

**COMMITTEE ON PUBLIC
UNDERTAKINGS
(1982-83)**

(SEVENTH LOK SABHA)

FIFTY-SEVENTH REPORT

ON

**Action taken by Government on the recom-
mendations contained in the Forty-Second Report
of the Committee on Public Undertakings (Seventh
Lok Sabha)**

ON

INDIAN AIRLINES

(MINISTRY OF TOURISM AND CIVIL AVIATION)

Presented to Lok Sabha and Laid in Rajya Sabha on.....

6 APR 1983



सत्यमेव जयते

**LOK SABHA SECRETARIAT
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(1982-83) (SEVENTH LOK SABHA)**

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(1982-83)**

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PUBLIC UNDERTAKINGS**

(1982-83)

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6. Shri Pratap Bhanu Sharma
7. Shri Satyendra Narain Sinha
8. Shri J. P. Mathur
9. Shri Syed Sibtey Razi

INTRODUCTION

I, the Chairman, Committee on Public Undertakings having been authorised by the Committee to submit the Report on their behalf, present this Fifty-Seventh Report on Action Taken by Government on the recommendations contained in the 42nd Report of the Committee on Public Undertakings (Seventh Lok Sabha) on Indian Airlines.

2. The 42nd Report of the Committee on Public Undertakings was presented to Lok Sabha on 28 April, 1982. Replies of Government to all the recommendations contained in the Report were received on 15 January, 1983. The Replies of Government were considered by the Action Taken Sub-Committee of the Committee on Public Undertakings on 16 February, 1983. The Report was finally adopted by the Committee on Public Undertakings on 22 February, 1983.

3. An analysis of the Action Taken by Government on the recommendations contained in the 42nd Report of the Committee is given in Appendix.

NEW DELHI;

February, 1983

Phalgunā 7, 1904 (Saka)

MADHUSUDAN VAIRALE,

Chairman,

Committee on Public Undertakings.

CHAPTER I

REPORT

The Report of the Committee deals with the action taken by Government on the recommendations contained in the Forty-second Report (Seventh Lok Sabha) of the Committee on Public Undertakings on Indian Airlines which was presented to Lok Sabha on 28 April, 1982.

2. Action Taken notes have been received from Government in respect of all the 30 recommendations contained in the Report. These have been categorised as follows:—

- (i) Recommendations/observations that have been accepted by Government:

Sl. Nos. 1, 2, 4, 6, 7, 9, 10, 13—17, 20—23, 28 and 29.

- (ii) Recommendations/observations which the Committee do not desire to pursue in view of Government's replies:

Sl. Nos. 8 and 24.

- (iii) Recommendations/observations in respect of which replies of Government have not been accepted by the Committee:

Sl. Nos. 5, 11, 18, 25—27 and 30.

- (iv) Recommendations/observations in respect of which final replies of Government are still awaited:

Sl. Nos. 3, 12 and 19.

The Committee will now deal with the action taken by Government on some of their recommendations.

A. Uneconomic Routes

Recommendation, Serial No. 5 (Para 5, Part II)

3. In terms of Section 9 of the Air Corporations Act, the Indian Airlines was required to act on business principles. It also follows from Section 34 of the Act that services otherwise than on commercial considerations could be established or continued only on specific directions of Government. However, the number of uneconomic routes operated by

the Airlines had been rising. The Committee observed that there was no detailed review of uneconomic routes at the Government level and the whole position called for a review for appropriate action. They recommended that the services which could not at all be justified on commercial considerations but were desired by Government should be covered by directions under Section 34 of the Act.

4. In their reply, Government have *inter alia* stated that as recommended by the Committee, review of uneconomic routes is being done. They have also instructed the Indian Airlines to undertake a detailed review of its uneconomic routes with a view to further rationalisation. Nothing, has however, been mentioned in the reply about covering by specific directions the services, which could not at all be justified on commercial considerations but were desired by Government under Section 34 of the Act.

5. The Committee expect that after the review of the uneconomic routes undertaken by Government is over, such of the uneconomic routes which are still desired by Government but could not be justified on commercial considerations should be covered by directions under Section 34 of the Air Corporations Act.

B. Low capacity utilisation of aircraft

Recommendation, Sl. No. 5 (Para 5, Part II)

6. The Committee noted that the overall aircraft capacity utilisation had come down from 70.5 per cent in 1976-77 to 63.3 per cent in 1980-81. The duration of deployment also had touched a new low in 1980-81. Clearly there was excess capacity not justified by traffic demand. The Committee recommended that in future, aircraft acquisition should be so phased that there was no undue lag between availability of capacity and its utilisation.

7. In their reply, the Government have stated that in 1980-81, Indian Airlines completely phased out the Caravelle aircraft and modernised the fleet by induction of 8 jet aircraft (2 airbuses and 6 Boeings). Acquisition of new aircraft is made only after detailed market surveys and evaluation. Although there was a marginal reduction in utilisation as compared to previous years, this situation does at times arise when higher capacity aircraft are inducted. The Committee had, in their observation, noted that even in 1981-82 the overall load factor was only 64 per cent as compared to 70 per cent in 1978-79. The duration of deployment of

aircraft (total hours) had further gone down to 2,381 hours in 1981-82 as compared to 2,441 hours in 1980-81.

8. The Committee reiterate that there should be better deployment of aircraft and overall aircraft capacity utilisation should be improved. Aircraft acquisition should be so phased in future, that there is no undue lag between availability of capacity and its utilisation.

C. Cost and Earnings of carrying Passengers, Cargo and Mail

Recommendation, Serial No. 11 (Para 11, Part II)

9. The Committee noted that the profitability on passengers, cargo and mail tariff was not worked out separately by the Airlines. They saw no reason why that could not be done and suggested that in future on the basis of the average cost per tonne kilometre, the cost of carriage should be worked out separately and compared with the earnings. The Committee recommended that the fare and freight structure should be so devised as to break-even as far as possible on each of the three distinct categories, viz. passengers, cargo and mail and overall generate sufficient internal resources to meet to some extent capital expenditure.

10. The Government, in their reply, have stated that the fare and freight structure for passengers and mail has been so devised that Indian Airlines not only break even but also obtain a return on capital invested. The Indian Airlines is primarily a passenger carrier and does not operate any exclusive freighter services. In order to utilise the space available in the cargo-holds at a optimum level, steps are being taken to carry cargo to the maximum even by offering incentives and discount on bulk cargo carriage. At present, the realisation from cargo is an additionality to the total revenue of the Corporation.

11. The Committee are not satisfied with the reply furnished by the Ministry. They reiterate that in order to have a correct assessment in regard to profitability of various operations, the cost of carriage should be worked out separately for passengers, cargo and mail on the basis of the average cost per tonne kilometer and compared with the earning from each category.

