;

BHAGAT SINGH KOSHYARI

Chairperson,

Committee on Petitions

10 March, 2016

20 Phalgun, 1937 (Saka)

REPORT ON THE REPRESENTATION FROM SHRI AMIT ROY, GENERAL SECRETARY, ALLIANCE AIR EMPLOYEES' UNION AND FORWARDED BY SHRI JITENDRA CHOUDHARY, MP, LOK SABHA ALLEGING DISPARITY IN PAY AND ALLOWANCES OF THE EMPLOYEES VIS-A-VIS AIR INDIA AND IMPROVING OTHER SERVICE CONDITIONS THEREOF.

Shri Jitendra Choudhary, MP, Lok Sabha, had forwarded the representation of Shri Amit Roy, General Secretary, Alliance Air Employees' Union, alleging disparity in pay and allowances of the employees vis-a-vis the parent company, i.e. Air India, and amelioration of other service conditions thereof, to the Committee on Petitions.

2. The Petitioner, in his representation, inter alia stated that Alliance Air is one of the wholly owned subsidiary companies of Air India, which had come into existence in 1996. Alliance Air is also a full-fledged Unit of Air India like its other wings, having both technical and non-technical staff i.e. Pilots, Engineers, Technicians, Cabin Crew, and Ground and Commercial Staff. He further submitted that since its inception, Alliance Air has been successfully serving the domestic sectors, besides lending support to the parent company in terms of bridging the manpower gap and technical requirements from time to time. The Petitioner contended that it is unfortunate that while Air India has rationalised the pay structure and regularised the services of the contractual employees of Air India Express, another subsidiary company of Air India, the fate of the employees of Alliance Air remains unchanged. The Petitioner had, therefore, requested for regularising the services, rationalisation of salaries, extension of medical benefit and amelioration of other service conditions of the contractual employees vis-a-vis the other subsidiaries of Air India.

3. The Committee took up the matter for examination under Direction 95 of the Directions by the Speaker, Lok Sabha. Accordingly, the representation was forwarded to the Ministry of Civil Aviation for furnishing their comments on the issues raised in the representation.

4. In response, the Ministry of Civil Aviation, vide their communication dated 21 July, 2015, furnished the following comments:-

"The Airline Allied Services Ltd. commenced its operations in the year 1996 as a subsidiary of erstwhile Indian Airlines while Air India Chartered Ltd. commenced operations in 2005 as a subsidiary of erstwhile Air India. These are two separate companies having different sets of rules, terms of engagement and organizational structure. After merger of erstwhile Indian Airlines and Air India in the year 2007, the Turn Around Plan (TAP) for the Merged entity Air India Limited was approved by the Govt. of India. As part of the TAP, hiving off of MRTO (Maintenance Repair and Overhaul) was approved and MOU between AIESL and Airline Allied Services Ltd. has been signed.

As per clause 3 of MOU signed between All India Engineering Services Ltd. (AIESL) and Airline Allied Services Ltd. (AASL), the AASL employees engaged in Maintenance Repair and Overhaul (MRO) activities have been transferred to AIESL under fresh Fixed Terms Employment Contract of AIESL and the matters pertaining to Provident Fund and related issues shall be mutually decided between the parties. Further, as per the Cabinet Note on operationalisation of AIESL which has been approved, the terms and conditions of employees who are transferred shall remain the same. It would also be pertinent to mention here that as per the approved Cabinet Note on AIESL, new recruitments will take place under new terms and conditions.

The Supreme Court while approving the transfer of Air India employees to AIESL in an SLP filed by the Union of Air India has stated that the terms and conditions of such transferred employees will not be adversely affected. AIESL has also filed an affidavit that AIESL would continue to employ the transferred employees without any adverse change in their service conditions. Therefore, AIESL is liable to employ the AASL employees on the same terms and conditions as engaged by AASL. It is pertinent to mention that all the employees of Alliance Air are working on Contractual basis i.e. Fixed Term Employment Agreement since Alliance Air started its operations in 1996 and their absorption in AIESL is as per the terms of MOU signed between the two companies.

