

IS INDIAN AIRLINES CORPORATION FAIR TO THE PUBLIC?*

THE Indian Airlines Corporation is a public service! It is more, it is a national necessity as a major section of the country's transport system. Whenever there is any suggestion of labour trouble, the Government of India does not hesitate for one moment to point out that the employees are Government servants engaged in public service: so any strike is illegal.

According to public statements by the Minister for Transport and Communications, also the General Manager of IAC, it is the intention of Corporation to increase air fares in September this year, by 10% on the Viscount services and 5% for Dakotas. Unfortunately, the public is not organised to strike — the passengers least of all have any interest as they are all either expense account travellers, international visitors for business or pleasure, and the very well to do. Cost of travel means nothing to them.

This class of traveller is not in the sphere of Indian life that urgently requires air transport for its daily affairs but is not in any position to afford it because it is too costly. Has any effort been made to devise ways and means whereby the small industrialist and the higher bracket income earner can use air services? As far as we are aware, nothing has been done in this direction. If it has, it has been done behind closed doors.

Now let us take a look at the facts that can be gathered from a study of the Indian Airlines Corporation annual reports. We use

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their own figures so the management can have nothing to complain about. We present this review because we wish to know if the figures we are about to quote have anything to do with the high operating cost of IAC services, and are in fact the basic cause of IAC having to increase air fares to make both ends meet. Or at least close the gap between income and expenditure.

Before going any further, it is necessary to glance back to the months just prior to the introduction of nationalisation, which occurred on August 1, 1953. The Minister for Transport and Communications at that time was Mr. Jagjivan Ram; so it fell to him to announce the Government policy in respect of employees of the private airline operators to be nationalised. He made it clear, several times, in several places, that even though it was the intention of the Government to introduce nationalisation so as to effect economy of operation, not one employee would suffer any loss of pay, or reduction of pay, or be discharged as redundant. All that is on record.

It was known that with the joining of the companies under one administration there would be surplus personnel in some places within the Corporation to be. The plan was to expand the air services so as to spread more work around thereby finding work for idle hands.

When IAC was formed, it had a fleet of 99 aircraft of which all but one or two were serviceable and in use. Just over seven years later

the aircraft on the active list have been reduced to 73 which is quite a sizeable reduction. These aircraft are flying 3,000 hours per annum more than the private airline operators. To achieve this not spectacular increase in working hours of the aircraft fleet the Corporation has had to adjust its number of employees. Nobody wishes to grudge a little job finding for friends and relations but it so happens that IAC being a public service, owned by the public, it is not unnatural the public gets a trifle touchy if operating costs go so high the tax payer has to make good the losses at the end of a financial year.

On formation IAC had 7,107 employees. That was the number taken over from the private airline operators and any of these employees who are still with the Corporation are covered by the original promise of the Minister of Transport and Communications that they will not be discharged unless found guilty of some serious offence. Quite a number have actually left the Corporation for one reason or another so the actual number of employees with "guaranteed permanent jobs" is less than 7,000.

The total employees at the end of the financial year 1959-60 was 9,553 an increase of 2,446 or a percentage increase on the original number employed of no less than 34.4%.

Employees are divided under six main heads, Engineering, Operations, Traffic, Accounts and Audit, Stores and Administration and Miscellaneous. We will examine them in that order.

The original engineering staff started at 2,408 and increased by the end of the second year's report to 3,327. In the third year there was a slight drop, but in the fourth

year the number employed started to increase, only 9 were added in that year, in the fifth year the increase was 63, in the sixth year 43 were added and in the seventh and last year for which figures are available the increase was 113 making the total engineering employees 3,527. This shows a total increase of 1,119 engineers or 46.6% of the original number. This is quite a remarkable increase when it is remembered that the number of aircraft maintained has fallen by 26.

Even looking at it from the number of flying hours performed it appears peculiar, flying hours having increased by 3,000 per annum which is, as near as no matter, 2 hrs 41 min. extra flying for each extra engineer employed. Quite remarkable and we imagine absolutely unique in airline operation history. The Chief Engineer is to be congratulated on being so original.

Operations has remained constant, except that in the second annual report, we assume that surface transport personnel got included under this head instead of under Administration and Miscellaneous.

Traffic started with 1,491 and has risen to 1,967 an increase of 476 which may be accepted as not too unreasonable in view of the increased number of passengers handled.