D. Consumer satisfaction

Recommendation, Sl. No. 13 (Para 13, Part II)

12. The Committee had observed that the efficiency of Indian Airlines had to be assessed particularly with reference to the degree of consumer satisfaction that it could give. Their examination had revealed that

there was need for improving quality of service in order to project a better image of the airlines.

13. In their reply, the Ministry have stated that the recommendation of the Committee is accepted. The Corporation has taken a number of steps to improve the consumer satisfaction by providing convenient flight timings, better facilities on the ground and on board the aircraft.

14. The Committee note that steps have been taken to improve the consumer satisfaction. Instances have, however, come to the notice of the Committee where luggage of the passengers have been despatched to places other than their destinations causing lot of inconvenience to the passengers. The Committee would stress that adequate care should be taken while loading and off loading the passengers luggage.

They also suggest that supply of freshners to the passengers should be reintroduced

E. Utilisation of Funds by DGCA for augmentation of Airport Facilities

Recommendation, Sl. No. 16 (Para 16, Part II)

15 The Committee urged the need to augment the airport facilities. In this connection, they were surprised to note that considerable funds placed at the disposal of the Directorate General of Civil Aviation were allowed to lapse from year to year.

16. In their reply, the Government have *inter alia* stated that the funds earmarked for the improvement of facilities at airports have been utilised fully.

17. The Committee would like to point out that as mentioned in para 27 of their Report, the D.G.C.A. surrendered Rs. 12 crores in 1979-80. In 1980-81 and 1981-82 also as against allocation of Rs. 20 crores and Rs. 24 crores, the amount actually utilised was Rs. 18 crores and Rs. 23.75 crores respectively. The Committee hope that in future the funds placed at the disposal of D.G.C.A. for augmenting airport facilities would be fully utilised.

F. Need for Independent Air Safety Cell

Recommendation, Sl. No. 18 (Para 18, Part II)

18. The Committee commended the idea of having an independent Air Safety Cell in Government. They pointed out that as the negligence

on the part of both the Airlines and the airport authorities under the control of the DGCA, IAAI could result in accidents, any enquiry into the accidents and review of safety arrangements could be handled satisfactorily only by an agency independent of all concerned.

19. In this connection, the Ministry have stated that a Directorate of Air Safety already exists in the Directorate General of Civil Aviation, which has already been charged with the responsibility of safety arrangements and enquiry into accidents. This Directorate functions independently of the International Airports Authority of India and the Airlines. It is felt that creation of an independent air safety cell will only duplicate these functions.

20. The Committee reiterate that the present arrangements under which the Directorate of Air Safety functions under the DGCA, which is responsible for airport facilities at all the domestic airports, cannot be considered as satisfactory. The Directorate of Air Safety should therefore, be placed directly under the Ministry of Civil Aviation.

G. Quality of Service

Recommendation Serial No. 25 (Para 25, Part II)

21. The Committee were of the view that flight catering should be entrusted to public sector organisation wherever possible. In this connection, they referred to the arrangement at Calcutta airport where only about 50 per cent of flight catering was entrusted to ITDC. In this connection, the Committee referred to a visit of a Study Group of the Committee to the flight kitchen operated by a private contractor near Calcutta airport, which showed that the contractor was ill equipped for satisfactory service and the standard of the facilities was nowhere near that of the ITDC. In the circumstances, the Committee desired that the entire flight catering at Calcutta should be entrusted to ITDC.

22. The Government in their reply have stated that while it was agreed that catering contract should as far as possible, be entrusted to public sector organisations, it would be proper to uplift supplies from more than one caterer at major airports|base stations both to provide an element of competition and also to ensure alternate source of supply during labour or other disturbances in a single catering organisation.

23. The Committee regret to note that nothing has been said in the reply about the equipment and standard of the facilities of the private contractor at Calcutta airport which according to the Committee were not such as would make for satisfactory service. The Committee therefore, desire that even if it is decided to uplift some part of supplies from any private caterer, it should be ensured that the standard of facilities of and services provided by the caterer was satisfactory and there was no cause of any complaint by the passengers.

H. *Setting up of Consultative Councils*

Recommendation Sl. No. 26 (Para 26, Part II)

24. The Committee had pointed out that Indian Airlines being a service enterprise there had to be a constant interaction with the users to make it continuously responsive to their needs and suggestions. Though there was an Advisory Committee constituted in terms of Section 41 (1) of the Air Corporations Act prior to 1971, the Act had been amended to do away with the Advisory Committee. Even though it was no longer a statutory requirement, the Committee felt strongly that there ought to be an arrangement for interaction with the passengers. For this purpose, the Committee recommended that informal consultative councils may be set up at various regions without delay.

25. The Ministry have stated, in this regard that the recommendation of the Committee had been very carefully considered. Indian Airlines already periodically arranges interaction with organisation including the Chambers of Commerce particularly as a large percentage of the Airlines clients is constituted by persons who have business/commercial interest. In addition, Indian Airlines is stated to be organising an opinion survey.

26. The Committee are not satisfied with the reply of Government. They reiterate that in order to enable constant interaction between Indian Airlines and its users and to make it continuously responsive to their needs and suggestions, informal consultative councils should be set up at various regions without delay. Such an institutionalised arrangement is according to the Committee absolutely necessary especially in a monopoly service enterprise such as the Indian Airlines.

1. *Revival of Air Transport Council*

Recommendation Serial No. 27 (Para 27, Part II)

27. The Committee observed that the effective functioning of the Airlines depends on the effective coordination among the Airlines, Air

India, DGCA, IAAI, DGP&T etc. Although the Air Corporations Act contemplated constitution of an Air Transport Council inter alia to bring about this coordination, the Council set up in 1975 was asked only to study the tariff structure and was wound up in 1962. The Committee recommended that the Council should be revived and its functions should include effective coordination to ensure effective discharge of responsibilities by the Indian Airlines and Air India.

28. In reply, the Government stated that they have carefully examined the recommendation of the Committee regarding the revival of the Air Transport Council. The Air Corporations Act, 1953 contemplated the constitution of a Council after the formation of the two corporation by amalgamating a number of private sector organisations with a view to coordinating matter of common interest between the two corporations and the DGCA or the DGP&T, such as operation of scheduled air transport services and the routes and frequencies thereof the passenger fares, freight rates including mail rates, etc. A Council was actually set up in 1955 to go into the question of fares and freight rates. However, in course of time, an independent Civil Aviation Ministry has come into existence and seen the growth of both the Corporation at a rapid pace. During the last 30 years of the Corporation in existence, coordination of matters of common interest between the two Corporations and the other allied agencies like the DGCA and DGP&T has been carried out at the level of the Secretary of the Ministry of Civil Aviation which functions as effective coordinating agency. In these circumstances, Government do not feel the need for revival of Air Transport Council.

29. The Committee feel that the Ministry of Civil Aviation cannot effectively perform the functions envisaged for Air Transport Council. They, therefore, reiterate that as provided in the Air Corporations Act the Air Transport Council should be revived.