Rationalisation of Salary

The salary of AASL employees has been revised from time to time and last such revision took place in October 2014, resulting in an average increase of approximately 25% for all employees of AASL.

Inclusion of Dearness Allowance

The compensation package of AASL is as per the Fixed Term Employment Agreement which has been revised from time to time. Last such revision took place in October, 2014 and while deciding the pay package, all relevant factors like cost of living, provisions of Minimum Wages Act and prevailing salary of other Airlines were taken into consideration. The issue of Dearness Allowance is, therefore, addressed in the above manner.

Medical Benefit

Employees are being paid under the head 'Medical Allowance' in their monthly salary. The Medical Allowance of employees varies from Rs. 1000/- to Rs. 1500/- per month depending upon the grade. Further, the expenditure of any major ailment/accidents cases of employees are being reimbursed on case to case basis.

Career Progression/Promotion Policy

All the eligible Ground Staff and Aircraft Technicians have been promoted with effect from 1.6.2012. The next promotion exercise for all eligible employees will be undertaken in due course as per the Company's policy.

Annual Leave

All the employees of Alliance Air are working on contractual basis (Fixed Term Employment Agreement) and are governed by leave rules as a part of their agreement.

Recognition of the Union

No Union representing AASL employees is in existence."

5. As regards the operational requirements of the Companies under reference, the Ministry, in the written reply submitted, to the Committee as under :-

"The genesis of the Alliance Air and Air India Express, wholly owned subsidiaries of Air India is as under:

Airline Allied Services Limited

Airline Allied Services Limited (AASL), a wholly owned Subsidiary of erstwhile Indian Airlines Limited, was formed on 13th September, 1983 and registered under the Companies Act, 1956. AASL commenced its air operations on 15th April, 1996 under the brand name Alliance Air.

The main reasons for operationalising AASL in 1996 were:

- After the introduction of Open Sky Policy by the Government in the 1990's, various private Airlines commenced operations and there was an exodus of Pilots from Indian Airlines to these airlines like Jet Airways, East West Airlines, Damania, Modiluft, Air Sahara, etc. leading to acute dearth of Commanders and thereby a decline in the aircraft utilization.
- Lateral induction of Pilots / Engineers from the open market was not possible in erstwhile Indian Airlines Limited due to Union agreements with the Indian Commercial Pilots Association. Hence, AASL was activated to operate the B737 fleet (leased from erstwhile Indian Airlines Limited) with Pilots / Engineers recruited from the market on contractual basis. Initially, AASL operated the Boeing 737 fleet leased from Indian Airlines.

Alliance Air is presently operating with 4CRJ-700 (1 is undergoing Redelivery process), 4- ATR-42-320 (2 are undergoing Redelivery process) and 4- ATR-72-600 aircraft. It provides connectivity to Tier-II and Tier-III Cities, viz. Dehradun, Allahabad, Pantnagar, Kulu, Dharamshala, Vijayawada, Car Nicobar, Andaman, Port Blair, Lilabari, Tezpur, Shillong, Rajkot, Surat, etc. Several of the routes operated by AASL are on requests received from the State Governments and as per their requirements. Alliance Air operates on 28 domestic stations and 26 routes and, on an average, flies 1100 passengers per day. The bases of Alliance Air are Delhi, Hyderabad, Mumbai, Bangalore and Kolkata.

At present, Alliance Air is operating ATR 42 and CRJ aircraft, which have been taken on lease. These old leased aircraft are due for lease return. As part of the fleet replacement exercise, Alliance Air has recently contracted for taking on dry lease 5 new generation ATR 72 Turbo Prop aircraft, as a replacement for the current ATR-42 and CRJ-700 aircraft. The ATR- 72 aircraft have the capability of operating to smaller airports in India, and shall help the

airline to further expand its footprints in the Tier II / Tier III domestic cities. As on date, 3 ATR72 aircraft have been inducted and the balance 2 are in the process of being inducted.

