

Annual Report
2004-2005



सत्यमेव जयते

Government of India
Ministry of Civil Aviation

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Highlights

1

1.1 Gradual liberalization in international air services has been a continuous process with the basic objective of meeting the increasing demand for travel on international routes. Increased connectivity, greater capacity and more choices for passengers have a direct bearing on economic growth, apart from meeting the needs of business, trade and tourism. This process was continued through several initiatives taken during the year.

Some of the major initiatives taken during the year are:-

- **Revised Air Service Agreement with USA:**

As per revised Air Services Agreement, both countries can designate any number of airlines and can operate any number of services from any point in the home country to any point in the territory of other Contracting State with full intermediate and beyond traffic rights.

- **Liberalization of Entitlements with UK, Australia and France:**

Entitlements between India and UK will be more than doubled within the next one year and airlines of either country will be entitled to operate 40 services/week

each by winter 2005. UK carriers have also been granted access to Bangalore, Hyderabad and Cochin besides the 4-metro destinations and Indian carriers to Glasgow, Edinburgh and Bristol in addition to London, Manchester and Birmingham.

Entitlements on India-Australia sector will also be enhanced from the existing 2100 seats/week to 6500 seats/week over the next two years. Australian carriers will also get access to Chennai, Bangalore and Hyderabad as additional points over this period.

Entitlements on India-France sector have been increased to 35 weekly services effective Summer 2005 from 14 weekly services. French carriers will have access to three additional points in India namely Bangalore, Chennai and Hyderabad. Indian carriers will be able to commence 5th Freedom beyond rights to/from new points in North America from designated points in France.

- **International Operations by Private Airlines:**

Besides the SAARC countries, private domestic

airlines of India having a fleet size of 20 aircrafts and at least 5 years operations in domestic sector, have now been permitted to operate to all overseas destination except Gulf countries.

- **Signing of new ASA:**

New Air Services Agreements (ASA) were signed with the Republic of Slovenia and Morocco on 16.2.2004 and 7.12.2004 respectively. Agreed text of ASA were initialed with Tunisia and Brazil on 14.2.2004 and 5.5.2004 respectively. The total number of countries having Air Service Agreement with India now stands at 100.

- **Policy on Commercial Agreement:**

Government will, henceforth, not mandate any Commercial Agreement between the carriers. The airlines are however free to enter into co-operative marketing arrangements as are mutually agreed upon between them. All existing Government mandated Commercial Agreements would be reviewed and phased out over the next five years.

- **Removal of Restriction on Photography:**

Aircraft Rules have been amended to permit photography by passengers of scheduled flights at the terminal buildings of civil aerodromes and civil enclaves at Defence aerodromes. In addition passengers are also permitted to take photographs

from inside an aircraft while in flight or landing/take off at civil aerodromes.

- **Open Sky Policy during Peak Seasons:**

To take care of the peak season rush, like in the previous years, an Open Sky Policy was adopted by the Government for the winter 2004-05, under which designated foreign airlines operated additional services to/from India subject to the existing terms of the commercial agreement with Air India/Indian Airlines.

1.2 AIRPORTS AUTHORITY OF INDIA

- **Financial Performance:**

Airports Authority of India is expected to earn a profit (after tax) of Rs.348.32 crores during the year 2004-2005 compared to Rs.314.96 crores during the year 2003-2004. Airports Authority of India's contribution to the national exchequer was Rs. 399.99 crores for 2003-2004 and is expected to be Rs. 436.88 crores for 2004-2005, which includes Income Tax, Dividend, Interest Payments, etc.

- **Restructuring of Delhi And Mumbai Airports:**

Meeting of newly constituted Empowered Group of Ministers (EGOM) was held on 28.6.2004, in which proposals for appointment of Legal Consultant, Global Technical Advisor and changes in key policy in Expression of Interest (EOI) document were



State-of-the-art facilitation counter at Terminal-II, IGI Airport

approved. 10 EOIs were received and considered by the Inter Ministerial Group (IMG). Out of the 10 EOIs received, 9 bidders have been shortlisted. The consultants have held pre-bid discussions with the shortlisted bidders on 14-16 December, 2004, as part of exercise for preparation of Request for Proposal (RFP) documents. Various transaction documents have been prepared. The EGOM last met on 15.2.2005 to take decision on key issues involved in draft Request for Proposal (RFP) and other transaction documents. The entire process of evaluation of bids and handing over of airport to successful bidders is likely to be over by June, 2005.

- **Modernisation of Kolkata and Chennai Airports:**

To improve passenger facilities at the Netaji Subhash

Chandra Bose International Airport (NSCBI) airport, Kolkata, the following works have been completed:-

- Check-in area in the International Terminal has been extended;
- New state-of-the-art Flight Information Display System provided in both the terminals, and
- New Air-conditioning Plants have been commissioned;

Work is in progress for –

- Construction of an Integrated Cargo Complex;
- Strengthening of main runway including upgrading the ground lighting facilities to match with Cat.II Instrument Landing System; and
- International remote parking bays.

A new international Departure Terminal with an area of 20,000 sqm has also been planned.

The following works have been completed at **Chennai International Airport**:-

- A reciprocal Instrument Landing System (ILS) commissioned;
- Marble cladding of the aerobridge corridor; and
- Vitrified flooring in the Domestic and International Arrival Terminal.

The existing departure and arrival areas in the old international terminal are being combined into a unified international arrival building, which shall ultimately be merged with new international departure terminal.

There are also proposals for construction of five bays and link taxi-track for private Air Taxi Operators, warehousing facilities for Courier and Charter Operators and Integrated Cargo Complex Phase II and additional hangars.

- **Greenfield Airports:**

The Concession Agreement between Government of India and Bangalore International Airport Limited (BIAL) was approved and signed on 5th July, 2004. The Concession Agreement for Hyderabad International Airport was signed on 20th December, 2004.

- **Modernisation/Development of Airport/ATM Systems:**

As part of the ongoing modernization and development of various airports, state-of-the-art Instrument Landing System(s)/ Air Traffic Management (ATM) systems have been installed or replaced and passenger and cargo terminals have been expanded at various airports. Further, various civil/aerodrome/passenger facilitation works have also been completed at Delhi, Mumbai, Kolkata, Chennai, Thiruvananthapuram, Bangalore, Jabalpur, Pathankot, Ahmedabad, Calicut, Dibrugarh, Gaggal, Lucknow, Bhavnagar, Porbandar, Nagpur, Imphal, Rajamundry, Amritsar, Agartala, Hyderabad, Varanasi, Kullu, Jaipur, Lilabari, Leh, Srinagar, Rajkot, Madurai, Dimapur and Vishakhapatnam airports.



Proposed New Terminal Building at Srinagar Airport

- **I.S.O. Certification:**

During the year 2004-05, Airports Authority of India has been awarded ISO Certification for Pune Airport and Department of Information Technology at AAI Hqs, New Delhi.

- **Development of Non-Metro Airports:**

The Airports Authority of India has drawn a plan for City Side Development of 25 Non-Metro Airports. In the first phase 10 Non-Metro Airports namely, Ahmedabad, Amritsar, Guwahati, Goa, Jaipur, Lucknow, Mangalore, Madurai, Udaipur and Trivandrum have been taken up for which Global Technical Advisor (GTA) and Indian Financial Consultant (IFC) have been appointed.

AAI proposes to take up similar study for remaining 15 Non-Metro Airports which are Agatti, Aurangabad, Bhopal, Bhubaneshwar, Coimbatore, Indore, Khajuraho, Patna, Port Blair, Nagpur, Rajkot, Trichi, Vadodara, Varanasi and Vishakhapatnam.

Expression of Interest (EOI) have been invited for appointment of one set of IFC/GTA each for 5 airports covering these 15 airports.

1.3 INDIAN AIRLINES LTD.

- **New International Services:**

Indian Airlines introduced twice weekly flights between Guwahati-Bangkok-Guwahati from 1.1.2005.

- **Customer Friendly Schemes:**

Indian Airlines introduced various customer friendly schemes viz. Corporate House Scheme, Super Saver International, Frequent Flyer Programme, Indian

Airlines – Taj Offer, Holiday Packages – IA Flyaways, IC – Amex Co-brand Credit Card, IC-AMEX Gold Card, IA AMEX Green Card, IC – ABN AMRO Co-brand debit Card, Bid and Fly and EMI Scheme.

- **Neticket:**

Effective 16th Aug 2004, Indian Airlines has launched a Neticket facility, whereby a passenger can log on to www.Indian-airlines.com and reserve, buy and print his ticket image on his own printer. This ticket image can be presented at the time of check-in in lieu of a physical ticket. This facility has been extended to IA approved agents also from 1st October, 2004.

- **Financial/Physical Performance:**

Indian Airlines earned a net profit (after tax) of Rs.44.17 crores during 2003-2004 compared to a net loss (after tax) of Rs.196.56 crores during the 2002-2003. During first six months of 2004-2005 viz. April-September, 2004, the airline suffered a loss of Rs. 66.40 crores and is expected to close the year with a net profit (before tax) of Rs. 8.75 crores compared to the budgeted loss of Rs.24.75 crores. It is expected to carry 69.46 lakh passengers during 2004-2005 compared to 59.00 lakhs during 2003-2004. Overall load factor is expected to be 68.6% compared to the budget estimates of 66.7% during the year 2004-2005.

- **Performance of Alliance Air:**

Alliance Air (a wholly owned subsidiary of Indian Airlines) earned a profit (after tax) of Rs.2.05 crores during 2003-2004 compared to a loss of Rs.82.48 crores during 2002-2003. During first eight months of 2004-2005 viz. April-November, 2004, the airline suffered a loss of Rs. 34.43 crores compared to a loss of Rs.29.14 crores during April-November, 2003. It carried 15.82 lakh passengers during 2003-2004 compared to 14.19 lakhs during 2002-2003. During the first eight months of 2004-2005 viz. April-November, 2004, the airline carried 10.09 lakh passengers compared to 9.98 lakhs during April-November, 2003. The airline achieved a load factor of 62.17% during 2003-2004 compared to 59.81% during the year 2002-2003. During the first eight months of 2004-2005 viz. April- November, 2004, the Airline achieved a load factor of 63.60% compared to a load factor of 60.87% in April- November, 2003.



Air India Flight during Take-off

- **New /Additional Flights**

- * Twice weekly flights Mumbai/ Ahmedabad/ London effective March 2004.
- * Flights on the following routes increased from two to three effective March 2004
 - Mumbai/Nairobi/Dar-es-Salaam
 - Hyderabad/Jeddah/Hyderabad
 - Lucknow/Delhi/Jeddah/Lucknow
- * Twice weekly Delhi/Amritsar/Delhi hub-n-spoke flights effective 16th April 2004.
- * Effective 11th June 2004, 3 weekly flights commenced to Los Angeles via Frankfurt.
- * Effective 13th June 2004, started 2 weekly flights from Ahmedabad to Dubai.
- * Effective 29th November 2004, 4 noon-time departure flights were introduced on Mumbai/London/Mumbai.
- * Effective 4th December 2004, additional flight to London operated on the routing Mumbai/Delhi/London/Delhi/Mumbai.

1.4 AIR INDIA LTD.

- **Financial Performance:**

Air India earned a net profit of Rs.92.33 crores during 2003-2004 compared to a net profit of Rs.133.86 crores during 2002-2003. During the first six months of 2004-2005 viz. April-September, 2004, the airline earned a net profit (including deferred tax benefit) of Rs.7.85 crores compared to Rs. 40.59 crores during April-September, 2003. During April-September, 2004, the airline carried 21.94 lakh passengers compared to 17.84 lakhs during April-September, 2003. During April-September, 2004, the overall load factor was 62.1% compared to 61.1% during April-September, 2003.

- * Effective 5th December 2004, Los Angeles flights increased to 5 via Frankfurt.

- **Security:**

The Security Department of Air India adjudged the “Outstanding AVSEC Organisation” by the Murdoch University of Western Australia at the 7th AVSEC Conference held at Singapore from 14-16th April, 2004. The AVSEC Award has been conferred upon the Security Department of Air India for the third time in succession.

- **E-Ticketing:**

Air India introduced E-Ticketing (Electronic Ticketing) through its offices in India from August 2004.

1.5 HAJ OPERATIONS 2005

Haj Operations started on 13 December, 2004 and completed on 26th February, 2005. Approximately 82,000 Haj pilgrims carried from India to Jeddah and back.

1.6 TSUNAMI — RELIEF OPERATIONS

Indian Airlines Ltd. operated 79 relief flights from 26 December, 2004 to 7 January, 2005 carrying a total of 4913 passengers and 203090 kgs. of relief material for the affected people. The helicopter deployed by Pawan Hans Helicopters Ltd. (PHHL) at Andaman & Nicobar had carried out relief task in the Islands. Further, the helicopter deployed at Chennai had undertaken the task of carrying VIPs to Nagapattinam.

Blue Dart Aviation Ltd. operated 7 relief cargo flights to Port Blair upto 10.1.2005. Jet Airways operated 18 flights to Port Blair from Chennai and Kolkata and back till 31.12.2004 airlifting over 1600 stranded residents and tourists on the islands and it has airlifted over 25,000 kgs. of relief cargo sent by Government agencies and recognized voluntary agencies in different parts of India. They have also carried one tonne of medical relief stores to Sri Lanka from Chennai.

1.7 EMERGENCY SUPPORT FUNCTIONS PLAN – 2004

As part of Disaster Management, a comprehensive “Emergency Support Functions Plan-2004” was prepared. The objective of this plan is to provide necessary support services / manpower to Ministry of Home Affairs and also to provide free transportation of disaster relief material of urgent and essential nature coming from abroad / within the country.

1.8 AVIATION SCENARIO

- **Scheduled Airlines Operators:**

At present, apart from Air India, Indian Airlines and Alliance Air, Jet Airways, Sahara India Airlines, Deccan Aviation Pvt. Ltd., M/s Blue Dart Aviation Pvt. Ltd. (Cargo only) have the permission to operate domestic scheduled air transport services in the country. During January-December 2004, a total of 2,50,141 flights were operated by the domestic scheduled operators carrying a total of 1.76 crore passengers.

- **Non-Scheduled Airlines Operators:**

As on 31st December 2004, a total of 37 companies were holding Non-Scheduled Operator's Permit.

- **Registration of Aircraft:**

As on 31st December, 2004, there were 1150 aircraft (including micro light, gliders and balloons) on the Indian civil register. Of these, 60 aircraft were registered and 49 aircraft were de-registered during the period 1st April, 2004 to 31st December, 2004.

- **AME Licences:**

A total of 6034 Aircraft Maintenance Engineers (AME) licenses including Basic licenses and 282 Flight Engineers (FE) licenses have been issued so far, of which 200 AME licenses have been issued during the period 1st April 2004 to 31st December, 2004.

- **Approval of Firms:**

So far, a total of 1671 firms have been approved for manufacture, maintenance, testing, storage etc. of aircraft, aircraft components/equipment. Out of these, 50 are foreign firms.

- **Tourist Charter Flights:**

A total of 705 tourist charter flights were operated to India from January to December, 2004 bringing in 1,55,495 foreign tourists.

registered a net profit (after tax) of Rs.52.69 crores during the financial year 2003-2004 compared to a net profit (after tax) of Rs.15.39 crores during the year 2002-2003.

1.9 PAWAN HANS HELICOPTERS LTD.

- **Performance of Pawan Hans Helicopters Ltd.:**

The company is expected to earn a net profit (after tax) of Rs. 33.10 crores during 2004-2005. The company

1.10 INDIRA GANDHI RASHTRIYA URAN AKADEMI

During the last seven years, a total of 261 pilots have completed training and 79 are undergoing training at IGRUA.

1.11 DEVELOPMENTAL ACTIVITIES TAKEN UP IN THE NORTH-EAST REGION

- **Alliance Air:**

* Alliance Air (a wholly owned subsidiary of Indian Airlines Ltd.) has taken on lease 4 ATR-42-320 aircraft for dedicated operations in the North Eastern Region.

These aircraft have been deployed exclusively in the North East for a period of 5 years on dry lease basis. The lease period commenced from December, 2002.

* The leased aircraft are being operated in the North Eastern Region on the basis of agreed budgetary grant of Rs.35 crores per annum i.e. Rs.175 crores during the five year period, to be contributed by Ministry of Development of North Eastern Region. The deficit, if any, will be met by Alliance Air / Indian Airlines with increase in fares and other concessions expected from the Government like reduction of ATF prices, lowering of Airport charges, including savings from Landing and Navigation charges in the North East etc.

- * The first aircraft arrived in India on 19th December, 2002 whereas the second aircraft on 23rd December, 2002. The remaining two aircraft arrived in February, 2003.
- * The inaugural flight took off on 25th December, 2002 and operated sector Kolkata-Guwahati-Dimapur-Agartala-Kolkata.
- * The first commercial flight operated on 2nd January, 2003.
- * Gradually the flight operations increased. The ATR is operating a total of nine stations i.e. Kolkata, Guwahati, Silchar, Dimapur, Agartala, Imphal, Aizwal, Lilabari and Shillong.
- * Guwahati made an operational base for 1 ATR aircraft effective July, 2004.
- * Frequency of operations to/from/within North East increased from 52 flights per week in Winter 2002 to 123 flights per week in Winter 2004 and city pair links increased from 74 per week to 141 per week.
- * Seats offered on North-East routes increased from 7518 per week in Winter 2002 to 9617 per week in Winter 2004.

- **Airports Authority of India:**

During the first year of 10th Plan i.e. 2002-2003, AAI spent Rs.30.88 crores and Rs.14 crores have been spent till October 2003 and likely expenditure during 2003-04 is Rs.27.32 crores. During the current financial year, North East Council has released Rs.4.5 crores as share on development of airports in the North East Region.

- **Pawan Hans Helicopters Ltd.:**



Bell Helicopter in North-East

- PHHL operates flights from 24 destinations covering 46 sectors by 120 weekly flights under the aegis of the State Governments of Meghalaya, Tripura, Sikkim and Arunachal Pradesh.
- * **Arunachal Pradesh** - PHHL provided a Dauphin helicopter SA365N to Government of Arunachal Pradesh from December 1995 which is being utilized by the State Government for services connecting Itanagar with Guwahati, Mohanbari, Pasighat, Roing, Tezu, Ziro, Namsai, Along, Yingklong, Miao, Changlang, Daporijo etc. In addition one MI-172 helicopter has been deployed from August 2002 for ferrying passengers and carrying cargo (air maintenance).
 - * **Meghalaya** - PHHL has provided one Dauphin helicopter on wet lease to the Government of Meghalaya w.e.f. 15th February 1999. The State Government has been operating daily passenger flights on the Guwahati-Shillong-Tura sector and other sectors within the State.

- * **Sikkim** - PHL has provided a 5-seater Bell helicopter on wet lease to the Government of Sikkim since 31st October 1998. The State Government has been operating daily passenger/tourist flights on Gangtok-Bagdogra-Gangtok sector (6 days in a week) and other flights (joyride to Kanchanjunga) for carrying tourists.
- * **Ministry of Home Affairs** - MHA has been utilizing PHL's Dauphin helicopter since 1996 every year. The helicopter is based at Guwahati and being utilized for transportation of Ministers and Senior Officers of the Central Government to important centers in North East.
- * **Tripura** - PHL has provided a Bell 407 helicopter on wet lease to the Government of Tripura w.e.f. 25th September 2002. The State Government has been utilizing this helicopter for regular passenger services within the State.
- * **NHPC** - PHL has provided a 5 seater Bell helicopter to NHPC w.e.f. 27th October 2000. The helicopter is based at Itanagar, Arunachal Pradesh and is being utilized by them to meet their own requirements.
- * **Oil India Ltd.** - PHL has provided a 3 seater Robinson R-44 helicopter to Oil India Ltd. w.e.f. 10th May 1994. The helicopter is based at Guwahati, Assam and is being utilized by them to meet their own requirements

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Ministry of Civil Aviation

2

2.1 INTRODUCTION

The Ministry of Civil Aviation is located in Rajiv Gandhi Bhavan at the Safdarjung Airport complex in New Delhi which is a spacious four floor modern building with lush green lawns and colourful seasonal flowers in its surroundings, creating an ambience of serenity and peace.

2.2 MAIN FUNCTIONS

The Ministry of Civil Aviation is responsible for the formulation of national policies and programmes for development and regulation of civil aviation and for devising and implementing schemes for orderly growth and expansion of civil air transport. Its functions also



Rajiv Gandhi Bhawan, Safdarjung Airport, New Delhi

extend to overseeing the provision of airport facilities, air traffic services and carriage of passengers and goods by air. The Ministry is also administratively responsible for the Commission of Railway Safety, a statutory body set up under the Railway Act.

2.3 ORGANISATION

The Ministry of Civil Aviation has under its administrative purview the following organisations:-

(i) Attached/Subordinate Organisations.

- Directorate General of Civil Aviation (DGCA)
- Bureau of Civil Aviation Security (BCAS)
- Commission of Railway Safety (CRS)

(ii) Autonomous Body

- Indira Gandhi Rashtriya Uran Akademi (IGRUA)

(iii) Public Sector Undertakings

- Air India Ltd. (AIL)
 - Indian Airlines Ltd. (IAL)
 - Airports Authority of India (AAI)
 - Pawan Hans Helicopters Ltd. (PHHL)
 - Alliance Air – A subsidiary of Indian Airlines Ltd.
 - Air India Charters Limited (AICL)*
 - Hotel Corporation of India (HCIL)*
- *Subsidiaries of Air India Ltd.

Organisational set-up of the Ministry of Civil Aviation is at **Annexure I**.

The Secretary in the Ministry is assisted by one Additional Secretary & Financial Advisor, three Joint Secretaries, nine officers of the level of Director/Deputy Secretary/Financial Controller and nine officers of the level of Under Secretary/Assistant Financial Controller. Functions of the Ministry are distributed among sixteen sections, which form the primary work units.

In addition to framing policies, the Ministry provides guidance to these organisations in the implementation of policy guidelines; monitors and evaluates their interface with Parliament. It also supervises implementation by these organisations of special programmes of the Government, particularly those intended for weaker sections.

2.4 ORGANISATION AND METHOD

Instructions were issued from time to time stressing the need for observance of various provisions of the 'Manual of Office Procedure.' Corrective measures are being taken on the deficiencies noticed through annual inspections of sections of the Ministry. Adequate attention was paid to the delays in disposal. Delays were being regularly checked by monitoring the pendency position especially the pendency of VIP and PMO references. In-service training needs of the officers/staff of the Ministry were given adequate attention and officers/staff were sponsored for various training courses through NIC and

ISTM etc. Cash awards for the best three sections in the Ministry, for the year 2002-03 were finalized under the scheme for showing 'High performance in O&M Activities.'