J. Board of Directors

Recommendation Serial No. 30 (Para 30, Part II)

30. The Committee had observed that it was neither conducive to the autonomy of the Indian Airlines nor did it make for an independent control over the Airlines to have the Secretary, Ministry of Tourism and Civil Aviation on the Board of the Airlines. The Committee had already

expressed themselves against such a practice from time to time and particularly in their 20th Report (1978-79). The Committee was surprised that lately the Secretary had been appointed a Director of the Indian Airlines. The Committee strongly felt that it should not be continued.

31. In reply, the Ministry have stated that the experience hitherto has been that with the Secretary of the Ministry on the Boards of Indian Airlines and Air India, the autonomy of the Corporation has not been infringed in any manner. As a matter of fact this has contributed to better coordination and awareness of the problems of the Airlines and towards solution of the same.

32. As pointed out by the Committee in their Report, as early as November, 1961 Government had decided that "no Secretary of a Ministry/Department shall be a Member of any Board". The Administrative Reforms Commission had also recommended in their Report on Public Sector Undertakings (1967), which Government had accepted, that no officer of a Ministry should be made Chairman of Public Undertakings nor should Secretary of Ministry be included in its Board of Management. The Estimates Committee and the Committee on Public Undertakings have also been constantly holding the view that no officer of the Ministry should be made the Chairman and no Secretary to the Government should be appointed to the Board as a Director. They have given cogent reasons why this should not be done from the point of view of ensuring real autonomy of the public enterprises as well as objective appraisal of the working of these enterprises by the Ministries.

33. The Committee reiterate that it is neither conducive to the autonomy of the Indian Airlines nor does it make for an independent control over the Airlines to have the Secretary of the administrative Ministry on the Board of the Airlines and this practice should end forthwith.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY GOVERNMENT

Recommendation (S. No. 1)

The Indian Airlines was set up under the Air Corporations Act, 1953. The Airlines was last examined by the Committee on Public Undertakings (1972-73). The cumulative losses which were of the order of Rs. 15.00 crores as on 31st March, 1974 were wiped out subsequently. The profit of the Airlines went up from Rs. 1.02 crores in 1974-75 to Rs. 20.74 crores in 1976-77 on account of several economy measures but thereafter there was deterioration in profitability and the Airlines again went into the red in 1979-80. The marginal profit of Rs. 2.48 crores earned during 1980-81 was illusory inasmuch as this was after adjusting receipts relating to previous years to the extent of Rs. 5.78 crores including subsidy claims aggregating Rs. 2.35 crores. This subsidy claims have, however, not been accepted by Government and hence these cannot be regarded as accrued income. The Committee's examination of the Airlines has revealed that of late the number of uneconomic routes operated by it has increased vastly, the cost of operation has steadily escalated, the capacity utilisation has touched a new low and the quality of service leaves something to be desired. The Committee hope that on the basis of this Report steps would be taken to improve the working of the Airlines by bringing about of effective cost control and optimal utilization of aircraft besides satisfactory quality of service.

(Para 1 of Part II)

Reply of the Government

The Corporation earned a profit of Rs. 2.48 crores in 1980-81. The profits increased to Rs. 11.54 crores in 1981-82. In the current financial year further improvement has been registered. The Indian Airlines earned a profit of Rs. 5.55 crores (approx.) during the first seven months *i.e.* April 1982 to October 1982 as against Rs. 1.76 crores for corresponding period of the previous year.

In airlines operations assessment of profits and loss on the basis of individual routes in isolation tends to present an erroneous picture. Some routes, although *per se* are uneconomic generate traffic for other routes which would also become uneconomic if this traffic is not generated. These uneconomic routes contribute towards making other routes economic. Further Indian Airlines being a national carrier and a Public Undertaking has certain social obligations to operate on certain routes which are uneconomic and will continue to be uneconomic for sometime.

The experience in the recent years has been that on account of factors completely beyond the control of the Airlines certain economic routes have been rendered uneconomic. In this context the steep rise in fuel prices during the period 1979 to 1981 is a pertinent factor. Operational costs including landing and navigational charges, the cost of aircraft spares etc. has also registered a steep rise in price and has affected the cost of operations.

In the light of the Committee's recommendations Indian Airlines has introduced measures to reduce the variable costs to the extent practicable.

Serious attention has been given to the Committee's views regarding capacity utilisation. The passengers load factor has registered an increase from 66.9 in 1980-81 to 68.8 in 1981-82.

(Ministry of Civil Aviation O.M. No. H-11013/5/82-AC
dated 15-1-1983.)

Recommendation (Sl. No. 2)

In terms of Section 9 of the Air Corporations Act the Airlines is required to act on business principles. It also follows from Section 34 of the Act that services otherwise than on commercial considerations can be established or continued only specific directions of Government. However, the number of uneconomic routes operated by the Airlines has been rising. During 1980-81, 91 out of the total number of 117 routes were uneconomic in that these did not meet the entire operating cost, and the deficits on these routes were of the order of Rs. 34.93 crores. 28 routes did not meet even the direct operating cost. Only one service (Delhi/Lucknow|Patna|Gauhati|Imphal) has been in operation on a specific direction from Government. However, the Committee have been informed that though the Airlines did not want to operate certain routes informally Government want these to continue. The Committee are unable to resist a feeling that the Airlines is not being operated strictly in accordance with the Act. In a situation of under utilisation of capacity it may

be commercially justified to operate some routes on marginal costing basis in order to atleast recover some part of the overheads, but there is no case for operating any route without recovering even the direct cost except for a brief period as a promotional venture, unless Government, in public interest, direct the Airlines otherwise. At present there is no detailed review of uneconomic routes at the Government level. The whole position, therefore, calls for a review for appropriate action. The services which cannot at all be justified on commercial considerations but are desired by Government should be covered by directions under Section 34 of the Act. The directions given by the Government under Section 34 of the Act and the effect thereof should be published in the Annual Reports of the Airlines in future for information of Parliament and the public.

(Para 2 of Part II)

Reply of the Government

Keeping in view the social obligation of a National carrier and the administrative consideration the Indian Airlines has introduced several measures to rationalise routes and services with the result that whereas in 1980-81, 54 routes were uneconomic in 1981-82, the figures decreased to 48 routes.

As recommended by the Committee, review of uneconomic routes is being conducted by Government. Indian Airlines has also been instructed to undertake a detailed review of its uneconomic routes with a view to further rationalisation.

The Airlines are already publishing the directions given by Government under Section 34 of the Act. As recommended by the Committee they will also be incorporating the effect of such directions in their annual reports.

(Ministries of Civil Aviation O.M. No. H. 11013|5|82-AC
dated 15-1-1983.)