Alliance Air has been incurring losses during the last 10 years ranging between Rs.29.12 crores in 2010-11 and Rs.249.4 crores in 2013-14. The objective of the Company is to provide connectivity to the remote and far flung areas of the country and it plays a strategic role in serving this interest. On many routes, the operations of the Company result in losses due to various reasons like less payload factors, refuelling facility not being available, etc.

Alliance Air was set up to function as a lean and thin Organisation and to have a competitive and low cost organizational structure as compared to the erstwhile Indian Airlines. Alliance Air has its own pay structure and the employees are entitled to perks and allowances as per the policy of the company. As a matter of policy, the employees in Alliance Air are engaged on fixed term contract basis for a period ranging from three to five years. The contract is invariably extended, based on length of service, requirement of Alliance Air and performance of the employee. This was a conscious decision to keep the operational cost of the company at a competitive level.

The wages of AASL employees except Pilots have been revised from time to time and last such revision was effected in September/October 2014 resulting in an average increase of approximately 25%. The wages of Pilots have been revised w.e.f. May,2015.

As far as the question of career progression of AASL employees is concerned, all eligible Ground Staff and Aircraft Technicians have been given promotion from time to time. Promotions have been given in 2005, 2012, and 2014-15. Employees with professional qualifications have been given promotion separately. The next promotion exercise for all eligible employees will be undertaken in due course.

Air India Charters Ltd.

Air India Charters Limited (AICL) was incorporated as a wholly owned subsidiary of Air India Limited on 9 September, 1971, and is known by its brand name Air India Express. The main purpose behind the setting up of the company was to supplement the requirements/revenues of Air India. For operations, Boeing-707 aircraft was taken on lease from Air India and Air India

was appointed as General Sales Agent for AICL to undertake all selling and accounting functions. This continued till 1983-84 when Air India disposed off its B-707 aircraft and consequently the charter operations by AICL were discontinued.

In order to meet the market competition posed by International Low Cost Carriers (LCC) namely Air Arabia, Fly Dubai, Tiger Air etc., Air India also introduced an International LCC in India. With the above mission and in order to provide affordable air travel to the bulk of the working/labour population in India and their kith and kin overseas, Air India Express was launched as the first international budget airline of India on 29 April 2005 with a fleet of 3 leased B737-800 aircraft. It operated from 3 stations in Kerala to 5 stations in the Gulf. The Airline became very popular among Indian expatriates in the Gulf in a short time as it catered to the long standing need for affordable travel. Four more aircraft were taken on lease for a period of five years. With the induction of additional aircraft, Air India Express services were extended to South East Asia, to cater to the middle income group and tourist markets.

In 2005, the Board approved acquisition of 18 B737-800 aircraft at an approximate project cost of Rs. 4822 crore. The deliveries of these aircraft began from 2006-07 and all aircraft have been delivered.

As on date AICL owns a fleet of 17 B737-800 aircraft. The Airline operates about 350 flights one-way per week. The performance of the company has improved over the years. There has been an increase in the total revenues and the load factor of the company. Further, the Company has operating profits of Rs. 367 crore for 2013-14, and is expected to have operating profits of Rs. 700 crore in 2014-15. As per provisional results, the airline is expected to earn a revenue of about Rs. 2600 crore on passenger carriage of about 2.64 million during the year 2014-15. For the period April-July 2015, the airline is expected to have operating surplus of Rs. 404 crore. The Airline has predominantly international operations covering 11 Indian and 12 foreign on-line. The airline has added Varanasi as its 12th on-line station in India from 17th August, 2015.

While majority of the employees of AICL, including those in the categories of Co-pilots, Airline Attendants, etc. are engaged on contract basis, the Captains, Aircraft Maintenance Engineers (AMEs) and Aircraft Mechanics (AMs) are employed on permanent basis.