2.5 RECORDS MANAGEMENT

Due importance was given to the record management in the Ministry during the period under report. Various aspects of record management viz. recording, reviewing, weeding out of old records/files, were given adequate attention. Two Special Drives were launched apart from normal process of recording, reviewing and weeding of files. Record Retention Schedule of old files/records in respect of various sections of this Ministry was revised and sent to National Archives of India.

2.6 MODERNISATION

With the continued active involvement of National Informatics Centre (NIC) this Ministry has active IT enabled services. The Main Computer Centre is equipped with 3 Servers with structured LAN providing Internet and email facilities to about 80 PCs. This LAN is connected to NIC's NICNET through a dedicated 2MBS leased line and a standby RF Link (High Speed). The mail services have been made Web enabled so as to access mail from anywhere in the world. Senior officers have been provided with NIC's dial up connectivity at their residence for accessing Internet and Email facility.

• E-Governance

There has been a consistent effort in implementing various E-governance packages in different wings and locations of Ministry of Civil Aviation. A Web enabled version of the "Office Procedure Automation (OPA)" (File Tracking software), has been made operational which was earlier running under client server technology. A separate server has been setup for the Minister's office for Web enabled OPA, which has replaced the older Unix version running in the DOC cell. A "Composite Payroll System (CPS)" developed by NIC's Accounting Informatics Division, with the involvement of CGA, Ministry of Finance, for all Central Government offices has been operational. A web enabled **Parliament Question Software (PQSoft)** is already in place in the Ministry. All Parliament Questions and their replies are being transmitted electronically to Lok Sabha and Rajya Sabha after question hour. A web enabled application **PGRAMS** is also operational and the Public Grievances are being transmitted on a regular basis to DAR & PG. Ministry's website <http://civilaviation.nic.in> has been recast to give more useful information about the Ministry to the public at large.

In the offices under Director General of Civil Aviation (DGCA), **Civil Aircraft Registration Information System (CARIS)** which was earlier operational under Unix / Fox-plus has been implemented under Windows environment. On line query on Civil Aircraft Register has been made

available in the Internet through the DGCA Website <http://dgca.nic.in>. The Medical History information of all the pilots, from the **Flight Crew Licensing System** has been made available to the designated air force medical authorities through Internet, after incorporating measures to ensure the security and confidentiality of the data. The provision for printing of the medical assessments of all the pilots, who are declared fit by the DGCA doctor, has also been made through the DGCA Website. The admitted candidates list for AME/Pilots examination is published on the Internet through the DGCA Website.

In the office of Bureau of Civil Aviation Security (BCAS) their Website <http://bcasindia.nic.in> has been designed, developed and launched. This site contains up-to-date information like Organizational details, Training details, Circulars to Public, Information to air Passengers etc. This site also contains restricted information pages through which authorised officials can view circulars, AVSEC orders & restricted documents.

2.7 PUBLIC GRIEVANCE REDRESSAL MACHINERY

Public Grievance Redress Machinery (PGRM) in the Ministry of Civil Aviation is headed by a Joint Secretary who has been designated as the “Public Grievance Officer”. All organisations under the Ministry too have full-fledged grievance redress machinery headed by designated “Nodal Officer”, for dealing with the grievances

received by them through various sources. Instructions issued by the Department of Administrative Reforms and Public Grievances with regard to observance of every Wednesday as meeting-less day, display of name / details of the Public Grievance Officer, picking-up of grievances appearing in newspaper columns for necessary remedial action, fixation of time limits etc. are being implemented. Employees with direct public interface are being identified and sent to training programmes by the respective organisations so as to sensitize them for careful handling of the assigned tasks. The position of public grievances is being closely monitored in the Ministry with all the organisations under its control.

2.8 ADMINISTRATIVE & STAFF GRIEVANCE REDRESSAL MECHANISM

Staff Grievance Cells under designated Staff Grievance Officers are functioning in the Ministry and all its organisations, for speedy disposal of complaints and representations of the serving employees.

All cases regarding revision of pension/ family pension in respect of old pensioners and their families consequent upon the implementation of the recommendations of the Fifth Pay Commission have been settled by the Staff Grievance Cell in the Ministry within the given time frame. Payment of pension and other retirement benefits were also promptly settled.

To ensure punctuality and discipline, periodical and surprise checks were made. Harmonious relationship was maintained with the members of the staff.

2.9 WELFARE OF MINORITIES

Government's 15-point directive about the welfare of minorities, inter-alia, envisages that when large-scale employment opportunities are provided by the Railways, Nationalised Banks and Public Sector Enterprises, it should be ensured that special consideration is given to recruitment from minority communities. All public enterprises under the administrative purview of this Ministry have been asked to comply with the directive of the Government and also to continuously monitor the progress of implementation of this programme. Periodical returns from all the organisations under the Ministry are called for to watch the compliance/ progress.

2.10 VIGILANCE MATTERS

The Vigilance Unit of the Ministry is headed by a Chief Vigilance Officer (CVO) of the rank of Joint Secretary appointed in consultation with the Central Vigilance Commission, who functions as the nodal point in the vigilance set up of the Ministry. The secretarial assistance to the CVO in the Ministry is given by the Director, Under Secretary and Vigilance Unit of the Ministry. The Vigilance Unit in the Ministry inter-alia, monitors and coordinates vigilance activities of the offices and Public Sector

Undertakings/Autonomous Body under its administrative control.

Preventive vigilance continues to receive priority attention with primary emphasis on identification of sensitive/prone areas for malpractice and temptation. The guidelines / instructions issued by the Department of Personnel & Training and Central Vigilance Commission from time to time in this regard are followed.

The post of Chief Vigilance Officer, Airports Authority of India was filled up in July 2004 with the approval of competent authority. However, consequent upon appointment as Joint Secretary, National Commission under the Ministry of Small Scale Industries with effect from the forenoon of 11th November 2004 CVO, AAI demitted the office on the same day. Proposal has been sent to DOPT for consideration of a suitable candidate for appointment as CVO, AAI. Vigilance work pertaining to AAI has been entrusted to the Chairman, AAI in addition to his own duties with effect from 1st December 2004.

In pursuance of Central Vigilance Commission's directions, 'Vigilance Awareness Week' was observed in the Ministry from 1st November to 6th November 2004. Secretary, Ministry of Civil Aviation administered the 'PLEDGE' to all the employees of the Ministry on 1st November 2004.

In the main Ministry, during the year 2004-2005, there were 4 pending complaints received from Central Vigilance Commission. out of 9 pending disciplinary / vigilance cases 4 cases have since been disposed off.

Castes / Scheduled Tribes and Other Backward Classes from time to time, are brought to the notice of all the organisations under the Ministry for implementation. All periodical returns on the subject are regularly furnished to the Department of Personnel & Training and Ministry of Social Justice & Empowerment. Representations/ complaints /grievance petitions received from Scheduled Castes / Scheduled Tribes employees / Associations are examined and remedial action taken wherever required.

As on 31.12.2004, the representation of Scheduled Castes and Scheduled Tribes employees in the Ministry and various Organisations under its control, is as under: -

2.11 WELFARE OF SCs/STs/OBCs

A Cell exists in the Ministry of Civil Aviation for liaison work relating to reservation for Scheduled Castes and Scheduled Tribes and Other Backward Classes in posts and services in the Ministry and its various organisations. Similar cells also exist in various organisations under the control of this Ministry. The orders / instructions issued by the Government in regard to reservation for Scheduled

Name of the Organisation	Total No. of Employees	Total No. of SC Employees	Percentage (%)	Total No. of ST Employees	Percentage (%)
(1)	(2)	(3)	(4)	(5)	(6)
Ministry (Main)	215	46	21.39	9	5.18
DGCA	523	110	21.00	31	5.90
BCAS	237	28	11.81	6	2.53
CRS	130	23	17.70	08	6.15
IGRUA	219	42	19.17	01	0.45
AI	15111	3550	23.49	1043	6.90
IA	18454	3570	19.34	1161	6.29
AAI	19811	5079	25.64	1084	5.47
PHHL	595	89	14.95	39	6.55
HCI	1724	464	26.90	91	5.27

2.12 WELFARE OF SENIOR CITIZENS

In accordance with the guidelines issued by Ministry of Social Justice & Empowerment, as envisaged in the National Policy on Older Persons, instructions have been issued to all concerned Organisations under this Ministry to ensure prompt, fair and humane treatment for older persons. Instructions were issued to -

- Remove all physical barriers to facilitate easy entry, movement and exit at all airports and in airlines;
- Change the design of the frisking booths in the security hold area so that older persons are not required to climb steps and step down while undergoing security checks;
- Pay special attention for providing help / assistance to older persons particularly after alighting from the taxi at the airports till the person reaches the check-in counters;
- Pay special attention to older persons and those needing assistance at the booking offices of airlines;
- Give preference in reservation and earmarking of seats in the airlines;
- Give widows special consideration in the matter of settlement of benefits accruing / compassionate appointments on the demise of the spouse;

- Fix responsibility for any delay caused in settlement of pension, provident fund, gratuity and other retirement benefits.

During the lean season, Air India offers special Senior Citizen fares on the USA / UK/ Europe routes for those aged 60 years and above. These discounts ranged between 30-40% and are subject to certain black-out periods. Air India also offers a 55% discount to senior Citizens on its domestic routes. These were applicable to women aged 63 years and above and men aged 65 years and above. However, effective 6.12.2004, the age limit for both men and women has been reduced to 60 years and above. Air India takes utmost care of the senior citizens and provides special handling at the airports, wheel chairs on departures/ arrivals, choice of seat allocation on the flight and choice of any special meal to the requested at the time of making the reservations.

Indian Airlines offers 50% discount on the fare component to senior citizens for travel in Economy Class on the domestic sector. The concession is available for men who are 65 years and above and women who are 63 years and above. Special requests of Senior Citizen's like wheel-chairs, special meals on board etc. are taken care of.

2.13 PROTECTION OF ENVIRONMENT

Keeping in view the guidelines of the Ministry of Forests and Environment all the organisations under this Ministry were given instructions to make every effort to protect the environment.

2.14 OFFICIAL LANGUAGE

In this Ministry, Hindi Salahkar Samiti, under the chairmanship of the Hon'ble Minister render proper advice on the implementation of the provisions laid under Official Languages Act, 1963 and the Official Languages Rules, 1976 framed there-under. The Samiti met in Delhi on 18th November, 2004 wherein comprehensive discussion took place to explore measures for progressive use of Official Language in the Ministry as well as its Attached/ Subordinate Offices/ Undertakings.

On the eve of Hindi Day, a table-work competition was held. During the period 23rd August to 10th September, 2004 all the Officers/ Officials of the Ministry as well as the Heads of Subordinate Organisations were encouraged to execute their office-work originally in Hindi. A Review Committee has evaluated various competitions held in Hindi during the period. The competition was held between the officers/ officials in three categories. First category was between L.D.Cs. to Assistants, second was between Section Officers to Secretary of the Ministry and third was between the Heads of all the Subordinate Organisations under this Ministry and the winners who discharged their maximum office-work in Hindi were awarded prizes – First Prize worth Rs.5000/- Second Prize worth Rs. 4000/-, Third Prize worth Rs.3000/- and Fourth Prize worth Rs. 2000/- as consolation. In addition, Hindi

Essay-Writing, Hindi-Typing and Hindi-Stenography competitions were also held. The winners of these competitions have been awarded the prizes – First Prize worth Rs. 2500/-, Second prize worth Rs. 2000/-, Third prize worth Rs.1500/- and Fourth prize worth Rs.800/- as consolation.

The Ministry and its Organisations carried out inspections to ensure proper implementation of Official Language Policy and suggested suitable measures for improvement.

2.15 ACCOUNTING ORGANISATION

Secretary (Civil Aviation) is the Chief Accounting Authority of the Ministry of Civil Aviation. The Additional Secretary & Financial Advisor and the Financial Controller assist the Chief Accounting Authority. The accounting organisation of the Ministry is looked after by the Financial Controller, who performs duties with the assistance of an Assistant Financial Controller and 8 Pay & Accounts Officers (PAOs). The accounting organisation comprises of the Principal Accounts Office, Internal Audit Wing, 2 Pay & Accounts Offices at Delhi and three outstation Pay & Accounts Offices at Mumbai, Kolkata and Chennai. The Principal Accounts Office consolidates the accounts of the entire Ministry and other related matters, apart from co-

ordinating the administrative functions of all the PAOs. Monthly accounts are compiled by PAOs on computer with the help of a package called 'COMPACT'. At the close of each financial year, the Principal Accounts Office consolidates accounts of the Ministry through the package 'CONTACT' and are sent to Ministry of Finance, Controller General of Accounts (CGA). Principal Accounts Office also compiles Appropriation Accounts, Finance Accounts and Statement of Central Transactions, pertaining to the Ministry.

Internal audit - The Internal Audit Organisation in the Ministry of Civil Aviation is headed by Financial Controller who is assisted by 1 Assistant Financial Controller, 1 Sr. Accounts Officer and 4 Asstt. Accounts Officers. This wing is responsible for internal inspection of accounts maintained by the Ministry and its subordinate and attached offices located across the country. The work of audit is carried out in accordance with the instructions and procedures laid down in the Internal Audit Manual. Internal Audit Wing ensures that rules, regulations relating to accounting and financial system are properly followed, and serious irregularities / omissions etc. seen during Internal Audit are brought to the notice of the Heads of Departments for remedial action.

2.16 AUDIT PARAS

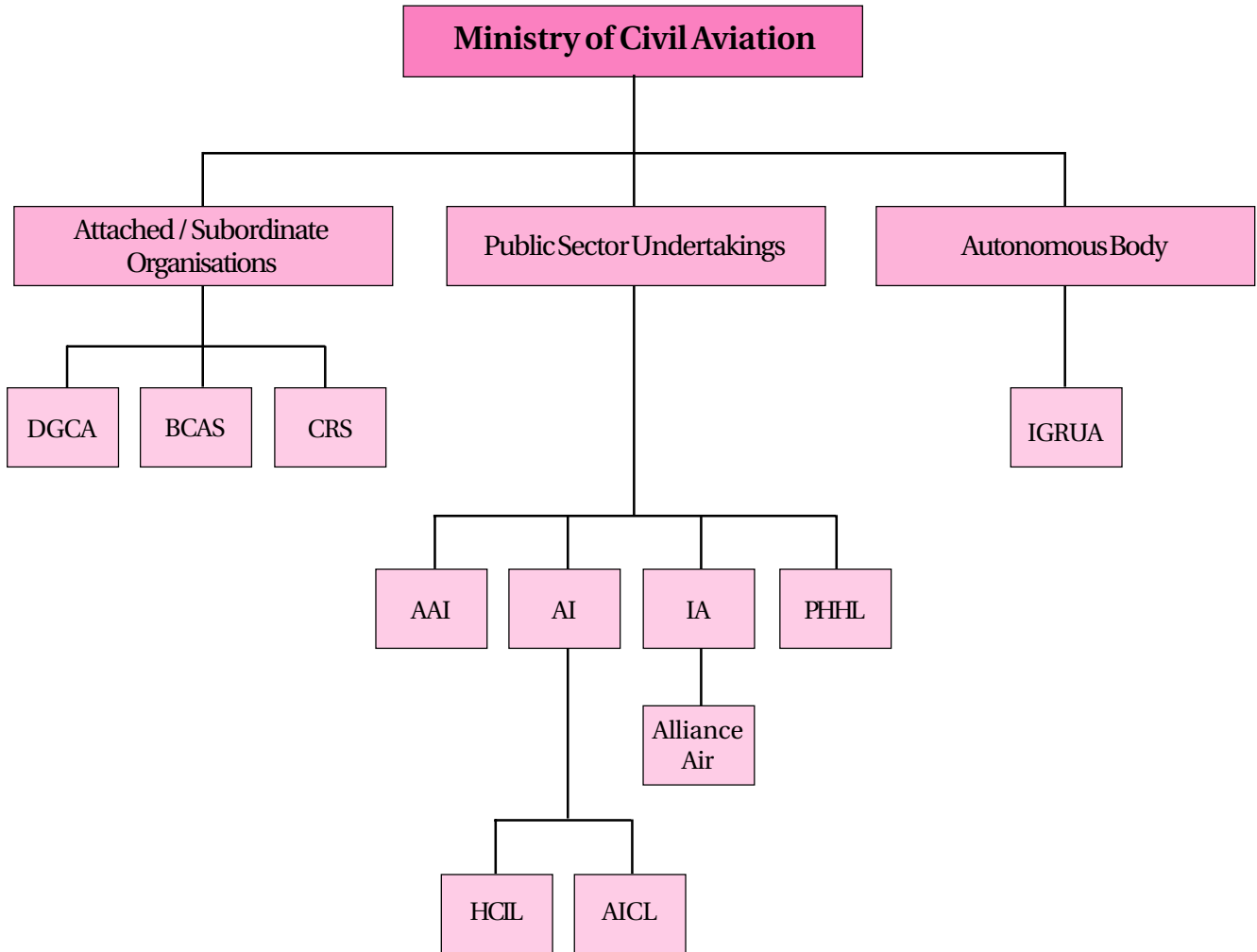
A total of 24 audit paras are outstanding as on 17.1.2005. Action Taken Notes (ATNs) have been sent to audit in respect of 18 paras. Of these 18 paras, vetted remarks of audit have been received in respect of 6 paras and replies of audit in respect of remaining 12 paras are awaited. Further action is being taken in respect of those paras where vetted remarks of audit have been received. Organisation-wise break-up of pending audit paras is as under:-

	Name of the organisation	Pending Paras
1.	Ministry of Civil Aviation (Main)	3
2.	Airports Authority of India	9
3.	Air India Limited	4
4.	Indian Airlines Limited	8
	Total	24

Status of audit observations listed in letter No.2100/E.Coord/2003 dated 8.12.04 from Department of Expenditure has been indicated in **Annexure II**

ANNEXURE - I

ORGANISATIONAL SET-UP OF THE MINISTRY OF CIVIL AVIATION



S. N.	Para/ Report No.	Gist of audit observation	Status as on 17.1.05
1.	Para No. 2.1.1 of Report No.3 of 2004 (Commercial)	Undercharging of lease rent from a private party and reduction of turnover levy resulted in foregoing of revenue of Rs.145.69 crore by Airports Authority of India (AAI) over the lease period from June 2002.	Further comments of AAI for preparation of ATN are awaited.
2.	Para No. 2.1.2 of Report No.3 of 2004 (Commercial)	AAI incurred infructuous expenditure of Rs.8.23 crore on extension of runway and construction of boundary wall at Jammu Airport, as it had to foreclose the contracts in January 2002 for want of clear possession of land.	Further comments of AAI for preparation of ATN are awaited.
3.	Para No. 2.2.1 of Report No.3 of 2004 (Commercial)	In appropriate decisions of the Corporate Management in sanctioning advances to its employees, which were subsequently written off resulted in loss of Rs.26.74 crore up to March 2002 to the Air India Limited (AIL).	Settled. ATN sent to Lok Sabha Secretariat on 27.7.04.
4.	Para No. 2.2.2 of Report No.3 of 2004 (Commercial)	Due to negligence AIL did not inform its property status to the local council authorities at London, which resulted in avoidable payment of Rs.4.25 crore as council tax till March 2003 and continues to cost Rs.85 lakh per annum till corrective action is taken by the Management.	Settled. ATN sent to Lok Sabha Secretariat on 7.10.04.
5.	Para No. 2.2.3 of Report No.3 of 2004 (Commercial)	Absence of effective stores management in AIL resulted in an avoidable loss of Rs.1.87 crore due to shelf life expiry perishable and non-perishable aircraft materials, besides loss of Rs.1.47 crore as interest on blocked funds up to June 2003. In addition there was customs duty liability of Rs.3.01 crore.	Settled. ATN sent to Lok Sabha Secretariat on 5.8.04.
6.	Para No. 2.3.1 of Report No.3 of 2004 (Commercial)	Indian Airlines Limited lost Rs.3.49 crore incurred on bank charges and litigation cost up to June 2003 as it had transferred fund towards lease charges of aircraft without ensuring the capability of the lessor to arrange aircraft on lease basis.	ATN sent to audit on 2.9.04. Vetted remarks of audit received on 1.11.04. Final ATN is being sent to Lok Sabha Secretariat.
7.	Para No. 2.4.1 of Report No.3 of 2004 (Commercial)	Pawan Hans Helicopters Limited has incurred infructuous expenditure of Rs.9.86 crore up to March 2002 on injudicious procurement of stores and spares.	Settled. ATN sent to Lok Sabha Secretariat on 16.7.04.

8.	Chapter II of Report No.4 of 2004 (Commercial)	<p>Indian Airlines Limited(Company) formulated various schemes for the payment of wages, allowances and productivity linked incentives (PLI) to its employees during the last five years ended March 2003 without linking them to financial performance of the Company, continuance of which would have adverse impact on the financial viability and sustainability of the Company on short and long-term basis. Despite the increased payment of PLI, the overall profitability of the Company did not improve. As the Company did not follow its approved wage policy, this resulted in outflow of resources in excess of inflow. Thus, the Company made total PLI payment of Rs.1449.02 crore during April 1998 to March 2003 which exceeded the losses of Rs.585.83 crore incurred during above period. Although the number of employees of the Company had decreased by 10.93 per cent during the period 1998-99 to 2002-03, the total employee cost increased by Rs.143.05 crore. The Company had to pay increased cost of employees out of additional revenue of Rs.708.57 crore generated from the periodical upward revisions of fare.</p> <p>The Company has paid productivity allowance/fixed productivity allowance/special productivity allowance amounting to Rs.248.12 crore from April 1998 to March 2003 without measurable linkage to the performance level achieved by the employees. The Company also paid Rs.13.57 crore to its Cabin Crew and Pilots as out of pocket expenses over and above the terms of settlement entered into with their respective Unions.</p>	ATN sent to audit on 28.6.04. Vetted remarks of audit received on 27.9.04. Comments of IA on vetted remarks of audit are awaited.
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Directorate General of Civil Aviation

3

3.1 INTRODUCTION

The Directorate General of Civil Aviation is the principal regulatory body in the field of civil aviation. It is not only responsible for regulation of air transport services to/from/within India, for formulation and enforcement of civil air regulations, air safety and airworthiness standards but also co-ordinates all regulatory functions with International Civil Aviation Organisation (ICAO).