Accounts and Audit started with 546 and by the end of the second year had risen to 1,041 reaching a peak in the third year at 1,158 since when it has fallen to 1,093. It is understood that the audit system is the cause of this fantastic increase in the number of accounts clerks employed. It is known that most of their work is totally unnecessary so it is obvious

that a tremendous saving could be made in this department if the management would get down to it. A large number of those employed are not holding safeguarded jobs under the Minister's promise.

Stores which we clearly understood were being simplified, partly by merging the private operators' units into one at each base, started with 315 employees to look after stores for 99 aeroplanes. With the reduction in the number of aeroplanes, and the simplification of the stores system under the brilliant management, it has been found possible to increase the number of employees in the stores by 297 making the total 612 at the end of the seventh year. It must be a bitter disappointment to the management that it has not been able to make the increase exactly one hundred per cent. A jolly good try anyway.

Administration and Miscellaneous has actually achieved a saving in the number employed; starting with 1,652, at the end of the seventh year the number employed stood at 1,578.

The examination of these figures suggests to us that there must be some extraordinary factors inside IAC which are totally different from any other airline in the world. The fewer aircraft to look after, the more engineers and storemen are required. The thing seems to be working in reverse or perhaps we are standing on our head. It could be that the IAC annual reports have been written by Lewis Carroll.

The General Manager defending the increase-the-air-fares policy talks about increased cost of maintenance as a heavy item. This can well be imagined when engineering and stores staffs increase as they have. At the same time, fuel prices increase and spares prices

rise, we entirely agree, but it is to be noticed that the General Manager in all his statements has failed to remind the Press or the public that traffic has steadily increased year after year at approximately 13%. It could be increased considerably more if the IAC got down to business and managed its affairs economically and encouraged industry to use air transport.

In the background there stand the ghosts of the Vikings which were taken out of service when the Viscounts were introduced. These twelve aircraft were all serviceable at that time. Today they could be earning good money, in fact all these years they could have been kept in service. Instead they have been allowed to rot in the open till they have become scrap.

If the Vikings were not wanted when they came out of service why were they not sold at that time? Today the air services are overcrowded as the record of revenue load indicates,—so any aircraft that could be got into the air could help bring in money. There are still a number of operators who find Vikings very profitable to operate. The same applies to Dakotas which are operated at such a heavy loss by IAC. One wonders if the poor utilisation is the basic cause of this loss. Too much time is spent on the ground undergoing maintenance and overhaul. With so many engineers it would be thought that IAC aircraft would spend very few hours in the workshops.

Apart from these major operational flaws in the IAC structure, there is ample room for tightening up on a variety of financial leaks such as pilferage of aviation fuels, wrongful distribution of passenger service amenities including food, and a variety of other drains through which IAC income is re-

puted to pour in considerable quantity.

Another peculiar source of actual loss to the Corporation is to be found in the management's attitude towards booking agents, who are used quite unnecessarily in many instances, which means that the IAC has to pay out unnecessary commissions. These would not be a charge against the Corporation income if the sales had been carried out by the IAC booking offices. A perfect example of this occurs when a passenger holds an approved credit card, issued under agreements with the International Air Transport Association. These credit cards are in common use by the majority of regular passengers so the loss through not accepting these cards can become considerable. It works this way. The holder has to go to another airline member of IATA who accepts the credit card, so the IAC bookings are made through this other member who naturally receives a commission on all the journeys made in IAC aircraft by the card holder. Why is it not possible for IAC to perform as a normal member of IATA?

The Corporation undoubtedly loses a considerable income from excess luggage for which charges are not collected. The system of collecting excess luggage charges is so cumbersome that it is obvious that traffic clerks are unable to fill in the tickets and record the amounts

without delaying the departure of the aircraft. Delays in handling ordinary tickets are quite sufficient to irritate passengers, so if those with excess luggage are further delayed four or five minutes each, the whole thing becomes intolerable for everybody. A simple cash register could clock up the money charges at the same time issuing a slip for the passenger which would be a receipt as well as a luggage ticket. This simple method of handling collections of this nature is quite beyond the business ability of the Corporation. Or so it appears. As a result much income that should help to make both ends meet is never collected. On two recent journeys we endeavoured to pay for excess luggage, but no charge was made obviously for the above reasons. The staff can hardly be blamed. It is the management or rather mismanagement.

We suggest that the figures and facts given in this review are basically the root of the Corporation's financial troubles and explain why the General Manager of IAC finds his airline costs going up and up faster than his steadily increasing income which, at more than 13 per cent per annum should be more than sufficient to meet the higher costs as they are today. It is very difficult to find any sympathy for an airline operator whose approach to business is so peculiar.

The views expressed in this leaflet do not necessarily represent the views of the Forum of Free Enterprise.

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