At the inception and for about 2 years thereafter, AICL recruited all cadres of employees except the Captains on fixed contracts. The employment of Aircraft

Engineers (AME) and Technicians (AM) on contractual basis was reviewed at the 159th Board meeting of the Airline held in July 2006, wherein, it was decided in the light of resignation of AME Trainees and Mechanics employed on the contractual basis, to recruit these cadres on permanent basis, with a view to retaining the experienced workforce with the Airline so as to sustain operations.

As per Board's approval, the terms of employment of AME/AM who had already been recruited was made permanent and all future recruitment of these categories of employees was done on a permanent basis. The emoluments of the AME and AM were also revised as per the approval of the Board at the same meeting. Further, the Board in its 179th meeting approved revised emoluments for AME/AM. Subsequently, a revised career progression policy was approved in 2011 and is being implemented in AICL.

Details of recruitment of AME / AM in AICL from inception are as follows:

	2005	2006	2007	2008	2009	2010	2011
AME	12	3	6	2	0	0	0
AM	37	16	23	17	20	14	5

6. Asked to elaborate about the benefits extended to the employees of the two Companies, the Ministry, in a written reply, submitted before the Committee:-

"Air India Express and Alliance Air are two separate wholly owned subsidiaries of Air India, which function on two entirely different models. While Air India Express was introduced with the idea of capturing the International Low Cost Carrier market so as to provide affordable Air travel to the bulk of the working/ labour population in India, and works on business Principles with the aim of generating profits, on the other hand, AASL is functioning as a low cost model to provide connectivity to Tier II/ Tier III cities as well as far flung areas in the North East, Andaman Nicobar Islands, Lakshadweep. The two Companies have different organisational structures and also operate two different sets of fleet. While AICL operates an all economy fleet of 17 B-737 aircraft, the AASL has CRJ and ATR type of Aircraft, which have a smaller seating capacity and are suitable for small airports where bigger planes cannot operate.

Air India and all its subsidiaries have separate organisational structures, Boards and functions independent of each other and frame their own policies, including the terms & conditions of engagement for their employees, in accordance with the requirements of the Company. In the case of AASL, all

employees have been taken on contractual basis to maintain a lean and thin model. AICL has also been set up as a Low Cost airline, where majority of the employees are taken on contract basis. However, as it competes with other international carriers and is also operating a widely used aircraft model, the B737, the Commanders and Aircraft Maintenance Engineers are taken on a permanent basis in AICL, so as to prevent attrition. Taking in to account the fact that the two Companies have two different models which are operated by entirely different categories of Aircraft, the terms and conditions of engagement of the employees of two companies are also different.

Each company i.e. Air India, AASL and AICL has its own unique working identity. While Air India is a legacy carrier and carries out very wide operations catering to a wide range of category of passengers, AASL and AICL have been established to cater to a more focused category of passengers. In view of the distinct nature of services provided by the three Companies, profitability of the routes operated and the competition available in the market, the terms and conditions of the workforce employed by the three Companies are also distinct."

7. On being specifically asked by the Committee about regularising the services of the employees of Air India Express and Alliance Air, the Ministry, in their written reply, submitted:-

"It may be mentioned that the fleet of Air India Express comprised of Boeing 737-800 aircraft, which was also operated by Private Airlines in India like Jet Airways, Spice Jet, Kingfisher, etc. and also some foreign airlines. These Airlines started poaching the trained AMEs and AMs who were at that point of time appointed on fixed term contract basis. In order to retain the existing trained and experienced AMEs, and AMs the Management felt the necessity of offering permanent employment to these category of employees so as to sustain their service and to grow in line with the fleet acquisition plan of the airline. Accordingly, the proposal was put up and approved by the AICL Board in its meeting held on 29 July 2006."