3.2 ORGANISATION

The Directorate General of Civil Aviation has its Headquarters in New Delhi. This organisation is headed by the Director General of Civil Aviation who is assisted by Joint Director General and Deputy Director General. The Director General has the following Directorates under him: -

- Directorate of Regulation & Information.
- Directorate of Air Transport.
- Directorate of Airworthiness.
- Directorate of Air Safety.
- Directorate of Training & Licensing.
- Directorate of Aerodrome Standards.
- Directorate of Flying Training.
- Directorate of Flight Inspection.
- Directorate of Research & Development
- Directorate of Administration.

3.3 FUNCTIONS

The main function of the Directorate General of Civil Aviation is to regulate all civil aviation matter. Some of the salient functions are as under:-

- Regulation of air transport services to /from/within India in accordance with the provisions of the Aircraft rules, 1937, including bilateral and multilateral agreements with foreign countries and the policy pronouncements of the government;
- Registration of civil aircraft;
- Laying down airworthiness requirement for civil aircraft registered in India and grant of Certificate of Airworthiness to such aircraft;
- Licensing of pilots, aircraft maintenance engineers and monitoring of flight crew standards;
- Licensing of aerodromes and air carriers;
- Rendering advice to the Government on matters pertaining to civil aviation;
- Processing amendments to Aircraft Act, 1934 and the Aircraft Rules 1937, and other Acts relating to aviation, with a view to implementing in India the provisions of the Chicago Convention and Annexes thereto and other International Conventions relating to aviation;

- Co-ordination of the work relating to International Civil Aviation Organisation and sending replies to state letters after consulting the concerned agencies;
- Investigation of minor air accidents and incidents and rendering technical assistance to the Courts/ Committees of Inquiry;
- Supervision of training activities of Flying/Gliding Clubs;
- Development of light aircraft, gliders and winches;
- Type certification of aircraft.

3.4 AIR SERVICES AGREEMENTS

During 01 April 2004 to 31 December, 2004, bilateral air talks were held with Brazil, Australia and United Kingdom to review the existing bilateral arrangements, as a result of this, additional capacity to the tune of 12,000 seats per week was granted to the designated airlines of India and the respective foreign countries.

The designated airlines of Sri Lanka and ASEAN countries were permitted to operate any number of services to specified 18 points of tourist interest in India, including Cochin, Trivandrum and Calicut subject to India receiving reciprocal rights.

3.5 AIR TRANSPORT

- **Tourist Charters**

The tourist charter guidelines have been further liberalized vide Aeronautical Information Circular No.

5/2004 dated 29-07-2004. Now Indian Passport holders are also permitted to travel by tourist charter flights under Inclusive Tourist Package (ITP). The ITP flights can operate to any airport in India without any limitation on frequency of flights or size of aircraft.

The earlier clause requiring a minimum expenditure by each tourist in foreign exchange has been abolished. A total of 705 charter flights were operated to India from January to December, 2004 bringing in 1,55,495 foreign tourists. Relief flights to Sri Lanka, Maldives, Thailand and Indonesia were granted priority in issuing permission to bring relief for the Tsunami victims.

- **Non-Scheduled Operator's Permit**

As on 31st December, 2004, a total of 37 companies were holding Non-Scheduled Operator's Permit.

- **Domestic Scheduled Operators**

In addition to Air India, Indian Airlines and Alliance Air, the following private operators had the permission to operate domestic scheduled air transport services:

- Jet Airways
- Sahara India Airlines
- Deccan Aviation Pvt. Ltd.
- Blue Dart Aviation Pvt. Ltd (only cargo)

During January to December, 2004, a total of 2,50,141 flights were operated by the domestic scheduled operators carrying a total of 17.589 million passengers.

3.6 INTERNATIONAL CO-OPERATION

- The following activities were undertaken for International co-operation. COSCAP-SA Steering Committee Meeting was held at Hotel Ashok, New Delhi, India from 29th November to 1st December 2004. The meeting was attended by the Directors General of Civil Aviation or their representative of the participating SAARC States (India, Pakistan, Nepal, Bhutan, Bangladesh and Maldives), representatives from ICAO Headquarters Montreal and its Regional Office for Asia Pacific Region Bangkok, Federal Aviation Administration (FAA) of USA, Joint Aviation Authority (JAA) of Europe, European Union (EU), donor agencies like aircraft manufacturers - Boeing and Airbus and other international aviation agencies like the International Air Transport Association (IATA) and the European Aviation Safety Agency (EASA). The programme was aimed at assisting the participant States in developing their air regulations and standards and to improve their independent oversight capabilities.
- One session of Indo-Russian Working Group on Civil Aviation was organized this year. This session was held under the bilateral agreement between the Government of Russia and Government of India to finalize the Implementation Procedures of Airworthiness (IPA) for mutual acceptance of civil aeronautical products.
- A meeting between representatives from Civil Aviation Authority of Israel (CAAI) and Directorate General of Civil Aviation (DGCA), India, was organized this year. This session was held to discuss the modalities of Bilateral Aviation Safety Agreement (BASA) between the Government of Israel and Government of India, for them to accept and operate HAL manufactured ALH Helicopter (DHRUV).
- Flight Inspection Directorate organized 8 courses under EU-India Civil Aviation Project and one course under COSCAP-SA.
- The European Union Project aimed at establishing a solid relationship to simulate co-operation and to further business linkages between the EU and the Indian aviation sector has been finalized. The project will increase Indian awareness of the EU industry practices including airworthiness and safeguard standards of aviation safety in the region. Further, the project will provide for the development of Indian companies in the sector to enable full growth potential to be met in part through the assistance in the development of airport management, modern product support maintenance and overhaul techniques and commercial pilot training. The project will concentrate on a programme of co-operation between European industry and regulatory authorities and Indian industry in 7 specific areas of Airworthiness, Airline management, Air

Traffic Management, Product Support, Cooperation of technologies for economies success in the Aerospace industry, Pilot/instructor training and Airport Activities.

3.7 AIRWORTHINESS

- **Registration of aircraft**

As on 31st December 2004, there were 1150 aircraft (including micro light, gliders and balloons) on the Indian civil register. Of these, 60 aircraft were registered and 49 aircraft were deregistered during the period 1st April to 31st December 2004.

- **Licensing of Aircraft Maintenance Engineers**

A total of 6034 Aircraft Maintenance Engineers (AME) Licenses including Basic Licenses and 282 Flight Engineers (FE) Licenses have been issued so far, of which 200 AME licenses have been issued during the period 1st April to 31st December 2004.

- **Approval of firms**

So far, a total of 1671 firms have been approved for manufacture, maintenance, testing, storage etc. of aircraft, aircraft components/equipment. Out of these, 50 are foreign firms.

- **Co-operative Development of Operational Safety and Continuing Airworthiness- South Asia (COSCAP-SA)**

The Co-operative Development of Operational Safety and Continuing Airworthiness-South Asia under the aegis of ICAO is a joint programme of seven

SAARC countries, namely India, Pakistan, Nepal, Bhutan, Bangladesh, Sri Lanka and Maldives. The programme is aimed in assisting the participant States in developing their air regulations and standards and to improve their independent oversight capabilities. The programme is managed by a Steering Committee consisting of the Directors General of the seven States. ICAO Headquarters and Regional Office Bangkok carry out overall supervision and provide guidance to the programme. The seven participating States contribute finances to the programme in accordance with the services rendered to the individual State and as determined by ICAO, Headquarters. During the past five years, a large number of officers of DGCA and people from the aviation industry have been trained under the programme.

Following courses have been conducted under the COSCAP during the period January, 2004 to December, 2004.

- * Workshop on Safety Management systems.
- * ETOPS Course.
- * Aviation Medicine Course.
- * Cabin safety workshop course.

3.8 EXAMINATION

Central Examination Organisation has been conducting examinations throughout the year for the issue and/ or extension of Flight Crew and Aircraft Maintenance Engineer's License at various Examination centers and the schedule of examinations of the complete year is

placed well in time on DGCA web site www.dgca.nic.in.

The detailed data of the examinations conducted during

the period from 1st April 2004 to 31st December 2004 are as follows: -

	AME	PILOT		TOTAL
		Technical	General	
No. of applicants	11,874	4,045	5,049	20,968
No. of papers	22,163	6,611	10,889	39,663
No. of special Examinations held	02	20	15	37

The results of successful candidates are also displayed on DGCA Website www.dgca.nic.in besides being made available on E-mail addresses to all Regional/ Sub-Regional offices of the DGCA.

3.9 TRAINING AND LICENSING OF AIRCREW

- **Basic Flying Training**

The flying /gliding training is provided by various Flying/ Gliding Clubs and institutes spread all over the country. Presently there are 39 flying clubs/ institutes. IGRUA is also imparting flying training to student pilots in India. Eleven of the above mentioned institutes are privately owned.

A Government Gliding Centre at Pune run by the Directorate General of Civil Aviation provides gliding training. Besides this there are 5 gliding clubs having 5 gliding branches.

A total of 22896 instructional hours were performed by the Flying Clubs during April to December 2004. A total of 10021 launches were performed by the Gliding Clubs during this period. DGCA released an amount of Rs. 14,11,694/- to the flying clubs under the flying subvention scheme. DGCA also conducted

examination to select 40 SC/ST candidates for award of free flying up to PPL. Nine oral exams for FIR(A)/ AFIR(A) and 19 inspections of Flying Clubs have been carried out. Nine approvals have been granted to CFI/CFII in various flying clubs.

- **Licensing of air crew**

During 01st April to 31st December, 2004, a total of 778 pilots' licences/ ratings were issued by the DGCA. In addition, 97 foreign pilots licenses were validated under the Aircraft Rules, 1937.

3.10 FLIGHT INSPECTION

During the year 2004, Flight Inspection Directorate carried out the following major activities: -

- Surveillance checks of Scheduled Operators were conducted including 80 Cockpit En-route Inspections, 27 Cabin Inspections, 20 Station Facility Inspections and 23 Ramp Inspections were carried out in respect of scheduled airlines.

- Simulators of Air India and Jet Airways at Mumbai, Indian Airlines at Hyderabad and of Indira Gandhi Rashtriya Uran Academy (IGRUA) at Rae Bareilly, were evaluated/approved.
- Approval of Indira Gandhi Rastriya Uran Academy (IGRUA) as Flight Training Institute was revalidated.
- Three training Institutes of Ministry of Defence were revalidated. Flight Training Device (B.737-300) of M/S Jet Airways was evaluated and approved.
- Main Base Inspections of Indian Airlines, Jet Airways, Sahara Airlines and Air India were conducted.
- 48 Training Captains of various scheduled airlines were granted approval to function as Check Pilot/ Instructors and Examiners.
- Training approvals were granted to 110 pilots/ co-pilots of Air India, Indian Airlines and Jet Airways were authorized to carry out ILS CAT-II/ CAT-III A/ CAT-III B Operations.
- Three Standard Operating Circulars were issued to enhance safety of aircraft operations.
- M/S Air Deccan and M/s Kingfisher Airlines were given approval for A.320 Endorsement Training Programme in respect of their pilots for Scheduled Operations.
- 101 Flight Dispatchers of scheduled airlines were approved/ revalidated.
- During the year 2004, Standard Operating Procedure for operations to 9 new stations and critical airfields were examined and approved.

3.11 AERODROME STANDARDS

During the year 2004, the following important activities were undertaken:

- The operational authorization for scheduled airline operations both domestic and international to/from Cochin International Airport (CIAL) was renewed.
- Renewal of operational authorization was granted to Air Deccan for helicopter operations from Katra and Sanjichhat helipads owned by Mata Vaishno Devi Shrine Board.
- Operational authorization was renewed to privately owned rooftop helipad, of M/s ESSAR at Mumbai and at Sahara Shahar, Lucknow and renewal of licences in private category for sixteen airfields was carried out.
- Handling court cases regarding demolition action under Section 9A of the Aircraft Act, 1934 w.r.t. Hyderabad airport and also arranging for appeal against the already issued demolition orders for the removal of obstructions at Hyderabad airport. In addition Court Cases regarding compensation at Port Blair and coordination with MCA and Ministry of Law for appointment of arbitrator under the Aircraft Act, 1934.
- Surveillance and monitoring of CAT-II/ IIIA installation of visual guidance facilities at the IGI Airport.
- Finalized Airspace Structure of Bangalore International Airport and submitted to MCA and also finalized Airspace structure of proposed Hyderabad International Airport Ltd. (HIAL) in association with AAI and other concerned agencies.

- Availability of extended runway at Port Blair for operations of IALA-320 aircraft by removing the obstacles. IALA-320 operations commenced from March 2004.
- Participated in meeting for ATS co-ordination in Bay of Bengal with neighboring countries, RVSM implementation annual review, ATS route network review, Special Implementation Project (SIP) for filing the differences conducted under the aegis of ICAO.
- Rules for Aerodrome licensing have been revised and notified in accordance with ICAO guidelines and Issued Civil Aviation Requirements on 'Rules of The Air'
- Inspected site for proposed aerodrome at Pokyang by Government of Sikkim.
- Associated with proficiency checks of ATCOs of AAI at Delhi and Chennai airports to ensure standards of their performance.
- Finalisation of danger area near Barnalla in association with IAF and AAI.
- Processing and issue of NOC for Slaughter-house to be constructed by MCD at Ghazipur.
- Follow-up of Universal Safety Oversight Audit Program (USOAP).
- Coordination with AAI and flying clubs for air space closure/ restriction for Independence Day/ Republic Day celebration.
- Processing request for night operation at private airfield JVSL Vidyanagar and at Sahara Shahr, Lucknow.
- Inspection of aerodromes for commencing schedule operations from airfields like Dehradun, Kanpur, Jabalpur, Surat, Kolhapur etc. which were not having schedule flight operations.
- Processing of applications for rooftop helipad at Aditya Birla Foundation, Pune and Taj Wellington Mews at Mumbai.

3.12 AIR SAFETY

- **General**

The Air Safety Directorate had carried out its duties and responsibilities relating to investigation of minor accidents and incidents, prevention of accidents/ incidents and birds strike prevention programme. Under the accident prevention programme, in-flight inspections of airlines, safety audits of airline operators and various aerodromes along with the facilities therein were carried out. Follow up action was also taken on the recommendations emanating from the inquiry reports of aircraft accidents/ incidents. The bird strike prevention programme was undertaken at the airport level.

- **Aircraft Accidents:**

During the period 1st April to 31st December 2004, there have been 4 notifiable accidents to Indian Civil Registered Aircraft. All the accidents have been investigated / are being investigated to find out circumstances leading to the accidents. There were 516 incidents to various scheduled / non-scheduled airlines. Out of these, 17 were serious incidents and 15 were air miss incidents. Action is taken on the recommendations made in the investigation reports to prevent reoccurrence.

- **Prevention Work**

- * **Safety Audit of Airlines/ Operators:**
Dedicated Safety Audit Teams of Air Safety Directorate carried out safety audit of the airlines/ operators for their operational, engineering and other aviation oriented management activities. During the period 1st April 2004 to 31st December 2004, nine safety audits of airlines, Flying Academies & Institutes were carried out along with three surveillance inspections. The deficiencies pointed out in the safety audit reports/ surveillance inspections have been brought to the notice of the operators/ airlines/ concerned agencies for taking necessary remedial action.
- * **Implementation of Recommendations made by the Court/ Committee of Inquires/ Inspector of Accidents:** The safety recommendations emanating from various court/ committee / Inspector of accidents inquires into aircraft accidents are followed up with various concerned aviation agencies for their early implementation.
- * **In-flight Cabin Inspection:** Only one in-flight inspection was carried out during this period and necessary action was initiated on the deficiencies observed.
- * **Pre-flight medical Check:** During the period the regional Air Safety Offices carried out random checks with the help of breath analyzer for presence of alcohol in the breath of operating crew. A total of 12-flight crew were found positive. Necessary action was taken by the airlines on the concerned crew.

- * **Aerodrome Inspection:** Six aerodrome inspections were carried out during this period and necessary actions were initiated on the deficiencies observed.

3.13 RESEARCH & DEVELOPME

- **Type Certification**

The Type Certificate and Technical Certificates have been issued to Advance Light Helicopter “ALH-Civil Skid Version” (DHRUV) designed and developed by M/s HAL, Bangalore. A large number of documents including design reports, drawings, flight test reports, etc, were scrutinized by R&D Directorate prior to this certification.

R&D Directorate is extensively involved in work relating to type certification of ‘SARAS’ aircraft being designed and developed by M/s. National Aerospace Laboratories, Bangalore. The structural assembly of SARAS has been completed and the assembling of various systems is under progress. The test flights of this aircraft are in progress.

- **Type Approval**

R&D Directorate has been very actively involved in coordinating the design, development and qualification testing of a large number of indigenously designed and developed products, appliances and equipment for ALH and SARAS. Most of these units are developed by M/s HAL, Lucknow. Type approval of twenty-six items/accessories of ALH-Civil has been accorded.

- **Development of Certification Requirements**

With a view to upgrade the Indian Civil Aviation requirements at par with international standards, CAR

21 which describes the certification procedures of aircraft and related products, has been developed in consultation with European experts.

- **Training of Officers**

An expert from Joint Aviation Authority of European Union is positioned at DGCA Hqs. About 12 courses were conducted on various topics, which were attended by the officers of this directorate.

- **Laboratory Activities**

- * More than 200 samples of aviation fuel and lubricants were tested for the purpose of monitoring quality control including VVIP flight fuel samples.
- * About 2014 CVR cassettes and 711 FDR read-outs drawn from various aircraft for monitoring crew performance and recording integrity of recorders were analysed and corrective action recommended.
- * Assistance was provided by the R&D Directorate in the laboratory investigations of failed components of aircraft involved in accidents/incidents. Investigation of 20 such cases were carried out.
- * About 155 Welded specimens were tested for issuance of welder competency certificate and 57 specimens of indigenously developed upholstery, seat cover and carpets used for interior furnishing of passenger aircraft were approved.
- * All the approved Design Organizations have been asked to update the Design & Engineering Organisation Manual (DEOM) in line with the CAR-21 requirements.

- * One HANSA-3 aircraft manufactured by M/s National Aerospace Laboratories, Bangalore was procured by DGCA on 22.12.2004 and is being handed over to a needy Flying Club/ Institution for training of student pilots. R&D Directorate did all the administrative work for this procurement and allotment.
- * The work of setting a new CVR/ FDR laboratory with state-of-art equipment for routine monitoring of performance and also for conclusive study/decoding of CVR/ FDR data in case of incidents/ accidents is almost complete. New premises have been constructed for the laboratory. Computers along with software and hardware required for analysis of flight data have been procured.

3.14 ADMINISTRATION

- **Implementation of official language policy**

All the general orders, establishment orders and notifications were issued bilingually in the office of the Director General of Civil Aviation. Air Accident Report, Statistical Report and Annual Report were brought out in bilingual form.

During the year 20, employees were imparted training in Hindi workshops. Various experts from other offices were invited to deliver lectures in this workshop. According to the instructions of Official Language Department, some cassettes and documentary films regarding progressive use of Official Language were screened in this workshop. Two employees were trained on Hindi typing and one on Hindi stenography under the Hindi Teaching

Scheme. In order to promote Hindi work on computers 'Leap Office' Hindi software was made available to all the sub-ordinate offices.

During this period, various Hindi Competitions were conducted and Hindi Day was celebrated enthusiastically. The Director General gave commendation certificates and cash awards to the winners.

Eight officials were given cash awards for doing their maximum work in Hindi under the Incentive Scheme of Official language Department for doing original noting/drafting in Hindi. One officer was given cash award for giving maximum dictation in Hindi. Four typists got incentive allowance for doing Hindi typing along with English.

Hindi books were purchased from library fund to ensure implementation of Official Language Policy.

Meetings of Official Language Implementation Committee were conducted regularly in every quarter. Subordinate offices were also inspected.

- **Vigilance Activities**

During the period, Shri P.K. Chattopadhyay, the Joint Director General continued to function as Vigilance Officer for DGCA office. Large size painted boards have been displayed at all prominent places showing the name, official and residential address and telephone number of the Chief Vigilance Officer and Vigilance Officer. Other instructions on the vigilance matters, as and when received from the Ministries/ Central Vigilance Commission are scrupulously followed and circulated.

Out of the eight (08) disciplinary cases pending at the beginning of the year, five (5) cases have been disposed off. No new case has been initiated during the year.

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Bureau of Civil Aviation Security

4

4.1 INTRODUCTION

The Bureau of Civil Aviation Security is an attached office of the Ministry of Civil Aviation with its headquarters at New Delhi. The Bureau works under Commissioner (Security), an officer of the rank of DGP. The Commissioner (Security) is the designated “Appropriate Authority” to ensure development, maintenance, updation and implementation of National Aviation Security Programme for India.

The main objective of the Bureau is to safeguard Civil Aviation operations against the acts of unlawful interference. To achieve this objective, the Bureau lays down standards and recommended practices for anti-sabotage and anti-hijacking measures. Further, the Bureau is mandated to conduct regular inspections and security audits to ensure that the laid down procedures are being complied with.

Being designated as the “Appropriate Authority” responsible for fulfilling all international obligations in Civil Aviation Sector and meeting the standards laid down by ICAO Security Manual Annex-17, the Bureau is responsible not only for training personnel in aviation security but also testing and certifying them. Planning and coordination of all aviation security related activities being the core responsibility of Bureau of Civil Aviation

Security, four regional offices: one each at Delhi, Kolkata, Mumbai and Chennai have been established under a Deputy Commissioner of Security. The Bureau has four “Bomb Detection and Disposal Squads” positioned at the four metros alongwith Dog Squads to render immediate assistance in explosive detection. Srinagar has also been provided a Dog Squad to tackle the operational emergencies.

4.2 BROAD TARGETS

- **Modernisation**

BCAS has formulated an IT Plan for modernization & automation of Office Procedures. Computerization work is in progress in the BCAS. All the staff members have been trained for basic operation. All documentation both in Hindi and English is being done on computer, leading to the development and administration of Databases and Electronic Data Processing. All computers are internally Net-worked in Local Area Network. Financial Software Package has been obtained from the NIC and Official Human Resource Management Software Package is also being installed.

- **Training**

a) The Bureau has brought out a “National Civil Aviation Security Training Programme” (NCASTP). Thus consolidating the training curriculum so far developed by BCAS for security personnel of various categories/levels. Training Programmes organized by BCAS during the year 2004 are as under:-

* BCAS conducted tests for certifying of screeners
Total number of 1720 screeners from APSU/ Airlines attended, and out of which 1050 have been certified.

* 37 Basic ABSEC courses conducted and 1058 security personnel have been trained.