Comments of the Committee

(Please see paragraph 5 of Chapter I of the Report)

Recommendation (S. No. 4)

The Committee find that 5 out of 14 international services operated by the Airlines are uneconomic. The Committee do not find justification

for operating uneconomic foreign services just to keep the Indian Airlines on the international civil aviation map. This requires to be gone into. Further, though international services are to be operated maintaining parity between the national carriers and foreign airlines, there is disparity between the Indian Airlines and the Ariana Afghan Airlines unfavourable to the former in regard to not only the number of services but also the passengers carried. Such disparities should be avoided.

(Para 4 of Part II.)

Reply of the Government

The Corporation has examined the matter afresh in the light of the Committee's recommendations and have introduced new marketing strategies. Two of the five uneconomic services referred in the Committee's report became viable in 1981-82. It is anticipated that in 1982-83 the position in respect of the other services will also register improvement.

The bilateral agreement between India and Afghanistan provides for equal opportunity in respect of frequency and capacity. However, due to disturbances in Afghanistan, Indian Airlines had to curtail its services.

(Ministry of Civil Aviation (O.M. No. H.11013|5|82-AC dated 15-1-1983.)

Recommendation (S. No. 6)

The Airlines fleet consists of Airbus (8), Boeing 737 (19), F-27 (14) and HS-748 (8) aircraft. Of these, the latter two are totally uneconomic. For every one hour of operations a loss of Rs. 4395 is incurred on F-27 and a loss of Rs. 3280 is incurred on HS-748. Except to the extent these turbo prop aircraft are necessary for operating on certain sectors where jets cannot operate, these should be phased out early.

(Para 7 of Part II)

Reply of the Government

The recommendation of the Committee is accepted and steps are being taken to phase out turbo prop aircraft.

(Ministry of Civil Aviation O.M. No. H.11013|5|82-AC dated 15-1-1983.)

Recommendation (S. No. 7)

The Indian Airlines has spent about Rs. 2 crores during 1978-79 on repairing the damages caused by bird hits alone. The Airlines has suggested several steps to counter the problem of bird menans and some of these have been implemented. From the point of view of cost and safety of operation the problem has assumed serious proportions. The Committee desire that on the basis of periodic review of the position as promised to them, effective steps should be taken to minimise, if not altogether eliminate, this problem. These should include spray of insecticides and strict enforcement of Aircraft rules to keep the airport surroundings free from slaughter houses and garbage disposals.

(Para 7 of Part II)

Reply of the Government

Bird strike to aircraft in a world-wise phenomenon. The Government is fully seized of the problem and all efforts are being made to reduce/eliminate the hazards to aircraft operations due to bird strike incidents.

The following committees have been set up at various levels:—

1. Local Airport Bird Committee.
2. Airfield Environment Management Committee.
3. High Level Bird Strike Committee under the Chairmanship of Secretary, Ministry of Civil Aviation.

The following steps/actions are being taken to reduce/minimise the instances of bird hit:—

1. The grass within the basic strips of the aerodrome is cut regularly and at no time it is allowed to grow beyond six inches;
2. The basic strip of the runway is sprayed with insecticides and diesel emulsion at least four times in a year;
3. The fire-crackers and pyro-technics are used to scare away the birds;
4. Shikaries are being deployed for shooting the birds;
5. The existing morcury vapour lights on the apron areas of the aerodrome are being replaced by sodium vapour lights. The sodium vapour lights attract less number of insects compared to the other lights of equal illumination;

6. **Bird strike prevention squads have been set up at aerodromes.**
These squads petrol the operational areas and locate the sites of bird activity and take appropriate action to scare them away;
7. **Adequate number of incinerators have been provided at each aerodrome for garbage disposal;**
8. **Publicity through posters/stickers;**
9. **Maintain environmental cleanliness within a radius of 10 to 15 kms. around the airfield on high priority basis;**
10. **Effective measures for disposal of liquid and solid wastes;**
11. **Removal of unauthorised slums/eating houses, butcheries etc. from the vicinity of the airfields by taking effective executive and legislative measures as necessary in consultation with the State Departments concerned.**

(Ministry of Civil Aviation O.M. No. H.11013/5/82-AC
dated 15-1-1983).

Recommendation (S. No. 9)

The commission paid by the Airlines to the booking agencies was Rs. 10.67 crores in 1980-81. The Airlines has appointed agents even in places where it has its own offices. The Committee suggest that the agency system may be critically gone into with a view to appointing public sector concerns like the Air India, I.T.D.C. eliminating the private agents as far as possible except in big cities.

(Para 9 of Part II)

Reply of the Government

As recommended by the Committee, the Corporation has critically examined the agency system keeping in view operational economy, service to the customers and productivity of the agents. (The appointment of agents prove economical as it results in saving of staff cost, rentals and other incidental expenses as well as provides information and service to the clients. Indian Airlines also appraises the performance of the agents from the point of view of revenue generation).

The commission of Rs. 10.67 crores paid in 1980-81 includes Rs. 4.99 crores paid to foreign airlines in respect of bookings made by them on

Indian Airlines network. Air India is also an agent of Indian Airlines. The Committee's recommendation of appointing I.T.D.C. as an agent will be duly considered as and when the I.T.D.C. subsidiary namely, Ashok Travels, approaches Indian Airlines for location-wise recognition.

(Ministry of Civil Aviation O.M. No. H.11013/5/82-AC
dated 15-1-1983)

Recommendation (S. No. 10)

The fares were fixed in 1959 on a uniform basis in accordance with the recommendations of Air Transport Council constituted under Section 30 of the Air Corporations Act. Since then several distortions have crept in. The fare structure is different for different types of aircraft and sectors. The Committee feel that there should be a fresh review to evolve a scientific tariff structure not only for passenger but also for baggage, cargo and mail having regard to the various new factors that have emerged.)

(Para 10 of Part II)

Reply of the Government

Government have noted the recommendation of the Committee on Public Undertakings and would review fare structure at an appropriate time.

With the gradual phasing out of the turbo-prop aircraft and introduction of more and more jet aircraft on short sectors operated by Indian Airlines, they are using the jet taper for calculation of passenger fares and freight rates, one for Eastern sector and the other for the rest of India. The passenger mileage taper as on 1st August, 1981 is given as under:—

Mileage Slab	Rate per	Rate per
	mile Rest of India	mile East- ern sector
	Rs.	Rs.
1 to 200	.8056	.7397
201 to 500	.8447	.6975
501 to 900	.8189	.6764
901 and above	.7677	.6842

The above mileage taper is being used for construction of basic fares and on fares thus derived a fuel surcharges is separately levied. The fuel

surcharge was first levied in June 1981 @ 25 per cent on fare levels upto Rs. 350 and 20 per cent on fares of Rs. 350 and above. In January, 1981 a 25 per cent fuel surcharge was uniformly levied on all basic fares. The existing fuel surcharge is 32 per cent on the basic fares which was introduced with effect from August, 1981.