8. When the Committee wanted to know as to whether Air India has regularised the services of contractual workers in Alliance Air, the Ministry, in their written reply, submitted:-

"The services of none of the employees of Alliance Air have been regularized by Air India. All the employees in Alliance Air are engaged on contractual basis i.e., Fixed Term Employment Agreement (FTEA). The contract of the employee is extended/renewed as per requirement of the Company and performance of the employee concerned.

Alliance Air has been incurring losses during last 10 years and is not operating entirely on commercial lines with the motive to earn profit. It is serving the strategic purpose of providing connectivity to far flung areas and Tier II and Tier III cities and its operations are often loss making."

9. On being specifically asked by the Committee about the reasons for varied sets of rules for the employees of the subsidiaries, the Ministry, in their written reply, submitted:-

"AICL was promoted by Air India during the pre-merger years and its policies have been modified from time to time, broadly, in tune with erstwhile Air India initially and the merged entity thereafter, as approved by the Airline's Independent Board. On the other hand AASL was a subsidiary of erstwhile Indian Airlines. Further the B 737-800 aircraft operated by AICL was/is also on the fleet of several Indian and foreign carriers in the Region and hence it was often subjected to poaching of licensed staff by other airlines. AICL and AASL are two independent legal entities constituted under the Companies Act and are governed by their own set of Rules and Regulations approved by their respective Boards.

Further, both the Airlines are operating under different models and cannot be compared with each other as well as with the parent body i.e. Air India, with respect to the type of fleet, area of operations, profitability, competition, etc. which warranted exclusive set of rules for better administration and sustainability. While AICL operates mainly on International competitive routes, the operations of AASL are restricted to Tier II / Tier III domestic routes."

10. Referring to the agreement signed between AIESL and the AASL, the Committee desired to know the salient features of the Agreement and the MOU signed between the two Companies. The Ministry, in their written reply, submitted:-

"The Cabinet Committee on Economic Affairs has approved a Turnaround Plan/ Financial Restructuring Plan for Air India, which, inter alia, provides for hiving-off the Maintenance Repair & Overhaul (MRO) and Ground Handling activities of the airlines into independent subsidiary companies. As a consequence to the same, the

MRO activities have been hived-off into the Subsidiary Company i.e., Air India Engineering Services Limited (AIESL). Accordingly, an MoU has been entered into between AIESL and the AASL.

The salient features of the MoU entered into between AASL and AIESL are as under:-

- AASL shall transfer its MRO activities at various locations across India to AIESL and AIESL shall be responsible to undertake MRO activities and provide MRO services to AASL.
- AASL agrees to commit its fleet in entirety but not limited to airframe, engines, Auxiliary Power Unit (APU) and components for all major and minor work including all the maintenance, repairs, overhauls, checks, other inspection, technical services, accidental jobs, modifications, product improvement and reconfiguration etc to AIESL.
- AIESL shall also have administrative and functional control including initiate disciplinary action, if required, against the employee sent on deputation / transfer basis by AASL to AIESL during the interim period till fresh Fixed Term Employment Agreement (FTEA) issued by AIESL under Clause-3 of the MoU.
- The AASL employees engaged in MRO activities will be transferred to AIESL under fresh FTEA of AIESL and their existing FTEA with AASL will stand terminated. The matters pertaining to transfer of PF and related issues shall be mutually decided between the parties.
- AASL confirms that AIESL shall be at liberty to appoint/hire/recruit new employees to provide MRO services to AASL and third parties under the MoU."