* During AVSEC Awareness Programme organized at different airports in the country, 4401 personnel working at airports in different agencies attended the programme.

* Officers of BDDS have also trained 5556 staff of the airport in recognition of improvised explosive devices (IEDs) and Bomb Threat Procedure during the year 2004.

b) The details of foreign training attended by officers of BCAS are as under:-

One Deputy Commissioner of Security (CA) attended the Auditors course conducted by the ICAO Regional Training Centre, Singapore. At the ICAO

Regional Training Centre, Penang, Malaysia one Assistant Commissioner attended Instructors Course while two Asstt. Commissioners attended the Cargo Security Course.

- **Contingency Plan**

In order to test the efficacy of Contingency Plan and Operational preparedness of the concerned agencies, Mock exercise are being conducted regularly at the airports.

- **R&D Database for AVSEC:**

All officers of BCAS are feeding details of Inspection Reports, follow-up action, feedback reports, Security Audit Reports, detailed documentation of Incident Investigations etc. on the server through networked desk station. In due course of time, Bureau expects to accumulate volume of reliable database for data mining EDP and R&D purpose. Database on Security related technology is also being created.

- **Initiatives taken to improve security at Airports**

Dummy exercises were conducted by RDCOS at regular intervals at international and domestic airports in their regions, to test the efficacy of security staff deployed by various agencies.

A Security Audit of IGI Airport has been carried out by International Security Auditors under the auspices of International Civil Aviation Organisation (ICAO) w.e.f 10th Jan to 19th Jan, 2005.

- **Security Programme of Scheduled/Non Scheduled Air Carriers**

To ensure the prescribed Security Standards the Security Programmes of the Airlines (both Scheduled & Non-Scheduled Carriers) are scrutinized & vetted by this Bureau. So far Security Programmes of 58 Foreign Airlines and 107 Domestic Operators of Scheduled and Non-Scheduled Airlines were approved for operations up till now.

- **Photo Identification Card (PIC) System**

To ensure the secured access control to the Airport Premises, the Bureau scrutinizes & approves the applications for issue of Airport Entry Photo Identity Cards (PIC) through the PIC Committees and issues airport entry passes and Photo Identity Cards to officers and staff of various organizations who are directly connected with the Civil Aviation operations.

Modern Computerized System of Photo Identity Card (PIC) has been procured & installed at BCAS' Headquarter & its four Regional Offices, by the Bureau in December 2002. Validity of all the permanent PICs which have expired on 31.12.2004 has been increased from one year to three years for the convenience and smooth operation of Civil Aviation.

Bureau has submitted a detailed Study Report and Proposal for introduction of Smart Card and Biometrics Based Assess Control and Data Base Management System for airports.

4.3 ACHIEVEMENTS OF BDDS

- During this year, the squads responded to 368 Bomb Threat incidents at four International Airports, and 1 Bomb Threat at Domestic airport.
- 348 Bomb threat calls for unclaimed baggage, 10 bomb threats for terminal building, 11 aircraft calls which includes 1 Aircraft/Airlines not identified, 2 Foreign aircraft inside country, 3 Private Airlines, 3 Indian Airlines inside the country, 1 by Air India inside the country/ aircraft were attended, which resulted in huge financial gain to the airlines and also good-will from passengers. Because of the dedication and well trained BDDS of this Bureau, no flight was cancelled due to bomb threat during the year 2004.

4.4 IMPLEMENTATION OF OFFICIAL LANGUAGE

During the year, a "Hindi Week" was celebrated in Sept. 2004. Besides, Extempore speech competition, Hindi Typing, Hindi Dictation, Hindi Essay, Noting & Drafting and Quiz Competitions were organized during the "Hindi Week".

A Hindi Workshop for the Officers and Staff was also organized. Inspections were carried out in all the four Regional Offices to ensure the progressive use of Hindi in the Regional Offices of the Bureau.

Official Language Implementation Committee meetings were held in time in the Bureau's Headquarters and its Regional Offices.

4.5 STAFF GRIEVANCES CELL

In pursuance of Government instructions, a Staff Grievances Cell operates in the Bureau with the Addl. Commissioner of Security, Civil Aviation as Staff Grievances Officer, to deal with the grievances of officers/ staff working in the Bureau and its four Regional Offices. The grievances of BCAS staff, if any, are promptly attended to.

4.6 POLLUTION CONTROL

Pollution test for all vehicles is ensured and the Pollution Check Certificate to this effect, is pasted visibly on the wind screens of all BCAS vehicles. All newly constructed office buildings of the Regional Offices at Delhi, Chennai & Kolkata ensure clean & green working environment

through employees own initiatives and contribution to the efforts towards a pollution free atmosphere. BCAS ensure that all new vehicles are “Bharat-II” Certified. Bureau also provides a “Smoke-free Environment” to its employees.

4.7 WELFARE ACTIVITIES

A small library facility and Reading room has been made available to the employees to keep abreast of the current affairs. From time-to-time informal gatherings are arranged so that the work relationships remain amicable. Educational video sessions on various Human Resource Development and Management are proposed to be held in the newly renovated Training Hall, in an effort to train and motivate the employees for efficient and competent output.

* * * * *

Commission of Railway Safety

5

5.1 BRIEF HISTORY

The Commission of Railway Safety deals with matters pertaining to safety in rail travel and operation and for this purpose performs certain statutory functions laid down in the Railway Act and the rules framed thereunder. Formerly called the 'Railway Inspectorate', it functioned under the control of the Railway Board till May, 1941 when it was separated from its control to secure its independence from the authority administering the Railways, pursuant to the recommendations of a Committee called the 'Pacific Locomotive Committee' which was endorsed by the Central Legislature. After its separation, it was attached to the air wing and placed under Department of Communications. It came under the administrative control of the Ministry of Tourism & Civil Aviation in May, 1967, subsequently when that Ministry was redesignated as the Ministry of Civil Aviation.

5.2 ABOUT THE ORGANISATION

The Commission is headed by the Chief Commissioner of Railway Safety, who is also the principal technical adviser to the Government of India in all matters concerning the Commission. The headquarters of the commission is located at Lucknow. The Chief Commissioner directs the technical activities of the Commission and issues instructions for the guidance of Commissioners of Railway Safety in respect of holding statutory inquiries into serious railway accidents, inspection of new lines including electrification of existing lines prior to their opening for public carriage of passengers and sanction for running of new locomotives/rolling stock. He also co-ordinates the work of the commissioners in their dealings with the Railway Board and the railway administration. He communicates his views whenever necessary to the Ministry of Railways (Railway Board) on design, standards, specifications and procedures for

construction, working and maintenance of assets in all branches of railway engineering and operation including civil, mechanical, electrical and signal engineering etc. The Chief Commissioner is assisted by a Deputy Commissioner of Railway Safety (General).

There is a technical wing attached to the Chief Commissioner at his headquarters which has four Deputy Commissioners of Railway Safety drawn from the mechanical, electrical, signalling, telecommunication and operating disciplines of Indian Railways.

The Commission has 9 circle offices – two with headquarters at Mumbai, three with headquarters at Kolkata, and one each with headquarters at Bangalore, New Delhi, Lucknow and Secunderabad. Each circle office is under the charge of a Commissioner. There are two Deputy Commissioners of Railway Safety (Signalling and Telecommunication) headquartered at Mumbai and Kolkata. Each Commissioner is an independent statutory authority under the Railway Act, 1989.

5.3 DUTIES AND RESPONSIBILITIES

The Commissioners have been provided with duties/ functions under the Railway Act, 1989 under which rules are framed and executive instructions issued from time to time. A gist of main functions are as follows:

- to conduct statutory inquiries into serious railway accidents and suggest safeguards.
- to inspect new lines with a view to determining whether they are fit to be opened for the public carriage of passenger and to sanction their opening after inspection on behalf of the Central Government.
- to sanction the execution of all new works and installations on the running track affecting the safety of the travelling public such as rebuilding of bridges, remodeling of station yards, line capacity works, resignalling works, etc.
- to make periodical inspections of railways and report to the Central Government on any condition which may endanger the safety of the travelling public and make recommendations.
- to examine the technical aspects of new rolling stock and advise on their introductions on open lines and to sanction their running on other section and increase in speeds.
- to authorise the carriage of oversized consignments stipulating the conditions for their movements.
- to recommend and sanction infringements to the schedule of dimensions prescribed by the Government of India.
- to grant dispensation from general rules under approved special instructions subject to stipulated safeguards.

- to oversee the accident prevention efficacy of the zonal railway administrations by reviewing the reports of departmental enquiries into less serious accidents.

The Chief Commissioner submits an annual report on

the working of the Commission, which is laid on the table of both the Houses of Parliament.

5.4 ACTIVITIES/ACHIEVEMENTS

The main activities of the Commission of Railway Safety during the years 2003-04 and 2004-05 upto 31.01.2005

S. No.	MAIN ACTIVITIES	2003-04	2004-05 (till January 2005)
	Statutory inquiries held into serious railway accidents.	34	18
	Lines inspected and authorized (in kms.)		
	(i) New lines	130.228	383.526
	(ii) Double lines	186.163	195.949
	(iii) Section electrified	1168.900	400.280
	(iv) Conversion of guage	1097.915	630.91
	No. of applications for new major works sanctioned	3107	2617
	Periodic inspection conducted (in kms)	20073.628	14266.576
	New types of locomotives/ rolling stock recommended for placement and sanctioned for extended runs.	98	94
	Application for condonation of infringements dealt with	28	20
	No. of over dimensioned consignments authorised for movement	15	10

5.5 PROGRESS IN USE OF HINDI

According to the target scheduled in the annual programme of effective use of Hindi for the year 2004-05, Commission of Railway Safety has stressed towards achieving the target of 100% hindi correspondance in the

year 2004-05. Upto September, 2004, the AB & C region circle offices of the Commission had corresponded 99.15, 97.75 and 99.08 % in hindi respectively. The Commission published its 2004 edition of Hindi Home Magazine "Suruchi" on 14th September, 2004 during the

commencement of Hindi Fortnight. The Central Circle of Commission was awarded with the Rajbhasha shield for its outstanding work in Hindi. Northern Circle and Technical Wing were awarded with Second and Third prize respectively.

All the Circle Offices of the Commission observed the Hindi Day in the month of September, 2004 in which Rajbhasha Medals, Suruchi Medals and cash awards for various Hindi competitions viz. essay, typing, debate etc., were distributed in the function. The Commissioners of Central Circle and Southern Circle were awarded with the cash award of Rs.1000/- each for producing Accident Reports in Hindi.

'NARAKAS' Lucknow awarded the Technical Wing with a Shield and a Certificate as it stood second among the

140 Central Govt. Offices located in Lucknow. The Commission also do publish a quarterly 'News Letter of Commission'.

5.6 POLLUTION CONTROL

All possible steps are being taken to control pollution in the offices of Commission of Railway Safety. The office premises are kept always neat and tidy. Smoking is strictly prohibited in the office premises. The vehicles used by the officers and staff are free from pollution.

5.7 HALF YEARLY JOURNAL

The Commission has started publishing six monthly journals of accidents inquiry reports after receiving the comments of Railway Ministry in abstract form as proposed by CCRS.

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Indira Gandhi Rashtriya Uran Akademi

6

6.1 INTRODUCTION

Indira Gandhi Rashtriya Uran Academy (IGRUA), the premier institute for flying training in India under the Ministry of Civil Aviation was set up in 1986 as an autonomous body to bring about a quantum improvement in the standards of flying and ground training leading to issue of commercial pilots licences to the trainees. The Academy is headed by a Director, who is assisted by departmental heads who are in charge of flying, ground instruction, engineering and administration. The aim of IGRUA is not only to provide training to make pilots but also to train the pilots by adopting airline oriented flying training to become an effective systems manager in the cockpits of modern aircraft. The flying trainees in the academy acquire the requisite standards in flying & technical knowledge for their easy transition into the cockpits of modern jets of the airlines.

The Academy is equipped with the most modern and sophisticated single engine trainer TB-20 aircraft (13 Nos.) and twin-engine King Air Turbo prop aircraft (2 Nos.), up-to-date audio visual training aids including computer based training systems, centrally air-conditioned classrooms, flight simulators besides having its own airfield with 5600 ft. runway, night flying facilities and dedicated Air Traffic Control and airspace. It also has its own refueling station, safety services, two fully closable

hangars for housing the aircraft and carrying out maintenance including approved workshops for aircraft instruments, radio and battery servicing. The airfield has recently been equipped with modern navigational aids like DME/VOR and also landing aids like ILS and PAPI.

The total approved strength of officers and staff at IGRUA including Instructors is 249. The Academy is fully residential having 72-room Hostel Accommodation with messing facilities for the trainees. Separate Hostel Accommodation for Girls are provided in the campus, which also has 82 residential accommodations for the employees.

6.2 COURSES OFFERED

The courses offered in the Academy during the year are :-

- Abinitio to CPL trainee with B.Sc. Aviation degree (24 months).
- CPL course for PPL holders with B.Sc. Aviation degree (18 months).
- Multi-engine endorsement/Instrument rating courses.
- Ground Refresher courses for Chief Flight Instructors/Pilot Instructor In charges of flying clubs.
- Training to foreign nationals and Indian Airlines flight engineers upto CPL requirements.

6.3 TRAINING

The total number of hours flown for training purposes during the year 2004-2005 amounts to 2077 hours. A total of 42 trainees were inducted during the year making a total of 75 trainees undergoing various stages of training i.e. Ground Classes followed by Simulator & then actual flying.

6.4 RECRUITMENT

During the year, Air India & Indian Airlines conducted recruitment of pilots exclusively from IGRUA trainees. 15 Ex-IGRUA trainee pilots got placement with Air India and 14 Ex-IGRUA trainee pilots got placement with Indian Airlines.

6.5 POLLUTION CONTROL

The Academy has taken the following steps with regard to pollution control:-

- All vehicle engines and power generators are properly maintained and pollution levels monitored.
- Solid waste is burnt in a closed environment so as to cause minimum fumes. Power Generators are run in closed environment with proper exhaust system.
- Forestation and gardening is actively pursued to maintain a green environment.

The Academy has a proper underground drainage system and has its own independent sewerage treatment plant to avoid pollution in water sources.

6.6 PUBLIC GRIEVANCES AND SENIOR CITIZENS

An officer in the Academy has been designated at the nodal point to look into public grievances and during the year 2004, there had been no public grievances. In accordance with the guidelines of the Government on national policy on older persons, instructions have been

issued to all concerned and reiterated to ensure prompt fair and human treatment to elderly persons.

6.7 OFFICIAL LANGUAGE

All steps are taken for ensuring the provisions of the official language Acts and Rules. Employees are given training in Hindi including Hindi typing. Incentives are given to employees for successfully qualifying Hindi typing test. Computers have been modified with software for use in Hindi and are in operation. Workshops have been held for encouraging use of Hindi in official works.

6.8 MODERNISATION

The website on IGRUA is functional with domain address <http://www.igrua.com>. All necessary information about IGRUA including admissions for new courses is displayed and kept upto-date and all under enquiries for procurement are offloaded as per CVC guidelines.

6.9 ACHIEVEMENTS

The major achievements of the academy during the year are as follows:

- Training to foreign nationals and Indian Airlines flight engineers upto CPL requirements.
Completion of a Indoor sport complex comprising of squash court, badminton court and gymnasium hall to ensure fitness of trainee pilots.
- Training to foreign nationals and Indian Airlines flight engineers upto CPL requirements.
The procurement of Six Zlin Z 242 single engine trainer aircraft has since been finalized and orders placed with the manufacturers.
- The ILS and VOR-DME installed at the airfield was commissioned after flight calibration checks and made operational.

* * * * *

Airports Authority of India

7

7.1 INTRODUCTION

Airports Authority of India (AAI) continued to make further strides in providing quality infrastructure at various airports and further upgraded its CNS – ATM facilities as per the ICAO standards. Modern Terminal Buildings with futuristic design and latest technology are under construction at various airports.

The old Passenger Terminal Buildings at IGI Airport, Delhi and CSI Airport, Mumbai are being completely refurbished as time bound turn key projects to augment the passenger handling capacities and facilities.

At NSCBIAirport, Kolkata which serves as a gateway to Eastern India, a new international Departure Terminal of 20,000 sqmtr. area has been planned for which an international design competition was held and a consortium headed by M/s. ADPI of France has been selected as Architects for designing this new terminal. The Consortium is in the process of preparing detailed design for the new international departure terminal. Work is in progress for construction of a modern Integrated Cargo Complex at a cost of Rs.49.66 crores and strengthening the main runway including upgrading the

ground lighting facilities at runway 19L to match with Cat. II Instrument Landing System and International remote parking bays at a cost of Rs. 16.95 crores.

At Chennai Airport, reciprocal Instrument Landing System (ILS) has been commissioned at Runway 25 end. Other passenger facilities like Marble cladding of aerobridge corridor, vitrified flooring in the Domestic Terminal and International Arrival Terminal have also been provided.

There are plans for further development of Chennai Airport. The existing departure and arrival areas in the old international terminal are being combined into a unified international arrival building which shall ultimately be merged with new international departure terminal already commissioned. There are also proposals for construction of five bays and link taxi-track for private Air Taxi Operators, warehousing facilities for Courier and Charter Operators and Integrated Cargo Complex Phase II and additional hangars.

The Authority continued to maintain its growth and profitability and has been paying dividend since inception. In the year 2003-04, an amount of Rs. 70 crores was paid as dividend to the Government of India, the highest so far paid.

7.2 ORGANISATION

The Board of Airports Authority of India as on 31.12.2004 comprised of a Whole-time Chairman, Whole-time Member (Finance), Whole-time Member (Personnel &

Administration) and four other Part-time Members comprising the Director General of Civil Aviation, Additional Secretary & Financial Advisor, MCA, Joint Secretary, MCA and CMD, Indian Airlines Limited.

7.3 FINANCIAL PERFORMANCE

- The operating results for the year 2003-04 and the revised estimates for the year 2004-05 are as follows:

(Rupees in crores)

Particulars	2003-04 (Actual)	2004-05 (RE)
a. Revenue	2630.59	2769.65
a. Expenditure	2086.63	2169.32
b. Profit Before Tax	543.96	600.32
c. Profit After Tax	314.96	348.32

- Financial Highlights**

(Rupees in crores)

Particulars	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05 (RE)
a. Revenue	1591.27	1691.28	1873.44	2244.84	2384.49	2630.59	2769.65
b. Expenditure	1255.49	1346.55	1514.36	1767.86	1887.44	2086.63	2169.32
c. Profit Before Tax	335.78	344.73	359.08	476.98	497.05	543.96	600.32
d. Provision for Tax	127.37	133.35	145.00	210.00	215.00	229.00	252.00
e. Profit After Tax	208.41	211.38	214.08	266.98	282.05	314.96	348.32

- Capital Structure of AAI as on 01.04.2004 and 01.04.2005

(Rupees in crores)

Particulars	01.04.2004	01.04.2005(RE)	Details of Capital Structure of AAI as on 1.4.2005 (RE)	
Govt. Capital	416.63	432.90	Capital Reserve	276.53
Reserves & Surplus	2602.53	2737.03	General Reserve	1778.18
Long Term Loans	145.23	104.89	Fixed Asset Replacement Reserve	413.85
Net Worth	2617.95	2903.40	Obsolescence Reserve	60.73
Capital Employed	2698.26	2982.67	Contingency Reserve	60.73
			Other Reserves (CISF)	147.01
			Total	2737.03

*The capital outlay for the year 2005-2006 (BE) is Rs. 898.50 crores.

- Capital Structure

(Rupees in crores)

Particulars	1.4.99	1.4.2000	1.4.2001	1.4.2002	1.4.2003	1.4.2004	1.4.2005 (RE)
Govt. Capital	337.63	350.13	365.09	388.79	405.59	416.63	432.90
Reserves & Surplus	1273.53	1534.73	1715.58	2023.49	2317.07	2602.55	2737.03
Long Term Loans	466.06	445.82	394.77	315.81	225.73	145.23	104.89
Net Worth	1417.23	1691.15	1880.32	2142.01	2370.93	2617.95	2903.40
Capital Employed	1437.03	1852.45	2047.89	2396.59	2534.68	2698.26	2982.67
Working Capital	261.45	404.59	492.50	741.62	820.52	896.70	976.70

- Contribution to Exchequer

(Rupees in crores)

Particulars	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05 (RE)
Income Tax**	149.43	158.20	184.35	206.29	255.65	317.42	356.00
Dividend***	41.68	42.28	50.00	55.00	62.00	70.00	70.00
Tax on Dividend	4.17	9.30	5.10	0.00	7.94	8.97	9.15
Interest Payments	6.41	7.83	5.93	2.42	2.83	1.90	0.52
Loan Portion of Budgetary Support Guarantee Fees	3.18	2.96	2.74	2.55	2.18	1.70	1.21
Interest on Loan Portion of Commencing Capital	12.40	11.27	10.08	14.13	2.14	0.00	0.00
Total	217.27	231.84	258.20	280.39	332.74	399.99	436.88

** This represents Advance Tax & TDS.

*** Dividend shown for the year 2003-04 has been paid in 2004-05. Dividend for 2004-05 is provisional. Final dividend will be decided by Board.

7.4 TRAFFIC

Traffic handled during April to March 2004-05 vs. April to March 2003-04:

Particulars	April to March 2004-05*	April to March 2003-04	% Change
Aircraft Movements (in Nos.)			
International Airports	158191	132934	19.0
Domestic Airports	571827	506042	13.0
Total	730018	638976	14.2
Passengers (in Nos.)			
International Airports	19451146	16624911	17.0
Domestic Airports	40095663	32076530	25.0
Total	59546809	48701441	22.3
Cargo (in tonnes)			
International Airports	824876	693173	19.0
Domestic Airports	465036	375029	24.0
Total	1289912	1068202	20.8

*Traffic projections based on actual traffic handled for the period April to November 2004.

AAI has joined the AETRA Programme [A Joint Venture between International Air Transport Association (IATA) and Airport Council International (ACI)] to ascertain the Customer Satisfaction of Delhi and Mumbai airports and benchmark it against leading airports of the world.