(Ministry of Civil Aviation O.M. No. H.11013/5/82-AC
dated 15-1-1983.)

Recommendation (S. No. 13)

Indian Airlines is a service enterprise. Its efficiency has to be assessed particularly with reference to the degree of consumer satisfaction that it could give. The Committee, therefore, spent considerable time in examining the punctuality of service, safety of service, passenger booking, catering service etc. Their examination has revealed that there is need for improving the quality of service in order to project a better image of the Airlines.

(Para 13 of Part II)

Reply of the Government

The recommendation of the Committee is accepted. The Corporation has taken a number of steps to improve the consumer satisfaction by providing convenient flight timings, better facilities on the ground and on board the aircraft.

Flight operations are being closely monitored to improve the punctuality of services. All the delays are reviewed regularly and remedial action taken wherever possible. There has been a considerable improvement in the on time performance of Indian Airlines service. The on time performance was approximately 70 per cent in 1979, 78.5 per cent in 1980 and 80 per cent in 1981.

In order to improve the safety standards, the Corporation has strengthened and modernised the engineering services. Scientific maintenance and preventive maintenance practices are being strictly enforced. A programme has been formulated to instal sophisticated equipment at all the international airports and other airports located in sensitive areas to ensure quicker and reliable pre-embarkation checks.

In order to maintain the flying competence of the operating crew at a peak level, they are required to undergo licence renewal checks, technical

and performance refresher courses and instrument rating checks on the simulator every six months. For this purpose, three simulator have been installed at Hyderabad.

The Corporation has also placed a purchase order for installation of real time computer which will considerably improve the booking facility. Indian Airlines have also taken steps to improve the catering service both quantitatively and qualitatively and provide a variety by revising their menus from time to time.

(Ministry of Civil Aviation O.M. No. H.11013/5/82-AC
dated 15-1.1983.)

Comments of the Committee

(Please see paragraph 14 of Chapter I of the Report)

Recommendation (S. No. 14)

The despatch reliability of the Airlines ranged from 69.85 to 78.79 during the years 1979—81. Unfortunately the Committee did not get a reliable inter-firm comparison of performance in this regard. However, through there has been some improvement, the Airlines has come in for criticism on account of cancellation and long delays which are often not reported to the passengers in time. The delays and cancellations are partly attributable to the Airlines and partly to the airports, though to some extent these are also caused by the vagaries of weather. There has to be a coordinated effort both by the Airlines and the Director General of Civil Aviation/International Airport Authority of India, at a fairly high level to eliminate causes that contribute to cancellations/delays. Where these are caused by negligence prompt action should be taken against persons held responsible in order to not as a deterrent.

(Para 14 of Part II.)

Reply of the Government

The recommendation of the Committee has been accepted in entirety and steps have been taken to implement them fully. The on time performance of Indian Airlines in 1981-82 was 80 per cent.

(Ministry of Civil Aviation O.M. No. H.11013/5/82-AC
dated 15-1.1983.)

Recommendation (Serial No. 15)

If delays/cancellations become inevitable, the least that is expected of the Airlines is to ensure that the passengers are promptly informed so as to avoid any inconvenience to them. However, unreliability of public telephone system and the inadequacy of private communication facilities of the Airlines have rendered it difficult, if not impossible. It was only at the instance of the Committee that the entire amount of the requirement of the communication facilities for the Airlines was reviewed with the Wireless Adviser and some progress made in providing a network, both for air-to-ground and for ground-to-ground communication facilities. The Committee desire that whatever is possible in this direction should be done without loss of time.

(Para 15 of Part II.)

Reply of the Government

The recommendation of the Committee has been accepted and is being implemented accordingly. It may, however, be added that Indian Airlines has installed Automatic Telephone Flight Information System at major airports. This system entails pre-recorded flight information being given to anyone dialling the specified numbers. Indian Airlines have also installed High Frequency (HF)/Signal Short Bend (SSB) stations at Bombay, Calcutta, Delhi, Madras, Srinagar, Bangalore, Hyderabad and Gauhati. In a gradual manner, this facility will be provided to all other stations.

(Ministry of Civil Aviation O.M. No. H.11013/5/82-AC
dated 15-1-1983)

Recommendation (S. No. 16)

During the period 1976—81, there were as many as 15 accidents involving Indian Airlines aircraft. Of these 6 were fatal. In the year 1979 alone, there were 2 fatal and 4 non-fatal accidents. The record of the Airlines in regard to accidents compares poorly with that of a number of foreign airlines. Several factors affecting the safety of operations of airlines in our country were highlighted in the press. These included lack of proper visual aids for navigation and landing and slums spreading near airports. Clearly the airports facilities need to be augmented. In this connection it is surprising to note that considerable funds placed at the disposal of the Directorate General of Civil Aviation were allowed to lapse from year to year. The Committee trust that in future there will be

no delay in taking up an implementing schemes for providing minimum necessary facilities in all the airports to ensure safety of operations. The problem posed by the spreading slums near the Bombay airport should also be solved early in concert with the State Government.

(Para 16 of Part II.)

Reply of the Government

The facilities at the airports including communication, Navigational and landing aids are being constantly improved to match the requirements of faster and sophisticated aircraft being operated by the airlines. In the recent past no accident has occurred due to failure of communication facilities or navigational and landing aids and safety services. The funds earmarked for the improvement of facilities at airports have been utilised fully.

Attention of the Government of Maharashtra has been emphatically drawn to the serious problem of slums near the Bombay Airport. The Government of Maharashtra has recently agreed to provide 40 acres of land for shifting the unauthorised slum-dwellers.

(Ministry of Civil Aviation O.M. No. H-11013/5/82-AC
dated 15-1-1983.)

Comments of the Committee

(Please see paragraph 17 of Chapter I of the Report)

Recommendation (S. No. 17)

Though the Indian Airlines stated that there had been no specific case of infringement of safety rules and regulations, the Indian Commercial Pilots' Association in their memorandum submitted to the Committee alleged lack of vigilance on the part of both Indian Airlines and DGCA in enforcing safety rules for flying, maintenance and other associated requirements. The Committee are also disturbed to learn from the press that there were overloading of aircraft with potential threat to safety of operation. In one case (February 1982) 7 passengers were carried in excess and accommodated in the cockpit, gallery and even in toilets. The Directorate General of Civil Aviation is reported to have initiated proceedings under the Aircraft Rules. There is clearly need for greater vigilance by the top management of the airlines and the DGCA to avoid recurrence of this phenomenon.

Reply of the Government

Indian Airlines has reiterated instructions to all the Operation/Commercial staff not to violate regulations governing the air safety rules. Director General of Civil Aviation ensures compliance of the provisions of aircraft Act through spot checks/surprise checks conducted by officers nominated for this purpose.

The incident of overloading and carriage of excess passengers reported to the Committee was investigated and appropriate disciplinary action has been taken against the erring pilot and the commercial staff.