11. Again, on being specifically enquired by the Committee as to whether the other Company under reference, i.e., Air India Express, also entered into any Agreement/MoU, the Ministry, in the written reply, submitted:-

"AICL has concluded an MOU with AIESL in August, 2014. The salient features of the MoU are as under:-

- AICL shall transfer its MRO activities at various locations across India to AIESL. From the effective date, AIESL shall be responsible to undertake MRO

activities and provide MRO services to AICL. AIESL shall carry out the following MRO services/activities/functions for and on behalf of AICL :

- (i) Line Maintenance
 - (ii) Base Maintenance
 - (iii) Cabin Maintenance
 - (iv) Engine/APU Repair and Overhaul
 - (v) Component Repair and Overhaul
 - (vi) Engineering and Technical Services
 - (vii) Any other Services as may be mutually agreed
- AIESL shall have administrative and functional control including to initiate disciplinary action, if required, against the employees sent on deputation/transfer basis by AICL to AIESL.
 - The transfer of employees from AICL to AIESL will be effective from the date mentioned in transfer order to be issued to individual employee. Further the detailed terms and conditions of transfer of employees from AICL to AIESL will be as per terms and conditions enumerated in the order/letter to be issued to the employees and the same shall be incorporated in a separate agreement to be executed between AICL and AIESL for the purpose and the said agreement shall be part and parcel of this MOU.
 - Pursuant to the aforesaid transfer of the concerned employee from AICL to AIESL, AIESL shall have the administrative and supervisory control including Performance Appraisal over such employees with respect to their work and the terms and conditions of service including salary, allowances, etc. of such employees shall be similar to and not less than the employees of AICL.

12. The Committee on Petitions had earlier also examined a Petition forwarded by Shri Anish J. Mitra, then General Secretary of All India Alliance Air Employees' Union inter alia regarding their grievances on employment, including modalities of absorption, protection of pay and other service conditions in Alliance Air Limited. After examination of the Petition by the erstwhile Committee taking into account the submissions made by the Petitioner as well as by the representatives of the Ministry of Civil Aviation, the Committee had presented their Report to the Lok Sabha on 25 February, 2009. The Committee, therein, broadly recommended: (i) the engagement of employees on contract/deputation basis is purely an ad hoc arrangement and should not be resorted to - in case of jobs which are of permanent/

perennial nature; (ii) the Ministry of Civil Aviation should frame a long-term policy including the recruitment rules and service conditions to manage the affairs of Alliance Air; (iii) to bring about parity in the pay and allowances of the employees of Alliance Air with erstwhile Indian Airlines by permanent absorption of the affected employees; and (iv) finalisation of the Medical Scheme for the employees of Alliance Air on priority basis, in a time bound manner, and all the employees be extended the benefit of the scheme.

13. The Committee afforded an opportunity to the representationist on 19 August 2015 to hear his grievances in the matter. In his submissions before the Committee, the representationist had stated that Alliance Air is one of the wholly owned subsidiary Companies of Air India, which came into existence in the year 1996. Alliance Air is also a full-fledged unit of Air India like its other wings, having both technical and non-technical staff, i.e. Pilots, Engineers, Technicians, Cabin Crew, Ground and Commercial Staff. He further stated that since its very inception, Alliance Air has been successfully serving the domestic sectors, besides lending support to the parent company in terms of bridging the manpower gap and technical requirements from time to time. He also submitted that while Air India has rationalised the pay structure and regularised the services of the contractual employees of Air India Express, another subsidiary Company of Air India, the salary structure and other amenities of the employees of Alliance Air remained unchanged.

14. The Committee, thereafter, took oral evidence of the representatives of the Ministry of Civil Aviation and Air India on 19 August, 2015.

15. Referring to the long-standing demand of the representationist and the disparity in salary and allowances of the employees of Alliance Air vis-a-vis the parent Company and another subsidiary company i.e., Air India Express, the Committee desired to know the background of the case. On this issue, the Secretary, Civil Aviation, Government of India, submitted:

"The service conditions of the parent company and other two subsidiaries under reference are separate and, therefore, could not be equated for the sake of parity of salary and other service conditions because every entity carried their exclusive and separate briefs."