7.5 WORKS COMPLETED AND FACILITIES PROVIDED DURING 2004-05

• Navigational & Landing Aids Provided at Airports

- * Communication, Navigation and Surveillance equipment installed at various airports were further upgraded.
- * New ILS was installed at Port Blair and Bhavnagar airports. The existing ILS at Khajuraho airport has been replaced with a new State-of-the-art ILS.
- * New DVOR was installed at Vijaywada airport. The existing VORs at Hyderabad, Ahmedabad, Mumbai, Mohanbari, Visakhapatnam and Bellary have been replaced with new DVORs.
- * AAI has also installed High Power DME and DVOR at Indira Gandhi Rashtriya Uran Academy (IGRUA), Fursatganj, U.P., free of cost.
- * New Low Power DMEs were also installed at Bhavnagar, Raipur, Mohanbari and Agartala airports.
- * New High Power DMEs have been installed as replacement at Port Blair, Belgaum, Bhubneshwar, Chennai, Lucknow, Trivandrum, Jaipur and Varanasi airports.

- * The existing NDBs installed at Jaipur, Delhi, Kota, Calicut, Coimbatore, Bhopal, Khajuraho, Reengus, Lucknow, Amritsar, Shimla, Ludhiana and Trichy were replaced with new equipment.
- * Close Circuit TV Cameras have been installed at Guwahati, Bagdogra, Agartala, Imphal, Bhopal, Mangalore and Ranchi airports.
- * At Delhi, Allahabad, Chennai, Trivandrum, Bangalore and Nagpur airports, Ultra High Frequency links (UHF-Link) have been installed. Further the Digital Airport Terminal Information System (DATIS) has been installed and commissioned at Ranchi and Dibrugarh airports. Computer-aided Flight Data Processing System (FDPS) has been installed and commissioned at Nagpur, Thiruvananthapuram, Varanasi and Ahmedabad airports.
- * The Flight Inspection Unit at Delhi has been provided with a new State-of-the-art Automatic Flight Inspection System for carrying out calibration of navigational aids at various airports.
- * A project for installation of V-SAT equipment at 80 locations is under implementation.

• Gagan Project

AAI in collaboration with ISRO is implementing GPS and GEO Augmented Navigation (Project 'GAGAN') – an augmentation system to enhance the accuracy and integrity of GPS signals to meet precision approach requirements in civil aviation. A technology demonstration system will be ready by early 2006 in

first phase and the same will be upgraded to a full operational capability system in the second and third phase. When implemented, this will cover area far beyond Indian airspace and would replace most of the ground based navigational aids and it would be possible to provide precision approach and landing guidance up to category I to aircraft hitherto not available due to terrain conditions precluding the provision of Instrumental Landing System.

- **Aerodrome Works**

The development of the international airports as well as domestic airports received focused attention both in terms of speed and construction as well as introduction of latest technology in futuristic terminals:-

- * **IGI Airport, Delhi**

Passenger facilities were further improved at IGI Airport, Delhi. The major areas where improvements have been made / facilities upgraded related to replacement of conveyor belts, escalators, provision of apron lighting, false ceiling work, provision of vitrified flooring tiles, provision of more commercial facilities like airline transfer desk, transfer lounge, plasma TV, wireless fidelity in internet facility, CUTE system, home theatre, etc. All these facilities have further enhanced quality of services provided at these airports.



Newly renovated Customs Arrival area IGI Airport

* **CSIAirport, Mumbai**

Number of passenger facilities were provided which include additional escalators in Terminal 2A, additional conveyor belts at Terminal 2C, new taxi parking area and additional space in the security hold area. In addition, more comfortable cushioned sofa chairs were placed at Terminal 1 and 2 at CSIAirport.

* **Chennai International Airport**

At Chennai Airport, marble cladding was provided in the aerobridge corridor, the floor tiling at the domestic terminal and international arrival terminal were replaced with vitrified tiles, automatic flight information system introduced and additional X-ray machines provided at the domestic terminal.

* **NSCBI Airport, Kolkata**

At Kolkata Airport a new air-conditioning plant was commissioned for improved passenger comfort. New Flight Information Display System consisting of Split Flap Board, 42" Plasma Monitors, 29/21" Monitors have been provided in both the terminals. Check-in area of International Terminal has been extended. Snack bar counter in main concourse of International Terminal Building has been established from September 2004 and the area has been further expanded.

* **Trivandrum International Airport**

Strengthening of main runway 14-32 and taxiway was completed at Trivandrum. Flooring of Terminal-2 has been replaced by vitrified tiles. Touch free security system has been commissioned.

* **Other Airports**

The following major works have been completed at other airports:-

A new Terminal Building at Pathankot, construction of fire station at Calicut airport, construction of DVOR building at Dibrugarh airport, construction of Technical Block cum Control Tower and extension and strengthening of runway and provision of CAT-II lighting system at Lucknow airport, runways, apron, taxiways, etc. were expanded / strengthened at Lucknow, Bhavnagar, Porbandar, Nagpur, Rajahmundry, Kullu, Hyderabad, Jaipur and Varanasi and construction of Isolation Bay at Calicut, Amritsar, Hyderabad, Ahmedabad and Varanasi airports. Construction of boundary wall and Earthren Bund at Vishakhapatnam airport. Provision of runway lead in lights at Calicut airport.

* **Schemes completed at airports in NER**

Resurfacing of runway and construction of Isolation Bay at Imphal airport. Strengthening

of apron, construction of boundary wall around the newly acquired land and widening of link taxiway at Agartala airport. Earthwork and Grading in critical area for installation of Glide Path & In Transition Area at Dimapur airport.

- **Other Facilities**

- * Schemes are under preparation to implement inline baggage scanning system by means of explosive detector X-ray machines for the Airports of Delhi, Chennai, Kolkata, Mumbai, Ahmedabad, Calicut & Srinagar. The system is meant to improve security at the airports.
- * Flight Information Display System have been installed at Kolkata, Trivandrum and Delhi Airports with a provision of large scale Split Flap Display Boards and Plasma Monitors.
- * Expressions of interest have been invited for implementation of CUTE (Common User Terminal Equipment) System at 16 Airports in India. The system is proposed to be implemented by middle of this year.
- * 20 modern big sized colour X-Ray machines have been installed at 4 metro airport and some domestic airports.
- * Walk in cooler for perishable cargo centre established at Coimbatore airport in May, 2004.
- * The 2nd phase of Web based Electronic Data Interchange (EDI) with trade partners of AAI through internet has been implemented at IGIA

(1.11.04), Chennai (29.11.04), Kolkata (4.12.2004) and Mumbai (10.12.2004).

- * The 3rd phase of EDI (introduction of Bar Code System) is being progressed.
 - * AAI is implementing Bar Code System at Air Cargo Terminals of Delhi, Mumbai, Kolkata & Chennai airports to enable fast movement of cargo with complete accuracy through automatic data capturing. The complete system is expected to be operational by 31.3.2005.
 - * AAI, at its four metro airports i.e. IGIA Cargo Terminal, New Delhi, Air Cargo Terminals of Chennai, Kolkata & Mumbai, has commissioned Electronic Data Interchange (EDI) connectivity with trade partners such as Airlines, Banks, Customs House Agents, IATA Agents, etc. for EDI connectivity, the net Transaction Hub (nT Hub) has been established at AAI Operational Offices, New Delhi. AAI has hosted its e-commerce website, www.airports-ecom.gov.in, in order to provide online cargo tracking & business transactions to the public & trade partners through Internet. With online EDI connectivity through Internet, public & trade partners are in a position to track import & export cargo and also clear their consignments after payment of applicable charges to AAI.
- **Air Traffic Management**
 - * Minimum Flight Altitudes [MFAs] were established for many segments of International

and Domestic ATS Routes under Safety Management System – compliance report for implementation of provision of Annex 11. AIP Supplement No.02/04 was published on the subject.

- * Air Traffic Flow Management Plan – Operational trial of the traffic originating from South East Asian airports was implemented in February 2004, only due to full support from AAI.
- * New ATS Routes:-
 - M-890 – a by-pass route to avoid flying over Delhi. This route is 17 NM shorter and has been appreciated by ICAO, IATA and other countries.
 - UM-551 – has been implemented between Thiruvananthapuram and Salalah in Sultanate of Oman. UM 551 provides a 106 NM shorter routing and also uses, hitherto underutilized airspace of Republic of Yemen, thus strengthening AAI's relation with immediate neighbours in Arabian Sea.
 - P-628 – This route from Kuala Lumpur to Jabalpur [ASOPO] has been extended to Rahim Yar Khan in Pakistan. When fully operational in Pakistan, P-628 will be one of the shortest routes between Europe and Malaysia / Singapore.
 - W-107 – ATS route between Chennai and Port Blair has been implemented to provide shortest routing between the two stations. This route has been opened for those international airlines also who operate their flights through Chennai Airport.
- L-626 – This route from Kathmandu to Delhi is finalized. AIP-Supplement shall be published shortly.
- * RVSM airspace over Arabian Sea has been expanded to make it compatible and contiguous with the RVSM Airspace of Sana's FIR, Republic of Yemen.
- * The LOAs on the ATS Co-ordination Procedures have been signed with Bangladesh, Mauritius, Republic of Yemen, and Pakistan.
- * To increase the safety of opposite direction flights flying on bi-directional ATS Routes in Oceanic Airspace AIP Supplement on Strategic Lateral Offset Procedure has been published. The procedure will be applicable with effect from 20th January, 2005 coinciding with the date of application of the procedure in the Asia/ Pacific Region.
- * An AIP Supplement has been prepared to promulgate helicopter routings to ensure uninterrupted flights of helicopters between Juhu Airport and Oil rigs in Mumbai High.
- * ATS set up has been re-established to support schedule flight operations at Vijayawada, Hubli,

Surat and Kolhapur Airports. Arrangements are being made to accept schedule flight operations at Dehradun, Kanpur and Ludhiana also.

- * A National Search & Rescue Seminar has been conducted at Chennai. AAI invited IAF, Indian Navy, Indian Coast Guards, and ISRO etc. to participate in the Seminar.
- * The conduct of national level Search and Rescue Seminar is a prelude to the ICAO Search and Rescue Seminar and Search & Rescue Exercise (SAREX) to be conducted in March 2005. AAI is making other preparations for the ICAO Seminar.
- * Air-show at Mumbai airport was conducted by IAF and Air India to commemorate Birth Centenary of JRD Tata with full support by AAI.
- * Repetitive Flight Plan (RPL) System has been commissioned at Mumbai and Delhi Airport.
- * One Engine Start Up Procedure, while the aircraft is being pushed back, has been drafted and submitted to DGCA for cancelling DGCA's AIC on banning of starting engine while aircraft is being pushed back.
- * In accordance with the ICAO General Assembly Resolution A33-8, the Safety Oversight by ICAO covering Annexes 11 and 14 was slated to start in the year 2004. However, further work carried out by ICAO revealed that many areas of Annex 11 and Annex 14 are inter-related to

several other Annexes, and therefore, the safety audit would not be effective on Annex to Annex basis.

- * During the 35th Assembly of ICAO with the unanimous support of contracting states, it was decided to restructure USOAP for a comprehensive systems approach covering all safety related Annexes. Safety oversight Audit is scheduled to be carried out from the year 2005 onwards. Safety related Annexes for which the safety oversight capability of AAI is to be audited are Annex 1 (Personnel Licensing – Air Traffic Controllers) and Annex 2 – Rules of the Air, Annex 4 (Aeronautical charts), Annex 10 (Aeronautical Telecommunications) Annex 11 (Air Traffic Services) Annex 14 (Aerodrome Design and operations) and Annex 15 (Aeronautical Information Services).
- * AAI had already prepared Manual of Air Traffic Services and Aerodrome Operations Manual, filled compliance checklists and identified differences in respect of Annex 11 and Annex 14. Action is being initiated for gearing to expanded requirements of the programme which requires massive exercise for preparing manuals, filling up of revised checklists, institution of Safety Management System and Human factors principle, identifying differences with ICAO SARPS, Certification of Aerodromes etc.
- * Instrument Approach Procedure Designing (PANS-OPS) Course, which is available in very

- few countries, was conducted at CATC Allahabad to train 10 officers.
- * Provided expert advice for designing new airports near Ludhiana to be developed by Govt. of Punjab and for development of new runway at Mysore and Cuddapah Airport.
 - * Assisted ICAO Expert in conducting Aeronautical Study at Mumbai.
 - * Instrument Approach Procedures for Delhi Airport were revised to implement Khola Committee Recommendations.
 - * About 100 AIP charts were amended for AIP 2004 amendment.
 - * Procedures have been evolved to facilitate pilot to join VORDME Arc Procedures from any radial at most of the airports, which results into saving of time and fuel.
 - * The promulgation of instrument approach procedures was streamlined to meet Annex 15 requirement by persuading DGCA to promulgate procedures through AIP Supplements direct, thus saving substantial time.
 - * AIP supplement 001 to 033 published and disseminated to all concerned. Amendment 01/2004 to AIP-India Vth Edition Volume 1 and II pages has been incorporated.
 - * During year 2004, a total of 18500 cases were received for issue of NOC for erection of mast/ antenna. 11100 cases have been cleared.

- * During year 2004, a total of 1450 cases were received for issue of NOC for buildings. Out of which 1610 cases have been issued NOC – this includes backlog of 2003.

7.6 DEVELOPMENTAL ACTIVITIES TAKEN UP IN NORTH EASTERN REGION

Airports Authority of India is laying special emphasis for development of airports in north-eastern region. Hon'ble Minister of Civil Aviation has taken up a meeting with Members of Parliament for monitoring the progress of the development activities in the north-eastern region.

During first year of 10th Plan i.e. 2002-03, AAI spent Rs.30.88 crores and Rs.14 crores have been spent till October 2003 and likely expenditure during 2003-04 is Rs.27.32 crores.

During current financial year, North East Council has released Rs.4.5 crores as share on development of airports in the North East Region.

7.7 I.S.O. CERTIFICATION

AAI is committed to provide effective Quality Management System (QMS). In this direction AAI, has already obtained ISO 9001-2000 certification for 7 airports which are Ahmedabad, Chennai, Coimbatore, Jaipur, Kolkata, Mangalore and Mumbai. During the year 2004-05, ISO certification was obtained for Pune, Goa, Madurai, Udaipur Airports and Department of Information Technology. AAI is striving to bring in more airports and more areas under this ISO certification which serves as benchmark for providing quality services/ systems.

7.8 RESTRUCTURING OF METRO AIRPORTS

On 11th September 2003, Government accorded its approval for the restructuring of Delhi and Mumbai airports by adopting the Joint-Venture route.

The then Finance Minister in his budget speech for the year 2003-04 announced that two airports at Delhi and Mumbai will be renovated/modernized along with the modernization of certain selected seaports at an estimated cost of Rs.11000 crores. The Funding mechanism aims at leveraging public money through private sector partnership, wherever possible. The two airports at Delhi & Mumbai will be renovated/modernized by incorporating two separate companies.

The AAI Amendment Bill introduced in the Parliament (Budget session 2003) was passed by the Parliament in the Monsoon session of June 2003. The Amendment Bill authorizes AAI to transfer the operations and management of its existing airports by way of long-term lease to private players. The Bill inter alia provides for exclusion of private airports (like BIAL) from the ambit of AAI Act, excepting security and ATC functions, which will continue to be discharged by AAI. The Bill also authorizes AAI to charge Advance Development Fee (ADF) for the development/upgradation of existing airports and for the setting up of greenfield airports. In addition, the Bill also seeks to prevent and remove encroachments of airport land.

AAI is currently in the process of setting up two separate companies for Delhi & Mumbai airports.

The Government decided to constitute an Empowered Group of Ministers (EGOM) to take up decisions on various issues connected with the restructuring of Mumbai and Delhi airports. Further, to oversee the process

of privatization, the Government constituted an Inter-Ministerial Group (IMG). The group is chaired by Secretary (Civil Aviation) with Addl. Secretary & Financial Advisor of MCA and representatives from the MCA, MoF, Planning Commission and Ministry of Law, Justice & Company Affairs and AAI as Members.

To assist Ministry of Civil Aviation (MOCA)/Airports Authority of India (AAI) in the restructuring process, AAI has appointed following advisors:

- Financial Consultant (FC): ABN Amro.
- Global Technical Advisor (GTA): M/s Airplan, Australia.
- Legal Consultant (LC): M/s Amarchand & Mangaldas Suresh A. Shroff.
- Accounting and Taxation Advisor (ATA): M/s Thakur, Vaidyanath Aiyar & Co.

Registration of Expressions of Interest were solicited from interested parties to acquire 74% equity stake in the JVC and the complete documentation, in this regard, was uploaded in the websites of AAI and MCA on 17.02.2004. The last date for submission of EOI was 04.06.2004.

Subsequent to formation of the new Government, the last date of submission of Expression of Interest was extended to 20th July 2004 with a view to addressing certain key / critical issues.

Government inter-alia, approved the 49% cap on FDI, restriction of equity participation by Indian scheduled airlines upto 10%, increasing the deputation period of employees in the JVCs from 2 to 3 years and also decided to give weightage to bidders who will induct more number of employees over and above the mandatory induction of 40%.

Ten entities have lodged their EOIs by 20th July 2004 (i.e. last date of the receipt of EOIs).

Nine Consortia of companies have been short listed for participation in the next stage i.e. Request For Proposal.

The entire process of evaluation of bids and handing over of airport to successful bidder is likely to be over by the first half of 2005-06.

The Key Transaction objectives are as under:-

- **World class development and expansion:**

Ensure world class phased development and expansion such that the new JV Companies meet their commitments through the timely provision of high quality airport infrastructure (on both the airside and landside) to meet growing demand; and

- **World class airport management:**

Ensure the creation of world class airport management systems that are implemented in a timely manner through the selection of serious, committed successful bidders with suitable operational expertise, managerial and financial capability, financial commitment and the commitment to provide quality airport services.

- **Other transaction objectives:**

In addition to the key transaction objectives, other transaction objectives include:

- Timely completion and certainty of closure, with minimal residual risks;
- Smooth transition of operations, under concession agreements;

- Appropriate regulation - achieving economic regulation of aeronautical assets that is fair, commercially and economically appropriate, transparent, predictable, consistent and stable while protecting the interests of users and ensuring that the airports are operated in accordance with world standards;

- Fair and equitable treatment of AAI employees, including preservation of accrued entitlements; and

- Diversity of ownership between Delhi and Mumbai airports, to enhance competition, encourage innovation and allow competitive benchmarking.

- **Status – Greenfield Airports – Bangalore International Airport**

- Greenfield airport at Devanahalli near Bangalore is being implemented on a Build Own Operate and Transfer (BOOT) basis with Public Private Participation.

- Government of Karnataka (GOK) through Karnataka State Industrial Investment Development Corporation (KSIIDC) and AAI together hold 26% equity and the strategic joint venture partners hold the balance 74%. AAI's investment in the equity is capped at Rs.50 crores.

- A Memorandum of Understanding to this effect signed on 3rd May 1999 between AAI and KSIIDC to facilitate further action leading to implementation of the project.

- Based on a Global tendering process initiated by the State Government in August 1999, a Consortium lead by Siemens Germany with Unique Zurich, Switzerland and Larsen & Toubro India Limited as other members, was chosen as the strategic Joint Venture Partner in July 2001.
 - A Shareholders Agreement was executed amongst AAI, GoK, Siemens, Unique Zurich and Larsen & Toubro in January 2002.
 - Concession Agreement (CA), was approved by the Cabinet in January 2004/ 15th June 2004 and was signed on 5th July 2004.
 - GoK proposes to extend Rs.350 crores as State support.
 - The approximate cost of the Project is Rs.1300 crores.
 - The target opening date of the airport is 33 months from the date of Financial Closure.
 - State Support and Land Lease Agreement have been signed between GoK and BIAL on 20.01.2005.
 - CNS/ATM agreement has been approved by the AAI Board and likely to be signed between AAI and BIAL.
 - The financial closure is expected to be achieved in early 2005-06.
- **Status – Greenfield Airports – Hyderabad International Airport**
 - The Union Cabinet had given their approval on 13th April, 2000 for construction of new airport of international standards at Shamshabad, Hyderabad under joint venture.
 - The Government of Andhra Pradesh (GoAP) have selected a consortium led by M/s GMR Infrastructure Ltd. with Malaysian Airport Holding Berhard (MAHB) as the Developer for Greenfield Airport at Shamshabad near Hyderabad.
 - Government of Andhra Pradesh and AAI together hold 26% equity and the strategic joint venture partners, GMR infrastructure Ltd. with Malaysian Airport Holding Berhard (MAHB), hold the balance 74%.
 - A Shareholders' Agreement was executed by the parties viz. M/s GMR, M/s MAHB (Sponsors), AAI and GoAP (State Promoters) on 30th September 2003.
 - GoAP has also entered into the State Support Agreement and the Land Lease Agreement with the GMR led Consortium on 30th September 2003.
 - Government of Andhra Pradesh is extending Rs.315 crores as State Support and Rs.107 crores as grant.
 - The approximate cost of the Project is Rs.1385 crores.



Refurbished Airside Corridor of Hyderabad International Airport

- The target opening date of the airport is 36 months from the date of Financial Closure.
- The Concession Agreement (CA) to be signed between Government of India and HIAL was approved on 15.12.2004. The Concession Agreement was signed on 20.12.2004.
- The Concession Agreement lays down the scope of the project, recognition of rights and obligation of the Government of India and HIAL and lays down parameters regarding construction of airport, its operations, maintenance, monitoring, airport charges, maintenance of accounts, force majeure, events of default and consequences, transfer of airport to Government in certain cases, term of concession, compensation payable in certain events, dispute resolution and other miscellaneous provisions. The signing of the

CA will facilitate construction of the Greenfield International airport at Shamshabad near Hyderabad.

7.9 DEVELOPMENT OF NON METRO AIRPORTS.

- **City Side Development of Non Metro Airport.**

The Airports Authority of India has drawn a plan for City Side Development of 25 Non Metro Airports. In the first phase 10 Non Metro Airports namely, Ahmedabad, Amritsar, Guwahati, Goa, Jaipur, Lucknow, Mangalore, Madurai, Udaipur and Trivandrum have been taken up for which Global Technical Advisor (GTA) and Indian Financial Consultant (IFC) have been appointed. These Consultants are carrying out a detailed Techno Feasibility Study for business and financial plan and model specific to each airport for adoption by AAI.

In order to have world class International Terminals, Architectural design competition have been finalized in respect of Ahmedabad, Trivandrum, Jaipur, Trichy, Udaipur and Dibrugarh. Architectural design entry for Terminal Buildings at Lucknow, Bhubaneshwar and Madurai are being invited. The Architectural design consultant and GTA will assist AAI in finalizing the modalities involved for over all development of the Airports.

In addition to 10 airports already identified, AAI proposes to take up similar study for other 15 Non Metro airports which are: Agatti, Aurangabad, Bhopal, Bhubaneshwar, Coimbatore, Indore, Khajurho, Patna, Portblair, Nagpur, Rajkot, Trichy, Vadodara, Varanasi and Vishakhapatnam.