To obviate recurrence of such incidents, the management of the Airlines and the Director General of Civil Aviation are exercised greater vigilance.

(Ministry of Civil Aviation O.M. No. H-11013/5/82-AC
dated 15-1-1983.)

Recommendation (S. No. 20)

There have been a lot of complaints from passengers that though O.K. tickets were issued seats were not available on flights. A typical instance came to the notice of the Committee through the press was that 20 passengers holding confirmed tickets were refused seats and some others accommodated out-of-turn in Calcutta-Delhi flight (IC-263) on 2 October, 1981. Surprisingly, 16 out of 20 passengers accommodated out-of-turn turned out to be Airlines staff on leave and their dependents. Thus, the Airlines staff seem to serve themselves better than serving the public. The Committee recommend that in such cases deterrent action should be taken.

(Para 20 of Part II.)

Reply of the Government

Government fully realises the seriousness of this matter. The recommendations of the Committee has been taken serious note of and Indian Airlines has been instructed to take severe deterrent action in such cases.

(Ministry of Civil Aviation O.M. No. H-11013/5/82-AC
dated 15-1-1983.)

Recommendation (S. No. 21)

The passengers are put to a lot of inconvenience by the agents of foreign airlines issuing O.K. tickets covering the connecting Indian Airlines flights without receiving confirmation. The Indian Airlines has made but a case for opening offices abroad in order to handle passenger bookings. Pending a decision on this, the Committee would suggest that Air India should be directed to handle the bookings for Indian Airlines abroad.

(Para 21 of Part II.)

Reply of the Government

Pending a decision for opening Indian Airlines offices abroad, Air India and other international Airlines are already booking tickets on Indian Airlines. They have been instructed to issue O.K. tickets only after confirmation by Indian Airlines.

(Ministry of Civil Aviation O.M. No. H.11013/5/82-AC dated 15-1-1983.)

Recommendation (S. No. 22)

22. In the absence of a real time computer system it appears that the passenger bookings cannot be handled satisfactorily. A proposal for acquisition of a computer is pending with government. The Committee hope that an early decision will be taken in the matter. Incidentally, the Committee suggest that there should be arrangement for booking round the clock atleast in metropolitan cities in selected city booking offices.

(Para 22 of Part II)

Reply of the Government

Government approved the proposal for installation of Real Time Computer System by Indian Airlines on 21st October, 1982. Indian Airlines placed an order for this equipment in October, 1982. The delivery of this equipment is expected January, 1983. Steps are being taken to instal the System in conformity with delivery dates.

Arrangements exist at Delhi, Calcutta, Madras and Bombay for round-the-clock bookings. The tickets, however, have to be purchased within normal booking hours.

[Ministry of Civil Aviation (O.M. No. H. 11013|5|82-AC, dated 15-1-1983)]

Recommendation (S. No. 23)

The Quality and the quantity of the foodstuffs served on board are not satisfactory. The Committee, however, note that after they examined the Indian Airlines the quantity has been improved. The Committee would expect qualitative improvement also. (Para 23 of Part II).

Reply of the Government

Indian Airlines have taken steps to improve the catering services both quantitatively and qualitatively and provide a variety by revising their menus from time to time.

[Ministry of Civil Aviation (O.M. No. H. 11013/5/82-AC
Dated 15-1-1983)]

Recommendation (S. No. 28)

The Committee feel that it is advantageous to have the Chairman of the ITDC on the Board of Indian Airlines and Air India notwithstanding the fact that the Director General, Tourism is associated with these Boards. (Para 28 of Part II).

Reply of the Government

The Director General of Tourism is a Director on the Boards of Indian Airlines and Air India as well as ITDC. Presently, he is also the Chairman of I.T.D.C. He thus represents ITDC on the Boards of both the Airlines.

[Ministry of Civil Aviation (O.M. No. H. 11013/5/82-AC dated
15-1-1983)].

Recommendation (S. No. 29)

The Committee regret to notice that there was no meaningful review of the performance of the Indian Airlines by the Ministry so far. Hereafter there should be performance reviews at the level of Secretary of the Ministry once a quarter. There should also be an independent review of the annual accounts before the Annual Report is laid before Parliament.

There should also be an effective system of monitoring the performance and analysing the data associating the Internal Finance Wing in the Ministry.

(Para 29 of Part II)

Reply of the Government

The recommendation of the Committee is fully accepted and quarterly reviews are now being made. The representative of Integrated Finance is also associated with the reviews.

[Ministry of Civil Aviation (O.M. No. H. 11013/5/82-AC dated 15-1-1983)].

CHAPTER III

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

Recommendation (S. No. 8)

The staff cost has jumped from Rs. 21.12 crores in 1974-75 to Rs. 39.03 crores in 1980-81. While it should be ensured that productivity is maintained and improved, it is also necessary to effect economies in cost. One such area where there seems to be possibility of economy is the development of cabin crew and the expenditure on outstation stay of cabin and cockpit crew. In this connection the Committee feel that if the facilities available in the public sector hotels are availed of there should be saving. Only when such facilities are not available recourse to private hotels should be taken. The Committee recommend that this should be made obligatory. (Para 8 of Part II)

Reply of the Government

It is correct that the staff cost have gone up considerably over a period of six years. This increase is due to increase in the staff strength from 15,250 in 1974-75 to about 18,000 in 1980-81 as well as increase in the scale of operations of the Corporation. There were wage revisions in 1974-75 and 1978-79, and the dearness allowances were also increased. In spite of all this, the staff cost, as a percentage of the total cost, has actually went down from 21.8 per cent in 1974 to 13.3 per cent in 1980-81.

As far as the Committee's recommendation regarding the stay of flying crew in the public sector hotels is concerned, this is being followed by the Corporation as far as possible.

[Ministry of Civil Aviation (O.M. No. H. 11013/5/82-AC dated 15-1-1983].

Recommendation (S. No. 24)

Besides efficiency and safety of service it is also necessary to ensure comfort of travel for the passengers. In this connection the Committee

note that the leg space in Boeing-737 aircraft is not adequate in as much as the aircraft accommodates 126 passengers with a pitch of 31"/30" as against the original specification of 115 passengers with the pitch of 33"/34". The Committee suggest that the possibility of improving the leg space should be explored. (Para 24 of Part II)

Reply of the Government

On short routes, seat pitch of 31"/30" is an internationally accepted practice. Increase in the pitch to 33"/34" will reduce the economic viability of the aircraft which at present will not be advisable to do.