16. The Secretary, Ministry of Civil Aviation, further submitted before the Committee that the Technicians and Engineers of these Companies do not perform similar duties. Moreover, regularisation of the services of 162 employees - Engineers as well as technical wings of Alliance Air - would open Pandora's box for further regularisation of 6000 contractual employees working under Air India. He also submitted that if Alliance Air or Air India, the parent company were registering profits, the prospect of regularisation of employees of Alliance Air could be considered.

17. However, on the aspect of extending medical facilities to the employees of Alliance Air, the CMD, Air India, submitted:-

"For medical facility, we thought that if it is to be reimbursed with our own funds, it may probably be endless. But now-a-days, most Companies are resorting to medical insurance of their employees, we too are working in that direction. All three Companies are seeing to it if the subsidiaries can provide better facilities to their employees on medical insurance. It is possible that today they might be giving five thousand to their employees towards medical. But they can get their employees insured for one or two lakhs by giving these five thousand to the Insurance Companies and probably that would be a better option. This way, the family will get benefits up to one or two lakh rupees in the hospital, which is limited to five thousand today. We are discussing this idea. Not only for AISL, but also for Air India Express and Alliance Air, we are trying that the employees should necessarily get medical benefits. We are also improving the leave conditions, continuously."

18. The Committee desired that the provision of leave/leave encashment should be properly defined for the employees of Alliance Air and desired to know about the present status as obtaining in the matter. The CMD, Air India, submitted before the Committee that the issue of leave and leave encashment for 60 days would be definitely considered by the Company.

Observations/ Recommendations

19. The Petitioner, in his representation under examination, has submitted that Alliance Air is one of the wholly owned subsidiary Companies of Air India, which came into existence in 1996. Alliance Air is also a full-fledged Unit of Air India like its other wings, having both technical and non-technical staff, i.e. Pilots, Engineers, Technicians, Cabin Crew, and Ground and Commercial Staff. He further submitted that since its inception, Alliance Air has been successfully serving the domestic sectors, besides lending support to the parent Company in terms of bridging the manpower gap and technical requirements from time to time. However, it is unfortunate that while Air India has rationalised the pay structures and regularised the services of the contractual employees of Air India Express, another subsidiary Company of Air India, the fate of the employees of Alliance Air remains unchanged. The Petitioner had, therefore, requested for regularisation of services, rationalisation of salary/ pay structure, extension of medical benefits and improving the service conditions of the contractual employees of Alliance Air vis-a-vis other subsidiaries of Air India.

20. Pursuant to this, the Ministry of Civil Aviation had informed the Committee that all the employees of Alliance Air are working on Contractual basis, i.e. Fixed Term Employment Agreement (FTEA), since Alliance Air started its operations in 1996. The absorption of Alliance Air in the All India Engineering Services Limited (AIESL) is as per the terms of Memorandum of Understanding signed between the two Companies. Further, benefits with regard to the rationalisation of salary, inclusion of Dearness Allowance, Medical Benefits, Career Progression/ Promotion Policy, Annual Leave, etc. are applicable as per the rules contained in the Agreement.

21. At the outset, the Committee would like to emphasise that in the Fourteenth Lok Sabha, the Committee on Petitions, Lok Sabha, had taken up the Petition of the All India Alliance Air Employees' Union for detailed examination, wherein the General Secretary of the Union had emphasised that contrary to the principles laid down in the Constitution of India and Labour Laws, Alliance Air continues to employ contractual and casual workers to carry out jobs which are permanent and perennial in nature. The General Secretary of the Union, inter alia requested for the following:-

- (1) They may be treated as permanent employees of Alliance Air.
- (2) The Alliance Air, being a Public Sector Unit, be directed to abolish the Contract Labour system and Casual Employment in jobs which are permanent and perennial in nature
- (3) The pay and allowances and perquisites (like medical, etc.) of employees of Alliance Air be made at par with Indian Airlines being a 100% subsidiary Company.