Expressions of Interest (EOI) have been received for appointment of one set of IFC/GTA each for 5 airports covering these 15 airports for submission of Techno Economic Feasibility Report, Business and Financial Plan and Model specific to each airport for city side development and are under evaluation.

7.10 HUMAN RESOURCE DEVELOPMENT & INDUSTRIAL RELATIONS

The Authority continued to lay stress on Human Resource Development with focus on training the executives and other staff for increasing the productivity and for providing better and customer-friendly service. Industrial Relations during the year saw some turbulence on account of the impending restructuring of the Delhi and Mumbai airports and also the private sector participation in the development of the city side development of selected non-metro airports. Meetings were held at the level of Chairman with Ministry of Civil Aviation for addressing the concerns expressed by the employees on the process

on restructuring of these two metro airports.

To keep pace with technological changes taking place in the airport / aviation sector, various Training Programmes were organized in the following areas:-

- Airside operations
- Airport Terminal Management
- Air Cargo Management System
- Contract Management

Besides the above, training in Hindi Typing and other knowledge based programmes have helped the employees of AAI to perform better.

Tournaments were conducted in Table Tennis, Chess, Carom, Volleyball, Badminton, Cricket and Football. AAI teams participated in Public Sector Tournaments organized by All India Public Sector Sports Promotion Board in Volleyball and Cricket. AAI was one of the co-sponsors in the All India Public Sector Cricket Tournaments.

7.11 TRAINING

- National Institute of Aviation Management & Research (NIAMAR)



*National Institute of Aviation Management & Research (NIAMAR),
New Delhi*

The National Institute of Aviation Management & Research (NIAMAR) conducts courses in Airport Operations, Airport Engineering, Construction, Airport Commercial, Airport Finance, Aviation Law, Human Resource Development including Personnel Management and Cargo Management including Dangerous Goods Regulations. Non-scheduled programmes are also organized and conducted depending on the needs and requirements of various functional departments.

It conducted 71 programmes participated by 1045 employees including 30 CISF officers from January 2004 to December 2004.

It conducted the first Joint Seminar with Airport De Paris Training Center, France, on "Airport Management for Senior Airport Executives" from 6th December to 17th December 2004. About 33 officers of the level of General Managers, Airport Directors, Addl. General Managers, Dy. General Managers from Airports Authority of India including two foreign participants, from Maldives and one Dy. General Manager (Pers.) from Cochin International Airport Pvt. Ltd., participated in the Joint Seminar.

In the year 2004, NIAMAR conducted ICAO Regional Seminar on "Special Implementation Project (SIP)" from 4th to 6th October 2004 and 8 foreign participants from different SAARC countries like Bangladesh, Nepal, Sri Lanka and Thailand have attended the programme. It also conducted two workshops on "Public Grievances & Grievance Redressal" during the year.

- **Civil Aviation Training College, Allahabad**

The Civil Aviation Training College (CATC), popularly known as CATC-Allahabad, is another training establishment of AAI dedicated to training in the area of Air Traffic Management (ATM) and Communication, Navigation and Surveillance (CNS). CATC-Allahabad is fully equipped with modern training aids and has 19 fully air-conditioned classrooms, 22 lab rooms for CNS equipment, 7 labs for ATM, Library and Auditorium.

During April, 2004 to December, 2004 129 personnel in 20 courses were trained in CNS stream and 121 personnel were trained in 12 courses in ATM totalling 250 trainees in 32 courses.

Twelve trainees from Afghanistan were trained in 8 weeks Area Control (Refresher) Course w.e.f. 5.7.04. Training for another batch of fifteen trainees from Afghanistan for ab-initio (ATC) course is in progress w.e.f. 5.7.04 for 50 weeks duration.

A state-of-the-art Radar Simulator has been installed at CATC which has been supplied by M/s CS of France with project cost of Rs.21 crores. This ultra modern system is capable of ATC Radar training for approach and enroute air traffic with 10 trainee work stations. First batch of twelve trainees for RCAP Course has successfully passed out on 7.1.05

Procurement and installation of Aerodrome Visual Stimulator at a cost of 7.60 crores has been taken up.

During the period January 2005 to March, 2005 104 personnel are planned to be trained in CNS stream and 73 personnel are planned to be trained in ATM stream, totalling a sum of 177 personnel.

- **Fire Services Training College (FSTC), Kolkata**

The Fire Services Training College (FSTC), is engaged in providing Basic, Refresher and Advance Fire Fighting training to all grades of Fire Service personnel including officers level and prepares them for handling aircraft and airport installations fire protection. The training curriculum is upgraded from time to time to include requirement of latest Aviation Technology and it conforms to ICAO requirements.

329 personnel were imparted training at FSTC, Kolkata during the year.

- **Fire Training Centre (FTC), New Delhi**

The Fire Training Centre (FTC) imparts training to airport Fire Service Personnel with an objective of preparing meet the highly skilled demand of the Airport fire service at various airports. The training imparted at FTC are registered in the ICAO Directory.

146 personnel received training during the year.

7.12 VIGILANCE

As a part of proactive role, the Vigilance Department urged other key departments for system improvement and codifying of work procedures. On vigilance initiative many suggestions were made on corrective preventive measures in the form of general guidelines and circulars.

Vigilance Awareness Week was observed at all the 124 airports commencing from 1st November to 6th November, 2004. The focus this time was towards Education of

Customers and Users of the services provided at our airports and to sensitize officials and public to evil consequences of corruption. Towards this endeavour during the week, CCTVs, Plasma monitors and screens at the airports continuously displayed;

- AAI's Mission Statement.
- Brief on AAI and Airport Specific
- Complaint redressal system and
- Avenues for redressal of complaints / grievances available at the airport.

A special feedback campaign was launched at airports to get responses to the questionnaire on quality of services at the airport and analysis thereon.

A workshop on "Disciplinary Proceedings" was organized from 2nd November to 4th November, 2004 at our training institute, NIAMAR. Various competitions were organized in Hindi and English at different airports to effectively sensitize officers and students to the adverse effects of corruption. Observance at the airports drew overwhelming response from officials and public. A lecture on "Values of Values" by Swami Nikhilanandji, Head of Delhi Chinmaya mission was organized on 5th November '04 at Headquarters to enlighten AAI officials on ethics and moral values.

CVC guidelines for putting information on website relating to all the tenders in AAI has been implemented as a step towards increased transparency in the tender process.

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Air India Limited

8

8.1 HISTORY

Tata Airlines started the first scheduled airmail service in India on October 15, 1932. During the thirties, the airlines used various small single-engined aircraft to operate domestic services all over India. To emphasise its new civilian status and its role as a public utility, Tata Airlines was converted into a Public Limited Company on 29th July 1946 and renamed Air India. At the end of 1947, Air India submitted a plan to the Government for the formation of Air India International

Limited with Government participation to operate international services. The plan was approved and Air India International launched its first service to London via Cairo and Geneva on 8th June 1948 with Constellation aircraft. In 1952, the Planning Commission recommended the nationalisation of Air Transport Industry, which was effected on August 1, 1953, with the creation of two nationalised Corporations – Air India International Limited, which retained its identity and international flag carrier status, and Indian Airlines, to operate domestic services.



Air India's Boeing 777 Aircraft

On 1st May 1992, Air India Ltd. was incorporated as a Public Limited Company under the Companies Act, 1956 with the main object of succeeding the undertaking of Air India. The Air Corporations Act, 1953 was repealed by the President of India on 29th January 1994 by promulgation of an ordinance called “The Air Corporations (Transfer of Undertakings and Repeal) Ordinance 1994”. The Central Government thereafter issued a Notification dated 18th February 1994 by which the undertaking of Air India was transferred to and vested in Air India Ltd. (a company incorporated under the Companies Act, 1956) with effect from 1st March, 1994.

8.2 BOARD OF DIRECTORS

The composition of Board of Directors as on 1st January 2005 is as follows :

Shri V.Thulasidas	Chairman & Managing Director (effective 22 nd December 2003)
Shri P.K.Mishra	Addl. Secretary & Financial Advisor, Ministry of Civil Aviation (effective 30 th December 2004)
Shri Raghu Menon	Jt. Secretary, Ministry of Civil Aviation
Shri Sunil Arora	Chairman & Managing Director, Indian Airlines
Shri N. Vaghul	Chairman, ICICI Bank
Shri K.Ramalingam	Chairman, Airports Authority of India (effective 30 th December 2004)

8.3 CIVIL AVIATION SCENARIO 2003/04

The World Air Transport Industry, which was reeling under the impact of many adversities, showed signs of recovery in the year 2003-2004. Airlines are slowly emerging from one of the most difficult business environments. International passenger and cargo traffic growth continued to exceed expectations, though the extraordinarily high level of oil prices continued to cast a shadow on the profitability of airlines.

Closer home, in India, tourist arrivals have reflected double digit growth rates in each month since June 2003 and, in most of this period, traffic has rebounded to just above the 2000 levels i.e. before the incidents of 11th September 2001. The positive change apparent in India and the emergence of Chinese economic strength are expected to boost air traffic in Asia. The industry was expected to return to profitability in 2004, riding on the global economic recovery. However, oil prices, which have moved in the range of USD 44-48 per barrel in recent times, can seriously affect every airline's prospects and plans. According to an IATA estimate, each dollar added to the average price of a barrel of Brent over the year adds a USD 1 billion to the industry's costs.

Air India, conscious of the challenges posed by increasing competition, spiraling costs and pressures on yields, had pursued a strategy aimed both at cost reduction and increase in revenue. Among the various measures Air India had taken during 2003/04 were the augmentation of capacity through dry lease of aircraft for operations on existing and new routes adding to

the cash margins, reduction in establishment costs, formation of subsidiary companies for Ground Handling and Engineering Services, hiving off non-core activities, initiation of steps for establishing low-cost, low-fare operations through its subsidiary on routes to the Gulf, Middle East and South East Asia, conclusion of a Strategic Alliance with Lufthansa whereby both the airlines would, inter-alia, code share on each other's services between India and various points, pursuing similar alliances with other global carriers and introduction of e-ticketing on certain domestic sectors.

Leasing tax: The withdrawal of Sec 10 (15A) exemption in the Finance Bill from 1 September 2004, came as a severe blow to the national carrier since most of its expansion activity is being achieved through the medium of dry lease. On representation by all the Indian carriers, including Air India, the Government has deferred the implementation of this provision till 31 March 2005.

8.4 HIGHLIGHTS OF THE ACTIVITIES DURING THE YEAR

- **Birth Centenary of Late Shri JRD Tata :** Air-India celebrated the birth centenary of J.R.D. Tata, whose maiden flight heralded the birth of Air-India, on July 29, 2004. A series of programmes were organised to commemorate the occasion. The functions organised included unveiling of a 7'x3" statue of J.R.D. Tata at Old Airport Complex by Shri Praful Patel, Union Minister of State for Civil Aviation at a staff function held at Old Airport Complex.
- **Haj 2004 :** Haj Movement 2004 was successfully carried out by Air India in association with Indian Airlines and Saudi Arabian Airlines. Air India operated 112 flights from Bangalore, Chennai, Lucknow, Kolkata, Kozhikode, Nagpur and Srinagar and carried 34,370 Haj pilgrims while Indian Airlines carried around 7500 Haj pilgrims. Srinagar was a new embarkation point for Air India this year.
- **VVIP Flights :** During the year 2003-04 Air India operated 7 VVIP flights on behalf of the Government of India. During the period April-November 2004 another 4 VVIP flights were operated by Air India.
- **Others :** The Company was the recipient of a Special Communication Project Award for Effectively Handling Crisis Management, from the Association of Business Communicators of India.
- M/s. Dun and Bradstreet have ranked Air-India 30th among the top 500 Companies of India based on turnover. The ranking was based on Net Profit which was 309 and on capital employed 164.
- Air-India has been awarded the prestigious Mercury Award by the International Flight Catering Association/International Food Service Association at the IFCA 2004 Conference held recently at Nice, France.
- Air India is the only PSU amongst 256 PSUs in the country with multiple ISO Certificates. The Engineering, Engine Overhaul, Ground Services and Security Departments of the Company have

been awarded ISO 9002 Certificates by the Bureau of Indian Standards. Earlier the Engineering Department was certified under the old ISO 9002:1994 Standard Quality System Certification from 1996. Under the new standards, the emphasis has shifted from documentation of procedures to customer satisfaction and continuous improvement.

- Contact Programmes have been held in various important cities and towns in Kerala, Goa, West Bengal, Assam, the North Eastern States, Andhra Pradesh, Karnataka and Tamil Nadu. The objective of these Contact Programmes was to make a concentrated effort to meet those customers who have not flown on Air India in the past two years. Our data bank was used to reach out to these customers and obtain feedback from them to upgrade our services and to woo these passengers back to Air India. Both the traveling public and the trade were openly appreciative of Air India's efforts to reach out to its markets.
- On Time Performance increased from 85% in 1999-2000 to 88.5% in 2003-04 and RTKM/Employee improved from 84 in 1999-2000 to 113.5 in 2003-04.
- Air India handled the following number of flights during 2003/04:

Air India	2111
Flts. of foreign airlines	20944
Other flights	1245

- The Engineering and Engine Overhaul Departments have received JAR-145 Repair Station Certificate from the European Civil Aviation Authority – JAA and FAR 145 Certificate from US Civil Aviation Authority – FAA.
- On the occasion of the World Woman's Day on 8 March 2004, Air-India operated its first flight AI-470 on Mumbai-Delhi-Singapore sector with all women cockpit crew. Capt. Rashmi Miranda and Capt. Kshmata Bajpai, piloted the flight, operated with an A310 aircraft.
- Air-India, the largest carrier of perishable cargo from India, has taken over as the sole ground handling agent at the world-class Perishable Cargo Centre set up recently in Mumbai by the Agricultural Produce Export Development Authority, a body affiliated to the Ministry of Commerce.
- The Maharajah Lounge at IGI Airport, New Delhi has been refurbished and is now fully operational. The Executive Class passengers can, while awaiting departure of their flight, avail of an Ayurvedic massage, in addition to other facilities, such as Business Centre, Library and Music Centre.
- During the year 2003-04, Air India has secured new ground handling contracts of Sri Lankan Airlines, Air Sahara and Gulf Air at Kochi, KLM Royal Dutch Airlines, Gulf Air, Royal Jordanian (Freighter Flights), Singapore Airlines (Freighter Flights) and Alitalia at Kolkata,

China Airlines(Freighter Flights), Turkish Airlines and Air Canada at Delhi, Silk Air at Thiruvananthapuram Thai Airways at Chennai and Aeroflot at Mumbai.

- Since January 2004, all Air-India flights between Delhi and Gulf/Europe and vice versa started overflying Pakistan air space resulting in saving of 30 mts to 1 hour of flying time.
- Air-India had carried out testing of routes overflying Afghanistan air space on 20, 21 and 29 February, 2004. This was an important step towards commencement of route search on India/Europe/UK sectors and would assist us in selecting minimum cost track of the day, based on minimum fuel requirement, maintenance time cost, overflying charges etc. It is expected that the saving on this account would be about Rs. 7.10 crores per annum. As and when the dry leased B747-400 aircraft are fitted with additional passenger oxygen cylinders, the saving would increase by another Rs.2 crores.
- Fuel Contract for Salalah was awarded to M/s. Shell for the period from 01.04.2004 to 31.05.2005.
- Direct routing is cleared by AAI in co-ordination with C.A.A. Yemen and Oman between Salalah to a way point ANGAL in Indian FIR effective 28th June, 2004. This will reduce about 20 minutes of flying for our flights between Salalah to Calicut. Our Department was continuously pursuing for the above route.
- An agreement with M/s. SITA has been signed for supply of advanced computerised flight planning system. Optimisation of the fuel requirement calculation through the new system is expected to save approx. Rs.6 crores per annum.

- Medical department has been awarded the S.M.Dahanukar Trophy for the best medical set up in the Industrial Medical Health.
- Air-India signed a Strategic Alliance agreement with Duetsche Lufthansa AG on 10 August 2004 in Mumbai, whereby both the airlines will code share on each others' services between India and various points in Germany such as Frankfurt, Munich, Berlin, Stuttgart, Dusseldorf, etc. This agreement was signed by Shri V Thulasidas, Chairman and Managing Director, Air-India and Wolfgang Mayrhofer, Chairman of the Executive Board of Deutsche Lufthansa AG. Air India will also code share on Lufthansa's services beyond Frankfurt/Munich to points in Europe and USA. Effective 1 October 2004, the code share will be a free flow code share.

8.5 IMPORTANT ACHIEVEMENTS :

- Air India achieves third consecutive year of profits despite increased competition, spiralling fuel costs and pressure on yields.
- Augmentation of capacity through dry lease of aircraft for operations on existing and new routes. ATKs increase by 19.5%, RTKMS by 13.6% in 2003/04 as compared to last year and fleet strength to 35 as of 1st January 2005 as compared to 29 as of 31st March 2003. 17 aircraft inducted on dry lease.
- New destination introduced in the network viz., Newark, Los Angeles, Shanghai, London Terminators via Ahmedabad from Mumbai and

enhanced operations on existing routes with standardized departure timings in the last two years.

- Production upgradation by reconfiguring F and J class seats with full flat beds in F class and slumberette seats in Club class.
- Refurbishment of existing fleet of B747-400 aircraft and A310 aircraft.
- Revenue Passengers carried increased from 3.45 million in 2002/03 to 3.83 million in 2003/04.
- On-time performance increased from 85% in 1999-2000 to 88.% in 2003-04.
- Flights in summer and winter schedules of 2004 increased by 10% over the corresponding period last year.
- Aircraft utilisation improved from 3280 hrs. per annum to 3586 per annum in 2003/04 vis-a-vis last year.
- Number of staff decreased from 16068 as of 31st March 2003 to 15572 as of 31st March 2004 due to adoption of VRS and retrenchment of staff at foreign stations including closure of uneconomic offices.
- E-ticketing introduced in India effective August 2004. E-ticketing has now been extended to UK sector from London effective February 2005.
- Proposed launch of Air-India Express-Budget Airline-Low Cost Low Fare No Frill Airline to the Gulf/South and Middle East, East Asia effective

May 2005. Project report was submitted to the Govt. in December 2004. Meanwhile, 3 B737-800 aircraft are being dry leased with four more to follow in 2006.

- Air India Board has approved acquisition of 50 aircraft upto 2012/13 (one third on option). Meanwhile expansion through dry lease with proposed fleet strength by Winter 2005 being 50.
- CMD-Air India was elected as President Elect of the Aeronautical Society of India for the year 2005.
- An Advance Check-in Facility has been introduced for passengers bound for USA/UK/Europe travelling from Mumbai only with effect from 11th January 2005. At least one member of the family who is travelling must go for the check-in along with passports and tickets of the whole family. The boarding cards will be given at the time of check-in and passengers should report back to the airport directly for immigration/customs clearance at least 90 minutes prior departure.
- The first B737-800 aircraft, out of the three aircraft leased for Air-India Express was delivered to Air India at Seattle on 23rd February 2005. The second of the three B777-200ER aircraft leased for Air India, joined the fleet on 15th February 2005.
- As per the Budget announcement on 28th February 2005, the exemption with regard to payment of Withholding Tax on leasing of aircraft or aircraft engines from foreign companies has been extended till 30th September 2005 which will assist Air India in dry leasing more aircraft for expansion and growth without payment of Withholding Tax.

- Sale of Aviation Turbine Fuel (ATF) to Indian carriers operating international flights has been declared as “Deemed Export”, which will enable the carriers to purchase ATF without payment of Sales Tax, which ranges from 4% to 39%, which will enable Air India to reduce its fuel cost structure substantially.

8.6 CAPITAL

The Authorised Capital of the Company is Rs 500 crores divided into 425636820 Equity Shares of Rs. 10/- each and 7436318 Redeemable Preference Shares of Rs 100/- each. The Total issued and Paid up share capital of the Company as on March 31, 2004 is Rs.153.84 Crores.

8.7 SUBSIDIARY COMPANIES

The Company's investments in subsidiary Companies are as under:

Hotel Corporation of India	-	Rs.40.60 Crs.	(Authorised Capital	-	Rs.41 Crs.)
Air-India Charters Ltd.	-	Rs.5.00 lakhs	(-“-	-	Rs.30 Crs.)
Air-India Air Transport Services Ltd.	-	Rs.5.00 lakhs	(-“-	-	Rs.100 Crs.)
Air-India Engineering Services Ltd.	-	—	(-“-	-	Rs.10 Crs.)

8.8 INTERNAL RESOURCES PLOUGHED BACK INTO BUSINESS

As on March 31, 2004 an amount of Rs. 6264.61 Crores has been ploughed back into business.

8.9 FLEET

As of 1st January 2005 Air India has the following aircraft in its fleet:

	Total Fleet	Owned	Avg. Age	Leased	Avg. Age
B747-200	2	2	24.9 yrs	-	-
B747-300	2	2	16.2 yrs	-	-
B747-400	11	6	10.1 yrs	5	14.8 yrs.
B777-200	1	0	-	1	5.8 yrs.
A310-300	19	8	17.5 yrs	11	14.8 yrs
TOTAL	35	18	15.7	17	13.0 yrs.

Note: One B747-200 aircraft is on ground awaiting disposal and is not included in the above fleet.

8.10 OPERATIONS

- The pattern of operations during 2004/2005 were as follows:

Routes	Summer 2004	Winter 2004
India/London/NewYork	7	7
India/London (T)	2	7*
India/London/Chicago	3	3
India/Frankfurt/Los Angeles	3	5
India/Frankfurt/Chicago	3	3
India/Frankfurt (T)	3	3
India/Paris/Newark	7	7
India/Nairobi/Dar-es-Salaam	3	3
India/Gulf	105	103
India/Bangkok/Tokyo	2	2
India/Tokyo (T)	2	2
India/Bangkok/Shanghai	2	2
India/HongKong/Osaka	2	2
India/HongKong (T)	3	3
India/Singapore/Jakarta	3	3
India/Singapore/KualaLumpur	7	7
India/Singapore (T)	5	5

Note: * 4 services with B777-200ER effective 30th December 2004.