[Ministry of Civil Aviation O.M. No. H. 11013/5/82-AC dated
15-1-83]

CHAPTER IV

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

Recommendation (S. No. 5)

The operating ratio (percentage of expenses to revenue) has gone up from 84.18 in 1976-77 to 92.80 in 1980-81. The cost of operations per Tonne kilometer has increased from Rs. 2.83 to Rs. 4.34. The overall aircraft capacity utilisation has come down from 70.5 per cent to 63.3 per cent. The duration of development of aircraft also has touched a new low in 1980-81. Clearly there is excess capacity not justified by traffic demand. In future aircraft acquisition should be so phased that there is no undue lag between availability of capacity and its utilisation. Further, scope for economy in operation should be identified to control the cost and steps should be taken to augment earnings by better marketing. (Para 5 of Part II)

Reply of the Government

The operating ratio and cost of operation per available tonne kmtr. is determined by a number of factors on which the Corporation has practically no control namely, fuel and oil prices, landing, parking, navigational and insurance charges. Interest and financing charges have also registered an increase. The relative increase in the above—mentioned costs has been much higher than the increase in fares and cargo rates.

Regarding the decrease in the deployment of aircraft, it is pertinent to mention that in 1980-81, Indian Airlines completely phased out the Caravelle aircraft and modernised the fleet by induction of 8 jet aircraft (2 airbuses and 6 Boeings). Acquisition of new aircraft is made only after detailed market surveys and evaluation. Although there was a

marginal reduction in utilisation as compared to previous years, this situation does at times arise when higher capacity aircraft are inducted.

[Ministry of Civil Aviation O.M. No. H 11013/5/82-AC Dated
15-1-1983]

Comments of the Committee

(Please see paragraph 8 of the Chapter I of the Report)

Recommendation (S. No. 11)

The Committee suggest that in a developing situation cargo earnings should not be viewed merely as incidental to the operation of passenger service and that tariff for carriage of mail should not remain un-related to postal rates. At present the profitability on passengers, cargo and mail tariff is not worked out separately by the Airlines. The Committee see no reason why this could not be done. They suggest that in future on the basis of the average cost per tonne kilometre the cost of carriage should be worked out separately and compared with the earnings. The fare and freight structure should be so devised as to break-even as far as possible on each of the three distinct categories, viz. passengers, cargo and mail and overall generate sufficient internal resources to meet to some extent capital expenditure. (Para 11 of Part II)

Reply of the Government

The fare and freight structure for passengers and mail has been so devised that Indian Airlines not only break even but also obtain a return on capital invested. The Indian Airlines is primarily a passenger carrier and does not operate any exclusive freighter services. In order to utilise the space available in the cargo-holds at an optimum level, steps are being taken to carry cargo to the maximum even by offering incentives and discount on bulk cargo carriage. At present, the realisation from cargo is an additionality to the total revenue of the Corporation.

[Ministry of Civil Aviation O.M.No. H. 11013/5/82-AC Dated
15-1-1983]

Comments of the Committee

Please see paragraph 11 of Chapter I of the Report)

Recommendation (S. No. 12)

The Committee commend the idea of having an independent Air Safety Cell in government. As the negligence on the part of both the Airlines

and the airport authorities under the control of the DGCA/IAAI could result in accidents, any enquiry into the accidents and review of safety arrangements could be handled satisfactorily only by an agency independent of all concerned. The Committee have been informed that in USA there is an independent body, National Transport Safety Board. (Para 18 of Part II)

Reply of the Government

A Directorate of Air Safety already exists in the Directorate General of Civil Aviation, which has already been charged with the responsibility of safety arrangements and enquiry into accidents. This Directorate functions independently of the International Airports Authority of India and the Airlines. It is felt that creation of an independent air safety cell will only duplicate these functions.

[Ministry of Civil Aviation O.M. No. H. 11013/5/82-AC Dated 15-1-1983]

Comments of the Committee

(Please see paragraph 20 of Chapter I of the Report)

Recommendation (S. No. 25)

The Committee are of the view that flight catering should be entrusted to public sector organisation wherever possible. In this connection they would refer to the arrangement at Calcutta airport where only about 50 per cent of flight catering is entrusted to the ITDC. The Committee have received an impression that there is some vested interests operating against entrusting the flight catering entirely to the ITDC. There have been a few complaints of quality of ITDC supplies and these complaints have the appearance of foul play. The Committee note that one such complaint has already been referred to the CBI for investigation by the ITDC. In any case the visit of a Study Group of the Committee to the flight kitchen operated by a private contractor near Calcutta airport showed that the contractor was ill equipped for satisfactory service and the standard of the facilities was nowhere near that of the ITDC. In the circumstances, the Committee desire that the entire flight catering at Calcutta should be entrusted to ITDC. (Para 25 of Part II)

Reply of the Government

The recommendation of the Committee has been carefully examined. While it is agreed that catering contracts should, as far as possible, be

entrusted to public sector organisations, it would be proper to uplift supplies from more than one caterer at major airports/base stations, both to provide an element of competition and also to ensure alternate source of supply during labour or other disturbances in a single catering organisation.

In Calcutta 50 per cent of the catering has been entrusted to ITDC.

[Ministry of Civil Aviation O.M. No. H. 11013/5/82-AC Dated 15-1-1983]

Comments of the Committee

(Please see paragraph 23 of Chapter I of the Report)

Recommendation (S. No. 26)

26. Indian Airlines being a service enterprise there has to be a constant interaction with the users to make it continuously responsive to their needs and suggestions. Though there was an advisory Committee constituted in terms of Section 41(1) of the Air Corporations Act prior to 1971, the Act has been amended to do away with the Advisory Committee. Even though it is no longer a statutory requirement, the Committee feel strongly that there ought to be an arrangement for interaction with the passengers. For this purpose informal consultative councils may be set up at various regions without delay. (Para 26 of Part II)

Reply of the Government

The recommendation of the Committee has been very carefully considered. Indian Airlines already periodically arranges interaction with organisation including the Chambers of Commerce particularly as a large percentage of the Airlines' Clients is constituted by persons who have business/commercial interest. In addition, Indian Airlines is organising an opinion survey.

[Ministry of Civil Aviation O.M. No. H. 11013/5/82-AC Dated 15-1-1983]

Comments of the Committee

(Please see paragraph 26 of Chapter I of the Report)

Recommendation (S. No. 27)

The efficient functioning of the Airlines depends on the effective co-ordination among the Airlines, Air India, DGCA, IAAI, DGP&T, etc.

Although the Air Corporations Act contemplated constitution of an Air Transport Council *inter-alia* to bring about this coordination, the Council which was set up in 1955 was asked only to study the tariff structure and was wound up in 1962. The Committee recommend that the Council should be revived and its functions should include effective coordination to ensure efficient discharge of responsibilities by the Indian Airlines and Air India. (Para 27 of Part II)

Reply of the Government

Government has carefully examined the recommendation of the Committee regarding the revival of the Air Transport Council. The Air Corporations Act, 1953 contemplated the constitution of a Council after the formation of the two Corporations by amalgamating a number of private sector organisations with a view to coordinating matters of common interest between the two Corporations and the DGCA or the DGP&T, such as operation of scheduled air transport services and the routes and frequencies thereof, the passenger fares, freight rates including mail rates, etc. A Council was actually set up in 1955 to go into the question of fares and freight rates. However, in course of time, an independent Civil Aviation Ministry has come into existence and seen the growth of both the Corporations at a rapid pace. During the last 30 years of the Corporations in existence, coordination of matters of common interest between the two Corporations and the other allied agencies like the DGCA and DGP&T has been carried out at the level of the Secretary of the Ministry of Civil Aviation which functions as effective coordinating agency. In these circumstances, Government do not feel the need for revival of Air Transport Council.