22. After examination of the Petition by the erstwhile Committee taking into account the submissions made by the Petitioner as well as the representatives of the Ministry of Civil Aviation, the Committee had presented their Forty Ninth Report (Fourteenth Lok Sabha) to the Lok Sabha on 25 February, 2009. The recommendations made by the Committee are summarised as follows:-

- (1) Engagement of employees on contract/deputation basis is purely an ad hoc arrangement and should not be resorted to in case of jobs which are of permanent/ perennial nature. This situation should not, therefore, continue indefinitely. The Ministry of Civil Aviation should frame a long-term policy, including recruitment rules and service conditions, to manage the affairs of Alliance Air.
- (2) The objective of parity in pay and allowances of the employees of Alliance Air with erstwhile Indian Airlines could be achieved by permanent absorption of the affected employees.
- (3) The Medical Scheme for the employees of Alliance Air may be finalised on priority basis, in a time bound manner, and all the employees may be extended the benefit of the scheme.

23. Juxtapositioning the recommendations made by the erstwhile Committee on Petitions with the written submissions/oral evidence of the Ministry of Civil Aviation on the instant Petition, the Committee find it unfortunate that even after a lapse of more than six years, no tangible improvement in the service conditions of the employees of Alliance Air has been noticed and the employees are still languishing for want of parity in pay and allowances and other service conditions vis-a-vis the parent Company.

24. The Committee note that the Airline Allied Services Limited (AASL) which is a subsidiary of Indian Airlines had started its operations under the brand name of Alliance Air. Similarly, the All India Charters Limited (AICL) which is a subsidiary of Air India Limited, is known by its brand name of Air India Express. After merger of Indian Airlines and Air India in the year 2007, an additional subsidiary Company with the name of Air India Engineering Services Limited (AIESL) was formed for maintenance, repair and overhaul (MRO) activities of AASL and AICL. In AASL, all the employees are engaged on contractual basis, i.e., Fixed Term Employment Agreement. The Ministry has also informed the Committee that since both the Airlines, i.e. Alliance Air and Air India Express, are operating under different models, the two entities cannot be compared with each other as well as with the parent body, i.e. Air India.

25. The Committee have noted that with a view to infusing professionalism and increasing profitability in various Government-controlled business establishments, different methodologies like long-term agreements, bilateral/ trilateral MOUs, Turn Around Plans, Note on Operationalisation, re-delivery processes, replacement exercise, etc., have been introduced during the last two decades to justify the decisions taken by the Government in the context of changing business environment and for the introduction of growth acceleration techniques. However, all these policy formulations often tend to either the retrenchment of employees or reduction in their pay, allowances and other amenities by hiring them on contractual basis.

26. The Committee are dismayed to note that the plight of employees working in Alliance Air is no different in view of the fact that the principle of 'equal pay for equal work' which is recognised by various Courts of Law in our country has not been duly adhered to while restructuring the Aviation Sector. The Committee also fail to appreciate the argument put forth by the Ministry that since viability in their operations needs to be maintained, it is not possible for them either to regularise the services of contractual employees or providing them pay, allowances, medical benefits, career progression, annual leave and other amenities prevalent in their other subsidiaries. In view of the foregoing, the Committee are of the considered opinion that if the employees of the Civil Aviation Sector of the Government irrespective of the nomenclature of the Company (AASL, AICL or AIESL), are performing similar functions, their salary, allowances, amenities, career advancement, etc. should invariably be

similar in character and composition. The Committee are, therefore, inclined to observe that the organisational changes introduced by the Government since the year 2007 in the Aviation Sector has led to glaring disparities in the status, pay, allowances and other amenities of the employees. The Committee, while reiterating their earlier recommendations, on the subject, made in the Forty Ninth Report (Fourteenth Lok Sabha) recommend the Government to set up a panel of experts in the Sector to identify and make appropriate recommendations to address the issues of the growing disparities amongst employees of all its subsidiaries. The Committee would like to be apprised of the action taken by the Government in this regard within three months of presentation of the Report.