- **New Routes**

- * Twice weekly Mumbai/Ahmedabad/London flights introduced effective March 2004

- * Flights on the following routes increased from two to three effective March 2004
 - Mumbai/Nairobi/Dar-es-Salaam
 - Hyderabad/Jeddah/Hyderabad
 - Lucknow/Delhi/Jeddah/Lucknow
- * Effective 4th April 2004, AI commenced operations to Salalah with a weekly extension of the AI-Ain flight to Kozhikode.
- * Twice weekly Delhi/Amritsar/Delhi Hub-&-Spoke flights effective 16th April 2004
- * Effective 11th June 2004, 3 weekly flights commenced to Los Angeles via Frankfurt.
- * Effective 13th June, 2004, started 2 flights per week from Ahmedabad to Dubai.
- * Effective 29th November 2004, 4 noon-time departure flights introduced a Mumbai/London/Mumbai.
- * Effective 4th December 2004, additional flight to London operated on the routing Mumbai/Delhi/London/Delhi/Mumbai.
- * Effective 5th December 2004, Los Angeles flights increased to 5 via Frankfurt.
- * The total number of flights increased to 162 during Summer 04 as against 147 operated during Summer03.
- * In Winter 04 the flights increased to 167 from 152 operated in Winter 03.
- * Standardised departures from Winter 2004 timetable

AI now has standardised departures from most cities in the network except where slots have not been granted by the local authorities or where markets require otherwise.

- **Extra Sections :** In order to meet the additional demand during the peak season, 18 extra sections were operated from India to various points in the Gulf during the current year. During the first six months of the current financial year, there has been an increase of approx. 30% in the timetable hours as compared to the same period last year. During the current year, we have also planned operation of 174 Haj flights in two phases.

- **Joint Ventures and Code Share Arrangements.**

Air-India signed a Strategic Alliance with Lufthansa effective 1st October 2004. Many existing Code Share and Joint Venture Agreements with foreign airlines were continued. These arrangements using foreign airlines aircraft are given below:

To :	With :
USA :	
Chicao/Denver/Detroit/ Los Angeles/Washington	Lufthansa-December 2004
Los Angeles/San Francisco	Singapore Airlines
Los Angeles	Malaysian Airlines
San Francisco	Asiana Airlines
Europe	
Paris/Frankfurt/Berlin	Air France
Vienna	Austrian Airlines
Zurich	Swiss Airlines

Frankfurt/Berlin/ Dusseldorf/Munich/ Stuttgart/Amsterdam/Lyons	Lufthansa – 01 Oct. 2004
Geneva/Zurich	Lufthansa – subject to German Govt. clearance
Russia : Moscow	Aeroflot
Africa : Mauritius	Air Mauritius
Gulf :	
Dubai	Emirates & Thai Airways
Kuwait	Kuwait Airways
Istanbul	Turkish Airlines
S.E. Asia :	
Singapore	Silk Air & Singapore Airlines
Kuala Lumpur	Malaysian Airlines
Far East	
Seoul	Asiana Airlines
Bangkok	Thai Airways

In addition to the above, Air-India also implemented Block Space Arrangements, as follows:

Between	With
GULF	
Bangkok-Dubai- Chennai-Dubai	Thai Airways
FAR EAST	
Bangkok-Shanghai/ Tokyo/Hong Kong	Thai Airways

Air-India also has entered into a code-share with Indian Airlines for Mumbai/Bangalore – Hyderabad/Chennai sectors on two flights per week.

• **Offices (as on December 31, 2004):**

Online	-	55
Offline	-	37
Sales Representative	-	07

8.11 SPECIAL OPERATIONS

• **Haj Operations 2005:** Air-India continues to be the nodal agency to coordinate the Haj Programme on behalf of the Ministry of Civil Aviation. The highlights of Haj 2005 are as under:

Embarkation Stations: 3 new embarkation stations have been added for Haj 2005 viz., Guwahati, Patna and Aurangabad. Patna is a switch with Gaya. The embarkation stations finalised for Haj 2005 are : Ahmedabad, Mumbai, Kozhikode, Delhi, Ahmedabad, Chennai for Saudi Arabian Airlines. Bangalore, Kolkata, Jaipur, Lucknow, Nagpur for Air-India. Guwahati, Aurangabad, Patna stations are being covered by way of an Hub & Spoke arrangement. While Guwahati pilgrims will be brought to Kolkata to connect Air-India flights, Aurangabad and Patna pilgrims will be brought to Mumbai and Delhi to connect Saudi Arabian flights.

The total number of pilgrims being carried from each station are as under :

Ahmedabad	6054	Mumbai	10643
Kozhikode	9600	Delhi	11790
Hyderabad	5500	Chennai	2738
Bangalore	4080	Kolkata	3528
Jaipur	3800	Lucknow	7800
Nagpur	2969	Guwahati	1670
Aurangabad	1700	Patna	1600
Srinagar	8750		

The Haj 2005 period is

- Phase 1 Dec. 13, 2004 – Jan. 15, 2005
- Phase 2 Jan. 25, 2005 - Feb. 24, 2005

The first Haj flight flagged off from India on Dec. 13, 2004 from Srinagar

Air-India is supporting this programme with a 1-line 747 operation and a 2-line A310 operation. This is being supplemented by Indian Airlines with a 1-line AB4 operation.

All physical arrangements at the embarkation points have been finalised and tied up in close coordination with Indian Airlines, State Haj Committees and Haj Committee-India.

8.12 FINANCIAL HISTORY

• **Debts**

* **Aircraft Loan:** The aircraft loans outstanding as on 31st March 2004 are mainly in respect of six B747-400 aircraft acquired during 1993-96. These loans were arranged through External Commercial Borrowings (ECB) supported with US Exim guarantee and guarantee/comfort letter furnished by the Govt. of India. It is pertinent to mention that due repayment of loans over the years, the aircraft loan balances have reduced in terms of US Dollar, but in terms of Indian Rupees the loan balances have not shown corresponding reductions primarily due to devaluation of Indian Rupees as reflected below:

Aircraft Loan Balance	USD/Million	Rs. /Crores
As on 31.03.1997	795.689	2899.78
As on 31.03.1998	679.673	2698.35
As on 31.03.1999	571.344	2424.21
As on 31.03.2000	509.6925	2223.29
As on 31.03.2001	447.842	2087.84
As on 31.03.2002	385.789	1882.65
As on 31.03.2003	299.023	1419.91
As on 31.03.2004	210.860	921.77

As on 30.09.2004 the Aircraft Loan is Rs. 815.39 Crores and estimates as on 31.03.2005 is Rs.636.28 Crores.

- **Debt Equity Ratio**

The Debt equity ratio of the Company as on 31 March 2004 was 3.0:1 against 4.5: 1 as on 31 March 2003.

- **Summary of Financial Performance for the last 7 years:**

Particulars	Units	2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98
Financial Performance								
Operating Revenue	Rs.Crores	5987.98	5275.91	4751.36	4927.45	4448.05	4135.26	3837.21
Operating Expenses	Rs Crores	6104.24	5465.63	4805.89	4924.35	4372.00	4139.84	4029.84
Operating Profit/(Loss)	Rs.Crores	(116.26)	(189.72)	(54.53)	3.10	76.05	(4.58)	(192.63)
Total Revenue	Rs.Crores	6322.07	5689.88	5032.94	5278.84	4772.62	4236.72	4174.16
Total Expenses	Rs.Crores	6229.74	5556.02	5017.50	5323.24	4810.25	4411.20	4355.17
Net Profit/(Loss)	Rs.Crores	92.33	133.86	15.44	(44.40)	(37.63)	(174.48)	(181.01)
Yield per Rtkm (Schd. Serv. Rev. per Rtkm)	Rs.	25.81	25.80	26.38	26.02	24.43	22.90	21.95

* **Working Capital Loan:** Due to financial crunch faced by Air-India from 1996-97 onwards, Air-India has taken working capital loans, as shown below:

Loan Balance	Rs. / Crores
As on 31.03.1997	260
As on 31.03.1998	951
As on 31.03.1999	1013
As on 31.03.2000	1026
As on 31.03.2001	1102
As on 31.03.2002	1004
As on 31.03.2003	740
As on 31.03.2004	554

As on 30.09.2004 working capital loan is 456 Crores (Provisional). In addition, Air-India had taken loans for Haj operations on need basis. Air-India has never defaulted in servicing its debts and have paid the loans in time.

8.13. FINANCIAL ANALYSIS

- **Financial Analysis F.Y 2003-04 as against F.Y 2002-03**

During the year under review, the total revenue of the company consisting of Passengers, Excess baggage, Mail, Cargo, Charter and Handling / Servicing / Miscellaneous Revenue was Rs. 62364.4 Million as compared to Rs. 56578.7 Million for the year 2002-03 representing an increase of 10%. The total expenditure of the company likewise was Rs. 62286.0 as compared to Rs. 55458.7 Million representing an increase of 12%.

The profit of the year before tax was Rs.78.4 Million as compared to Rs. 1120.0 Million during the year 2002-03. After providing for taxation and accounting for deferred tax benefit as per Accounting Standard 22, the net profit earned during the year 2003-04 was Rs.923.3 Million as against Rs. 1338.6 Million during the previous year, a decrease of Rs.415.3 Million.

The factors leading to the decline in profitability were the SARS outbreak and Pilots' strike during the first quarter, April to June, 2003 and the profitability of operations in the initial phase in respect of the new routes with dry leased aircraft was not in line with the estimates.

- **Financial Analysis April/September 2004 as against April/September 2003**

The results of the Company for the period April/ September 2004 (Provisional) as compared to April / September 2003 are given below:

(Rs. in crores)

Particulars	April to Sept 04 (Prov.)	April to Sept 03
Operating Revenue	3350.52	2667.4
Operating Expenses	3448.77	2747.4
Operating Profit/ (Loss)	(98.25)	(80.02)
Total Revenue	3470.76	2812.20
Total Expenses	3462.91	2771.6
Net Profit/ (Loss)* (including Deferred Tax benefit)	7.85	40.59

8.14 PHYSICAL PARAMETERS

- **Summary of Physical Performance for the Last 7 Years**

Physical Performance		2003-04	2002-03	2001-02	2000-01	1999-00	1998-99	1997-98
Revenue Hours Flown(Total)	No.	107886	91318	84468	80380	79289	84391	84065
ASKMs (Total)	Millions	22293.6	18715.6	17680.1	17915.6	17821.5	18591.7	18067.3
ATKMs (Total)	Millions	2984.0	2495.5	2392.6	2419.2	2415.4	2540.9	2445.7
PaxLoad Factor	%	70.5	71.6	66.6	73.1	70.3	66.9	67.5
Overall Load Factor	%	61.2	64.6	60.8	67.4	65.1	61.5	63.4

- **Physical Analysis F.Y 2003-04 as against F.Y. 2002-03**

Number of Passengers increased from 3.46 million to 3.84 million in FY 2003-04 an increase of 11%. The traffic capacity offered increased by 20% whereas the traffic carried increased by 11%. The passenger load factor, however, decreased from 71.6% to 70.5% and Overall load factor also decreased from 64.6% to 61.2%.

- **Physical Performance April/September 2004 as against April/September 2003**

Particulars	April to Sept 04 (Prov.)	April to Sept 03
PKMs(Total)	9208.6	6989.2
ASKMs (Total)	13035.4	10021.5
PaxLoad Factor (%)	70.6	69.7
RTKMs (Total)	1066.9	822.6
ATKMs (Total)	1717.3	1342.8
Overall Load Factor(%)	62.1	61.1
Yield Per RTKM (Rs)	25.40	26.36
No of Pax (Schd.Ser)	2193774	1783937

8.15 FOREIGN EXCHANGE EARNINGS

The foreign exchange earned / saved by the Company, computed on the basis of the formula approved by the Government in 2003-04 was Rs. 1753 crores as against Rs 1517 crores in the previous year .

8.16 MEASURES TO CONTAIN IMPACT OF INCREASE IN FUEL PRICES

- **Hedging the Fuel Prices**

Global fuel prices continued their upward spiral during the year 2004. Average fuel prices increased from USC/USG 113.99 during FY 2003-04 to USC/USG 156.87 during period Apr.-Dec.04., the peak being Nov.04 at USC/USG 187.69. AI expects to spend approx. Rs.500 crores more than what was budgeted for the FY 2004-05. The company also pursued its efforts in the direction of hedging fuel prices by finalising Risk Management Policy and pursuing the International Swap Dealers

Association Agreement with the counter parties. M/s. Ernst and Young have been appointed as consultants for “hand holding” during the initial phase of hedging. Since the fuel price was at its peak, the hedging activity has not yet commenced.

- **Opening of Air Space**

With the opening of Air space over Pakistan for our flights, various possible ATS route options like Afghanistan, Turkmenistan, Russia, etc. have emerged. This enabled us to conduct a route search to decide the most economical route considering various factors like Wind Component, Overflying Charges, etc. It is decided to commence operation on overflying Afghanistan with Air India aircraft resulting in a saving of approx. Rs. 9 crores per annum. Leased aircraft can commence overflying Afghanistan after modification of passenger oxygen system.

- **Economic Tankering**

As fuel prices vary from airport to airport, Airlines do take advantage of the fuel price differences and uplift more fuel at an airport where the price is cheaper as compared to the next airport of landing, after taking into account following factors

- Fuel price difference should offset additional burn-off
- Fuel is available for economic tankering.
- Performance and Payload considerations permit.
- To avoid undue wear and tear in operating to maximum landing weight, (additional uplift of

fuel should be normally be restricted upto maximum landing weight depending on the type of aircraft).

- **Fuel Surcharge:**

In order to meet the spiraling fuel costs, effective October 2004, fuel surcharges were increased as follows :

- India to Gulf - USD10
- India to USA/UK/Europe/SEA/Africa - USD15
- India to USA on direct services – USD25

Fuel surcharges were also introduced in cities across our network wherever implemented by the National Carriers.

8.17 UPDATE ON DISINVESTMENT IN A WHOLLY OWNED SUBSIDIARY – HOTEL CORPORATION OF INDIA (HCI) LTD.

As per the decision taken by the Government of India, Air India Limited had appointed M/s. J.P.Morgan (formerly M/s. Jardine Fleming Securities Limited) as the Global Advisor for divesting the share of Air India in the Company including the option of sale of individual business through the slump sale. Though the process of disinvestments was started in the year 2000, however, actual transaction in respect of Centaur Hotel Juhu Beach and Centaur Hotel Mumbai Airport, Mumbai took place in the year 2002. The business of Centaur Hotel Juhu Beach was transferred to M/s. Tulip Hospitality Services Limited in terms of Agreement to Sell dated 11.03.2002 effective 31.05.2002 at a consideration of Rs.1530 Million as per the bid accepted by the Cabinet Committee on Disinvestment in its meeting held on 10.11.2001 and Centaur Hotel Mumbai

Airport to M/s.Batra Hospitality Pvt. Ltd., (presently known as M/s.Sahara Hospitality Limited) in terms of Agreement to Sell dated 18.04.2002 effective 05.06.2002 at a consideration of Rs.830 Million as per the bid accepted by the Cabinet Committee on Disinvestment in its meeting held on 05.02.2002. The disinvestment of remaining units could not take place as the bids received was lower than the reserve price and for disposal of Centaur Lake View Hotel, Srinagar certain issues were to be resolved with the State Government.

The process of disinvestment in respect of remaining units was once again re-initiated in 2003 and Expression of Interest was called for disposal of Centaur Hotel Delhi Airport (including Chefair Delhi) and Chefair Flight Catering (including Dining Facilities, Mumbai) through an advertisement which appeared on 14.10.2003. Ministry of Disinvestment had shortlisted 39 parties out of 46 parties whose response was received and 20 parties have deposited the Earnest Money and shown the seriousness. It is likely that the process of disinvestment of these two units would be completed shortly. As regards disposal of Centaur Lake View Hotel, Srinagar it was decided by the Central Government to dispose off the same to the Government of J&K at negotiated terms. Core issues were identified and the property has been got valued by an individual Valuer and very soon a decision in this regard would be taken to transfer the property to the Government J&K.

- **Disposal of Centaur Lake View Hotel, Srinagar:**

In pursuance of the Hon'ble Union Minister of Civil Aviation's Letter dated 16th August 2003 to the Hon'ble Chief Minister, Government of Jammu & Kashmir, the State Government has shown its willingness to take over the property of Centaur Lake View Hotel, Srinagar. Several meetings have

taken place between the State Government and the Central Government. The core issues have been identified, the assets of Centaur Lake View Hotel had been evaluated by the Asset Valuers, and same has been submitted to the State Government for their views. The Chief Secretary, J & K Government, has informed that they are examining the matter and would be reverting. It was desired by the State Government to introduce Voluntary Retirement Scheme (VRS) for the employees of Centaur Lake View Hotel Srinagar, which was agreed, subject to reimbursement of the said amount by the Government of Jammu & Kashmir at the time of transfer.

A meeting took place between the Chief Secretary and CMD-AI on 3rd May 2004 where there were consensus on the principle issues. However, a counter claim was given for the first time by the State Government, which was examined. In this regard, a meeting was organized along with the Principal Secretary-Tourism, J & K Govt. and officials of HCI at Centaur Hotel Delhi Airport, on 15th October 2004 when the core issues were discussed and a consensus drawn up. As per the consensus arrived, a sum of Rs. 4.11 crores is due to be paid by the State Government to HCI as on 31.3.2004. In the said meeting, it was desired by the State Government to implement VRS among the staff of CLVH. A reference was made by the Ministry of Civil Aviation to the State Government seeking their confirmation with regard to the cost of VRS and the consensus on the core issues. In this regard, a meeting of the Central and State Committees was held on 6.1.2005 when these issues were addressed.

8.18 PRODUCT DEVELOPMENT

- **The Maharajah Club (TMC) and the Leading Edge Club (LEC) :** Membership to these two elite clubs is by invitation only. The Clubs were re-launched effective 15th August 2004 till 14th August 2007 with enhanced features. Targeting the high yield passengers they offer recognition and value added benefits to retain the loyalty of the members. As on 30th September 2004, there were 2006 Maharajah Club members and 2150 Leading Edge Club members.
- **E-Ticketing :** Air India introduced E—Ticketing (Electronic Ticketing) through its offices in India from August 2004. IATA has advised that all airlines should implement E—Ticketing, as the system of issuance of conventional paper tickets will be discontinued by the end of 2007. From the beginning of 2008, only E—Tickets will be used in the aviation industry globally. Air India plans to implement the E—Ticketing programme in a planned and phased manner to adhere to the timeline set by IATA for complete switchover from paper tickets to E—Tickets.

Air India's E—Ticketing programme commenced with the cutover of 9 online India stations to E—Ticketing for domestic bookings. The stations were Mumbai, Delhi, Chennai, Bangalore, Hyderabad, Thiruvananthapuram, Kochi, Kolkata and Ahmedabad. This was completed during the period August to October, 2004. In the first week of December, 2004, international bookings for the India/USA/India route was E—Ticket enabled through the Air India offices at New York, Newark,

Chicago, Los Angeles and Washington. Simultaneously, E—Ticketing facility has also been provided to passengers making bookings directly through our online booking facility YATRIK.

- **Approval of VVIP kit by DGCA :** DGCA had approved the use of VVIP kit developed in-house for B747-400 aircraft.
- **Installation of Solid State Digital Audio System :** All the aircraft in Air India's fleet were retrofitted with the new generation Solid State Digital Audio Reproducers of M/s TEAC. This system provides improved sound quality and has capacity for 16 channel audio output – of which 8 are stereo channels.
- **Re- delivery of two A310s dry leased from GECAS :** The lease term of the two A310 aircraft (VT-EVH & VT-EVG) of General Electric Capital Aviation Services (GECAS) ended in June and July 2004. As per the re-delivery conditions, "C" check was performed at a JAA approved maintenance facility and redelivered to GECAS.
- **Catering :** On the occasions of Independence Day and festivals like Diwali, Onam, Pongal and Ramadan, special meals were uplifted and sweets were offered to the passengers on flights operating on that day. Wider choice of duty free items has been offered to passengers. 21 new items have been added to the duty free sale items effective October 1, 2004.
- **Cabin Upgradation :** Under the cabin product upgradation programme, so far First Class and Executive Class seats of B747-400 aircraft have been replaced with more comfortable state-of-the-art seats.

- **Future Plans:** It is proposed to upgrade the fleet as under:

- * **A310-300 Aircraft :**

At this point of time, it is anticipated that the A310-300 fleet will not be in the service beyond 5 years. Considering this, it is proposed to carry out :

- **Seat Refurbishment :** All Executive Class, Economy Class seats as well as Attendant seats will be refurbished and all seat belts will be replaced. This refurbishment is expected to be completed within 8 to 10 months. The estimated cost of Seat Refurbishment is USD 2.40 million (Rs. 11 crores) for 8 aircraft.

- **Cabin Interior Upgradation:** Cabin Interior upgradation involves repainting the interior in new color scheme, changing all decorative laminates and replacement of curtains, upholstery etc. This upgradation package is estimated to cost little over USD 1.0 million (Rs. 5 crores) for the fleet and the work will be completed in 2 months time after it is taken up.

- * **B747-400 Aircraft :**

The B747-400s are expected to be retained in service for the next 10 years and the cabin upgradation programme chalked out for these aircraft is as under:

- **Replacement of existing Economy Class Seats:** It would be cost effective to replace the existing seats in economy class with new seats which are ergonomically designed to

provide maximum comfort. These new seats will have provision for individual IFE System and in-seat power supply for lap top connectivity. It is estimated that new Economy Class Seats would cost USD 1.00 million per aircraft or USD 6.0 million for the fleet (Rs. 28 crores).

- Providing latest Inflight Entertainment System (IFE) with Audio / Video on Demand, internet and Phone facility for all passengers including personal monitors. The estimated cost is USD 8 million per Aircraft or USD 48 million for the fleet (Rs. 220 crores).
- Providing Inflight entertainment and new seats will take 12-18 months.

- * **Upgrading the Interior of the Cabin:** This involves:

- Replacement of all decorative laminates including sidewall panels.
- Replacement of Stowage Bin Covers and Ceiling Panels to give an enhanced and spacious look.
- Replacement of existing Cabin Lighting with Dynamic Lighting which provides many options of lighting in the Cabin. Estimated cost for the dynamic lighting, enhanced cabin interior and replacement of all decorative laminates is Approx. USD 1.9 million per Aircraft or USD 11.4 million for the fleet (Rs. 53 crores). This work will require 4-6 months for completion after it is taken up.

- * **Replacement/upgradation of existing galleys and toilets :** A need was felt to provide latest equipments like steam ovens, microwaves, coffee percolator etc. in the galley. M/s. Jamco, manufacturer of our existing galley was approached for a solution. They opined that, such elaborate changes are not possible with the existing galleys and new galleys will be required. Estimated cost of toilet upgradation is USD 6.5 Million for 6 aircraft (Rs. 30 crores)
- * **Catering:**
 - Planning to uplift branded and Imported Soft variety of Segment Cheese and Branded

Presentation Chocolate Box in the Executive Class for Lunch/Dinner service out of all applicable Indian Meal Stations.