[Ministry of Civil Aviation O. M. No. H. 11013/5/82-AC Dated 15-1-1983]

Comments of the Committee

(Please see paragraph 29 of Chapter I of the Report)

Recommendation (S. No. 30)

It is neither conducive to the autonomy of the Indian Airlines nor does it make for an independent control over the Airlines to have the Secretary, Ministry of Tourism and Civil Aviation on the Board of the Airlines. The Committee have clearly expressed themselves against such a practice from time to time and particularly in their 20th Report (1978-79). It is surprising that lately the Secretary has been appointed a Director of the

Indian Airlines. The Committee strongly feel that it should not be continued. (Para 30 of Part II)

Reply of the Government

The experience hitherto has been that with the Secretary of the Ministry on the Boards of Indian Airlines and Air-India the autonomy of the Corporation has not been infringed in any manner. As a matter of fact this has contributed to better coordination and awareness of the problems of the Airlines and towards solution of the same.

[Ministry of Civil Aviation O.M. No. H. 11013/5/82-AC Dated
15-1-1983]

Comments of the Committee

(Please see paragraph 33 of Chapter I of the Report)

CHAPTER V

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

Recommendation (S. No. 3)

On representations from Indian Airlines seeking some rebate against excise duty as was given to private operators before nationalisation of airlines, Government constituted in 1964 a Civil Aviation Development Fund from which subsidy on uneconomic services was to be paid and expenditure on certain airstrips and ancillary facilities met. The Committee have been informed that as against the excise duty of Rs. 108.00 crores paid by the Airlines during 1964-81, the subsidy paid to it from the Fund was only Rs. 11.30 crores for a few uneconomic routes upto 1973-74 whereafter no payment was authorised. The Airlines has lodged claims for Rs. 13.12 crores for the period 1974-81. The Committee learn that the present thinking is that there is no need for a separate Fund and that subsidy as and when necessary could be paid directly making provision for it in the Budget. The Committee, however, feel that having regard to the totality of the objectives of the Fund, it will be advantageous to continue it and put it on a statutory basis on the lines of the Shipping Development Fund. This deserves careful examination. If, however, it is decided to abolish the CAD Fund the desirability of amending Section 34 of the Air Corporation Act to make provision for payment of subsidy without regard to the overall working results of the Airlines may be considered in view of the need of the Airlines to generate internal resources. (Para 3 of Part II)

Reply of the Government

The Government is considering the recommendation of the Committee in consultation with the Ministry of Finance.

[Ministry of Civil Aviation O.M.No. H. 11013/5/82-AC Dated
15-1-1983]

Recommendation (S. No. 12)

Though under the Air Corporations Act the tariff structure of the Airlines should have prior approval of Government, the management offers discounts on fares and freight almost wholly on its own. Several discounted commodity rates and commercial promotional as well as non-commercial discounted fares have thus been offered by the management. There are as many as 17 promotional fares offered by the Airlines and these involve discounts upto a maximum of 50 per cent. Most of these were offered after 1974. The Committee have reasons to believe that at least some of these have eroded the profits of the Airlines. The Committee suggest that discounts should at least be regulated in accordance with certain set criteria to be laid down by Government. There should be a periodic review of the operations of those which are justified on commercial grounds to see whether the anticipations actually materialise. This should be done at the Government level. Non-commercial discounted fares or freight should be introduced or continued only on specific directions of Government and there should be a system of subsidising the less of revenue suffered by the Airlines on this account. (Part 12 of Part II).

Reply of the Government

The recommendation of the Committee has been noted. The Government is reviewing the matter in order to formulate guidelines for implementation by the Corporation.

[Ministry of Civil Aviation O.M.No. H. 11013/5/82-AC Dated 15-1-1983]

Recommendation (S. No. 19) ..

As pointed out earlier, there is a divided responsibility between airports and airlines authorities in the matter of ensuring efficiency of service and safety of service. According to the Airlines, inadequate airport facility was one of the causes for delays in flights. The catering arrangements in the airports were also stated to be inadequate. There also appears to be lack of coordination in the matter of determining airport layout so as to be conducive to efficiency and economy of operations. Taking all these factors into account the Committee have come to the conclusion that perhaps it would be better from the point of view of accountability that the Airlines is allowed to maintain the domestic airports/terminals. Such a practice is stated to be in vogue in some other countries. Though the Ministry seems

to have some reservations, the Committee feel that in the event of handing over the maintenance of the domestic airports/terminals, the existing staff of the DGCA/IAAI could be transferred to the Airlines and the IAAI could continue to maintain the international airports terminals. The responsibilities of the Airlines for the maintenance of the domestic airports/terminals could be the same as those of the IAAI in relation to international airports, the DGCA continuing to exercise such functions as are being exercised in relation to the international airports. This question should, therefore, be considered seriously. (Para 19 of Part II)

Reply of the Government

Government is giving serious consideration to the recommendation of the Committee. Views of DGCA, IAAI and Airlines have been invited and are under consideration.

[Ministry of Civil Aviation O.M.No. H. 11013/5/82-AC Dated
15-1-1983]

NEW DELHI;
February 26, 1983.
Phalgun 7, 1904 (Saka).

MADHUSUDAN VAIRALE,
Chairman,
Committee on Public Undertakings.

APPENDIX

(Vide Para 3 of Introduction)

Analyses of action taken by Government on the recommendations contained in the Forty-Second Report of the Committee on Public Undertakings. (Seventh Lok Sabha)

I.	Total number of recommendations made;	30
II.	Recommendations that have been accepted by Government (<i>vide</i> recommendations at S. Nos. 1, 2, 4, 6, 7, 9, 10, 13-17, 20-23, 28 & 29)	18
	Percentage to total	60%
III.	Recommendations which the Committee do not desire to pursue in view of Government's reply (<i>vide</i> recommendations at S. Nos. 8 & 24)	2
	Percentage to total	6.67%
IV.	Recommendations in respect of which replies of Government have not been accepted by the Committee (<i>vide</i> recommendations at S. Nos. 5, 11, 18, 25-27 and 30)	7
	Percentage to total	23.33%
V. 7	Recommendations in respect of which final replies of Government are still awaited (<i>vide</i> recommendations at S. Nos. 3, 12, & 19)	8
	Percentage to total	26%