- Bone China crockery will replace porcelain crockery in the First and Executive class.
- Metal cutlery will replace plastic cutlery in the First, Executive and Economy class as per directives of Security.
- Stainless steel tea/bar service items will replace silver plated tea/bar service items.
- Damask linen and Pure wool shawl type blankets will be uplifted in the First class and Executive class.



In-flight scenario

8.19 OTHER REVENUE GENERATING ACTIVITIES DURING F.Y 2003-04 AND APR-SEP 2004.

- The revenue earned by Engine Overhaul Department during the period April–September 2004 was Rs. 19.16 crores and projected revenue for the next six month is Rs.8.20 crores (approx.).
- The revenue earned by the Ground Services Department during the year 2003-04 is Rs.330.27 crores and Security revenue of Rs.58.61 crores totalling Rs.388.88 crores. The estimated Ground handling and Security revenue for the financial year 2004-05 will be approx. Rs. 325 crores and Rs.60 crores respectively.
- The Security Department earned a revenue of Rs.49.84 crores by way of handling customer Airlines during the year 2003-04.

8.20 AIR INDIA'S FUTURE STRATEGY

- In August 2004, at a meeting held in the Ministry, it was decided that Air India would revisit the aircraft acquisition proposal submitted in January 2004 (detailed in para (a) above), in view of:
 - Induction of non-stop services to USA by competitive airlines in the Gulf and South East Asia and the need for Air India to offer a competitive product with suitable aircraft.

- Low cost, low fare operations with dry leased B737-800s now envisaged under Air India Express.
- Induction of aircraft on dry lease to meet the interim capacity of Air India.
- The Revised Fleet Plan approved by the Board envisages an increase in the fleet size for Air India and Air India Express combined from the present 35 to 74 aircraft as follows:

Aircraft Type	Present Fleet (2012/13)	Planned Fleet	Net Addition
B747-400	11	6	-5
B747-300	2	-	-2
B747-200	2	-	-2
A310-300	19	-	-19
B777-200ER	1	-	-
MCULR	-	8	+8
MCLR-A	-	15	+15
MCLR-B	-	27	+27
B737-800	-	18	+18
Total	35	74	+39

- The Air India Board had approved the Revised Long Term Fleet Plan - fleet requirements of Air India and Air India Express - upto the period 2012/13. This fleet plan was undertaken as a consequence of the following:
 - Air India submitted a Project Report for the acquisition of 10 A340-300 + 18 B737-800W aircraft to the Ministry in January 2004.
 - Thereafter, Air India presented its medium term business strategy and growth plans till 2006 to its Board in March 2004.
 - The Board decided to launch a separate new airline, "Air India Express", for low cost, low fare operations with B737-800 aircraft on dry lease till the period upto Winter 2006/07.
 - Pending aircraft acquisition, the Board further decided to induct 34 aircraft (3 Medium Capacity Ultra Long Range + 17 Medium Capacity Long Range aircraft for Air India and 14 B737-800 aircraft for Air India Express) on dry lease till the period upto Winter 2006/07.
- The Board further authorized the Management to update the earlier Project Report for the acquisition of 18 x B737-7800W aircraft (submitted to the Government in January 2004), based on the operating pattern for operations in all Economy seating configuration and with low costs and low fares, now envisaged under Air India Express. This revised Project Report was approved by the AICL Board and the same was submitted to the Government on 07 December 2004
- In the context of the recently announced decision of the Government to allow private domestic airlines to also operate on all international routes (excluding the India/Gulf-Middle East routes) – and the clarification that Air India's operating plans will be given due cognizance before allocating available entitlements to such airlines – it is essential for Air India and Air India Express to induct additional aircraft on dry lease during 2005 in order to ramp up its capacity at the earliest.
- **Air-India Express** - a wholly owned subsidiary of Air India Charters Limited, will commence operations from 27 April 2005 with services between India and Gulf/ME (except Saudi Arabia) and SE-Asia hitherto being served by Air India. Dubai, Singapore and Kuala Lumpur will be served both by Air-India and Air-India Express concurrently. Air-India Express flights will be operated initially with leased B737-800 aircraft. On mature operations (Summer 2006), Air-India Express

is expected to have a fleet of 14 B737-800 aircraft. A stand-alone web based Reservation system has been procured which would enable passengers to purchase tickets over the Internet, the airline's Reservation offices or through the Travel Agents.

The airline will be able to offer attractive pricing through saving in the following areas:

- Booking agency commission would be reduced from 7% to 3.5%.
- Scaled down on-board service- packed snack boxes will be served.
- Indian and foreign liquor will be served on-board on payment.
- Duty free liquor and cigarettes would be sold on-board.
- The aircraft would be all-economy version with 31-inch pitch.
- Reducing cabin crew complement from ten to five and ensuring minimum 75 hours flying a month
- Operating crew utilization would be ensured at 65 hours a month.
- Free Baggage Allowance from Gulf region

pegged at 30 kilos ie. 10 kilos extra over standard FBA of 20 Kg on all sectors.

- The airline will have a lean HQ and organization structure with outsourcing of non-core activities.

The net operating profit on operations of 127 flights per week is projected at Rs. 264 crores based on a 25% reduction in fares and a seat factor of 68 percent.

- The following routes have been identified for such capacity expansion in 2005:
 - India/London
 - India/Frankfurt/Chicago
 - India/Frankfurt/Los Angeles
 - India/Birmingham/Toronto
 - India/Mauritius
 - India/Bangkok/Shanghai
 - India/Bangkok
 - India/Singapore
 - India/Kuala Lumpur
 - India/Singapore/Jakarta
 - India/Hong Kong
 - India/Hong Kong/Osaka
 - India/Bangkok/Singapore

- For additional operations on the above routes, Air India and Air India Express will need to induct additional aircraft as follows:

Aircraft Type	Existing Fleet	Proposed Fleet (Winter 2005)	Additional Aircraft Required on Dry Lease in 2005
B747-200	2	-	-
B747-400	11	11	-
B747-300Combi	2	2	-
B747-400Combi	-	1	+1
A310-300	19	21	+2
B737-800	-	7	+7
B777-200ER	1	3	+2
MCLR	-	5	+5
Total	35	50	+17

Note: (a) Lease arrangements for 3x B777-200ER and 3x B737-800 aircraft have already been finalized.

- (b) 1 x B777-200ER has already been inducted and 2 x B777-200ER will be inducted shortly.

8.21 MARKETING STRATEGY

- **Expansion through Dry Leasing:** Air-India is planning to increase frequencies to Los Angeles and Chicago to 7 a week with the induction of dry leased aircraft.
- **Companion Free Scheme:** The Companion Free Scheme is continued allowing passengers

purchasing IATA published full fares in First, Executive & Economy Class to take along a companion free of cost. Members of the Flying Returns programme are entitled to Additional Mileage Points if they do not avail of the Companion ticket.

- **Auctions through Indiatimes.com:** Introduced effective 12th November 2003, Air-India continued to auction seats in Economy class through Indiatimes.com a leading internet portal. Specific sectors and flights on which there is low demand are identified and a certain number of seats on these flights are put up for auction. Till November 2004, revenue of Rs.53.12 lakhs was earned through these auctions.
- **Pravasi Bharatiya Divas:** In order to facilitate NRIs to attend the Pravasi Bharatiya Divas held in Mumbai from 7th to 9th January 2005, special fares were given to all those registered as delegates for the event.
- **Medical Tourism:** Air-India tied up with M/s Vedic India to tap the growing medical tourism market. Medical packages including airfares were offered to all those wanting to undergo treatment in India upto December 2004.

8.22 AIR SAFETY

Air India maintained a high standards of 'SAFETY' during the year 2004-05 till date. There were no incidents resulting in any significant injury to passenger/crew or any major damages to aircraft/equipment. The main

safety program of the department during the year included interalia, 100% monitoring of the DFDR, random monitoring of CVR, investigation of incidents by the Permanent Investigation Board (PIB), Updating Air Safety Manual and Contingency Plan, Preparation of Air Safety Manual for Air India Express and Safety Audits of all stations.

8.23 ENGINEERING

- **Fleet Utilisation & Despatch Reliability** : Aircraft utilisation and technical despatch reliability for the period under consideration is given below. Utilisation is given in terms of average daily utilisation per aircraft in block time. The technical delays of duration 15 minutes and above are considered for the Technical despatch reliability

Aircraft Type	APR - SEP'04	
	Utilisation/day/ acft (Hrs)	Tech.Despatch Reliability (%)
B747-200	3.2	94.9
B747-300	7.9	92.6
B747-400	13.0	97.3
A310-300	9.6	98.5

- **Aircraft Availability** : On average, 86.7% of the fleet (28.6 aircraft) was made available for service during April - September 2004
- **Additional Operations** : During April–September 2004, to cater to commercial requirements, 34 additional flights were operated over and above the schedule, resulting in an additional 232 hours of operations.

8.24 ENGINE OVERHAUL

The department is an approved FAA and JAA repair station and is endeavouring to get additional third party work. The department continues to provide all support in terms of repair and overhaul of various engines and APUs for Air India's fleet. The standard for engines and APUs were continuously reviewed to achieve improved reliability and control of maintenance cost per engine flying hour.

8.25 GROUND SERVICES DEPARTMENT

- During the period April-September 2004, the GSD handled-

AI Flights	:	11,357
Flights of Foreign Carriers	:	11,547
Other Flights	:	443
- It is expected that from Oct. till March 2005, the department will be handling-

AI Flights	:	11,350
Flights of Foreign Carriers	:	9,902
Other Flights	:	3,202
AI Haj flights at BOM & CCU	:	218
SV Haj flights at BOM	:	66
- Equipment serviceability during the year 2003-04 was 96.34% and Equipment/Vehicle serviceability during the year April/September 2004 on an average was 96.75% and 90.06% respectively.

- On time baggage delivery statistics was 94.74% and 97.89% at Mumbai and Delhi respectively, during the year 2003-04. The same for the period April-September 2004 at Mumbai and Delhi are 93.87% and 98.75% respectively.
- Air India at present provides ground handling services to 27 foreign carriers at Mumbai, 21 at Delhi, 13 at Chennai, 6 at Kolkata, 3 at Thiruvananthapuram, 11 at Kochi and 7 at Bangalore.

8.26 INFORMATION TECHNOLOGY

- ARTICA DCS cutover at Hong Kong on May 23, 2004.
- Handling of Thai Airways International flights at Bangalore under ARTICA DCS effective June 07, 2004.
- LAX Airport flight handling under ARTICA DCS effective June 11, 2004.
- Implementation of ARTICA DCS under CUTE for Nairobi on July 19, 2004 (Flight AI-200). Cargo

Automated Manifest system with US Customs was implemented effective August 14, 2004.

- CUTE IPTE development and certification by SITA was completed on August 27, 2004. CUTE commissioned on 10 counters at IGI Airport, Delhi.
- ARTICA DCS has been modified and tested to check-in passengers with Electronic tickets.
- E-ticketing implemented for Chennai, Hyderabad, Bangalore, Ahmedabad and Kolkata on September 22, 2004.
- Automated Manifest System (AMS) with US Customs introduced for Chicago Airport on September 23, 2004.
- AI/LH thru check-in facility introduced at BOM on 23.9.2004 and at DEL and BLR Airports on September 24, 2004.

8.27 INTERNAL AUDIT

In order to provide wide coverage during the current year, the following professional firms of Chartered Accountants were appointed region-wise:

Name of the Audit Firm	Region	Period	Total Audit Reports
M/s G.S.Mathur & Co.	Western	2003-04	12 Financial Audit Report
M/s G.P.Kapadia & Co	Western	2003-04	14 (9-Financial; 5-Inventory)
M/s Kumar Sharma & Co	Northern	2003-04	12
M/s K.Varghese & Co.	Southern	2003-04	11
M/s Maheshwari & Associates	Eastern	2003-04	4

The following firms of Chartered Accountants have been appointed as Internal Auditors region-wise for the year 2004-05:

M/s G.S.Mathur & Co.	Western
M/s Haribhakti & Co	Western
M/s Rajnish & Associates	Northern
M/s K. Varghese & Co.	Southern
M/s Maheshwari & Associates	Eastern

- The Audit Committee has met 7 times during April 2003 December 2004 and the last meeting was held on July 29, 2004.
- Details about pending CAG Audit Paras/ATNs for reply are as follows:
- Draft Para “Unproductive expenditure of Rs.26.33 crore in the purchase of Master Change “ – Air India Ltd.
- Draft Para “Unproductive expenditure of Rs.159.55 lakhs on Hotel accommodation for Cabin Crew at Delhi, London & Parils –Air India Ltd.”
- Details about pending Draft Audit Paras for reply: NIL

8.28 MEDICAL

The Medical Service Department's primary function is to provide clinical services to its serving and retired employees. The department tries to keep abreast with the latest developments in the field of medicine by taking active part in national, international conferences and presenting papers relating to health issues.

In appreciation of the contribution to Aviation Medicine, Dr.S.M.Gaikwad, Director-Medical Services (O) was elected as a Associate Fellow of the Indian Society of Aerospace Medicine. The International Medical Services Academy (IMSA) elected Dr.S.M.Gaikwad and Dr.N.Vetrivel, Dy.Chief Medical Officer, Chennai as a fellow of the society recognizing their contribution especially in the form of the book “Beat the Blood Pressure Blues” - a text on Hypertension written by them.

8.29 SECURITY

- **Outstanding AVSEC Organization:** The Security Department of Air India has been a proud recipient of the International Merit Award for “Excellence in Aviation Security” and has been adjudged the “Outstanding AVSEC Organization” by the Murdoch University of Western Australia at the 7th AVSEC Conference held at Singapore between 14th to 16th April 2004. The AVSEC Award has been conferred upon the Security Department of Air India, *for the third time in succession.*
- **IATA Operational Safety Audit (IOSA) :** The IATA Operational Safety Audit (IOSA) Programme is an Internationally recognized and accepted evaluation system designed to assess the operational management and control systems of an Airline. IOSA Audit of the department was conducted between 12th Jan to 16th January 2004 by a team of Aviation Quality Services (AQS) a subsidiary Company of Lufthansa. On completion of the audit, the IOSA Auditors appreciated the security measures being adopted by the Security Department of Air India, in its entirety.

- **Single Agency Concept :** In accordance with AVSEC Order No. 2/2004 dated 6th January 2004 issued by the Commissioner of Security (CA), Bureau of Civil Aviation Security (BCAS) and as directed by the Ministry of Civil Aviation, Air India Security Department has taken over the security controls pertaining to registered baggage for all International Airlines operating from CSIA Terminal II 2A & 2C, Mumbai, with effect from 14th January 2004.
- **Investigation & Fraud Prevention Cell :** The Investigation and Fraud Prevention Cell, which is a vital part of the Security Department, deals with all revenue and property crimes, including policies to prevent travel of passengers with improper documents. This section, besides formulating Security polices for the control of revenue documents also scrutinizes passenger travel documents on certain sectors of our flight operation. The Investigation & Fraud Prevention Unit has been instrumental in intercepting/ detecting passengers attempting to travel with forged/fraudulent travel documents on our flights to UK & USA. During the period October 2003 to September 2004, the I&FP Cell has intercepted 547 inadmissible passengers attempting to travel on our flight, thereby saving fine/penalties of Rs. 8.36 crores approx.

8.30 VIGILANCE

The activities of the Vigilance Department till September 2004, are as below:

- The Vigilance Department is headed by a senior officer from the IRS cadre who reports directly to the Chairman cum Managing Director/ Central

Vigilance Commission on all matters pertaining to Vigilance. The objective of this department is to sustain a high level of integrity, purity and efficiency of the organization in addition to executing the anti-corruption measures of the Central Government.

- Towards this end, the department conducts regular and surprise inspections of sensitive spots and suggests ways and means to streamline procedures which, if not amended, give scope for manipulation. Measures for detection of corruption and prevention are also initiated by the department, apart from dealing with vigilance cases. Regular follow up of departmental enquiries is being done for their expeditious disposal. Periodical reports are also required to be sent to various agencies of the Government. Vigilance clearance for promotions, foreign postings and resignation of employees are given after the records are examined.
- The Vigilance department in consultation with the Dept of IT, has developed a software for providing an easily accessible complaint's interface, online. The link has been provided on the Home page of Air India website www.airindia.com.
- During the period under review a number of recommendations were made for streamlining of procedures in the organization, which include:
 - Formulation of service regulations in respect of local based staff abroad, including regulations towards passage, entitlements, medical benefits etc.

- In order to avoid recurrence of disputes arising out of submission of Technical and Commercial bids, it was recommended that the concept of single envelope in the tender procedure needs to be clarified to all concerned.
- In order to avoid delay in completion of departmental enquiries due to multi-member enquiry committees, it was proposed to have a panel of retired officers of proven integrity for conducting disciplinary proceedings.

8.31 STEPS TAKEN TO IMPROVE PUBLIC GRIEVANCE REDRESSAL MACHINERY

Redressal of Public Grievances is handled in accordance with the laid down procedures. All complaints are speedily and effectively actioned and when received through the Ministry of Civil Aviation, the outcome of the same is informed to them through the office of the Director- Corporate Affairs. A system to handle complaints world wide is already in place and the procedure followed is both effective and streamlined to provide maximum passenger satisfaction. All complaints are replied to our valued passengers within 72 hours of receipt of the complaint. Air-India Limited is committed to improve its ground and onboard services and every attempt is made to extend maximum comfort by way of professional handling with efficiency and respect to our passengers.

The office of the Manager-Passenger Relations at Mumbai is provided with a direct telephone number to

Speak to the passenger directly and settle the matter. In addition the travel related problems of the passengers can also be conveyed to Air-India Limited at comlai@bom3.vsnl.net.in.

8.32 OFFICIAL LANGUAGE

With a view to implement various provisions of the Official Languages Act/Rules and the Policy effectively, the company had adopted a three point programme viz. Training, Translation and Implementation.

In compliance with the Directives issued by the Government, the company is conducting in-service training in Hindi, Hindi Typing, Hindi Stenography and Hindi Workshop, for Officers / Staff of the Company. During the period in question, 92 employees took advantage of these training programmes. At present 57 employees are undergoing various training.

The Annual Programme for the implementation of Official Language for the year 2004-2005, issued by the Department of Official Language, Ministry of Home Affairs, was sent to all Departmental Heads and on-line / off-line Station Heads in India and abroad, for compliance.

Air-India celebrated *Hindi Fortnight* during 1st to 14th September, 2004. On this occasion, officers/ staff were advised to do their maximum work in Hindi, to converse with the customers, passengers, callers, in Hindi.

To create the Hindi atmosphere amongst the staff, various Competitions such as, Hindi Patra Lekhan,

Hindi Shabda Spardha, Hindi Vichar Lekhan, Hindi Shabda Gyan & Hindi Slogan were organised during Hindi Fortnight by the Hindi Section. 90 staff member participated in these competitions.

Bilingual Software / Fonts were installed on computers of various Departments / Stations.

One staff from Human Resources Development Department stood first on All India Level in the Hindi Pragma Examination conducted by Hindi Teaching Scheme, Department of Official Language, Ministry of Home Affairs in the month of May, 2004.

One staff of Materials Management Department was honoured with the Consolation Prize in Hindi Music Competition organised by National Textile Corporation (South Maharashtra) under the auspices of Mumbai Public Sector Undertaking Town Official Language Implementation Committee.

8.33 POLLUTION CONTROL MEASURES

The Materials Management Department has arranged for the disposal of garbage and waste items regularly so as to ensure that such accumulations do not create any pollution problems.

8.34 ENCOURAGEMENT/ASSISTANCE TO SMALL SCALE INDUSTRIAL UNITS

In accordance with Government guidelines issued from time to time, Air India have been procuring items from Small Scale Industries.

8.35 WELFARE OF SENIOR CITIZENS

During the lean season, Air India offer special senior citizens fares on the USA/UK/Europe routes for those

aged 60+. These discounts range between 30-40% and are subject to certain blackout periods. Air India also offers a 55% discount to senior citizens on the domestic routes. These were applicable to women aged 63+ and men aged 65+. However, effective December 6, 2004, the age limit for both men and women has been reduced to 60+. Keeping with International trends, Air-India fares are offered on the web in order to promote online bookings and make available information to passengers at their convenience. Wheelchairs and assistance is provided on request.

8.36 ISSUES RELATING TO DEVELOPMENTAL ACTIVITIES TAKEN IN THE NORTH-EAST

Air-India has, in association with leading newspapers in each of the North-Eastern States of India, launched a recognition programme for students and teachers of these States. 8 teachers and 8 students were selected from the Award Winners to visit Singapore, as guests of Air-India, on an Ambassadorial Visit during the period Oct.06-09, 2004. During the visit to Singapore, this group was provided an opportunity to interact with the students and teachers in Singapore as also get exposed to the practice of 'Responsible and Active Citizenship'.

8.37 CITIZEN'S CHARTER

The Citizen's Charter, is a complete, handy reference guide to everything the valued passenger would want to know about Air-India Limited. Information on reservations, check-in procedures, lounge facilities, baggage allowance, cargo handling, inflight services, security regulations, frequent flyer programmes – flying returns and special promotion schemes, special

privileges to single mothers with infants, wheelchair cases, medical cases, old and infirmed passengers and senior citizens, simplified and convenient procedure for receipt and acknowledgement of complaints, is provided concisely in the brochure.

8.38 HUMAN RESOURCES MANAGEMENT

- **Staff Strength:** The Staff Strength of the Company as on December 31, 2004 is as follows:

Regular Staff Strength	India based Posted abroad	Trainees	Total	Local Staff	Grand Total
14368 *	142	601	15111	389	15500

*Excludes 69 staff on two years' leave without pay and 02 staff who are on deputation to ICAO/MOCA.

204 employees have superannuated from services of the company between April 2004 to September 2004 and 164 employees will superannuate between the period October 2004 to March 2005

- **Training Facilities**

- * **Engineering:** 18 technical courses were conducted in which 336 personnel were trained in various technical subjects.

- * **Inflight Services:**

- Training of Indian Airlines Cabin Crew for VVIP flights.
- Conducted Refresher Course for 23 Flight Pursers re-designated to the Post of Inflight Supervisors.

- Trained approx. 220 newly recruited cabin Crew between April and June 2004.

- * **Operations:**

- CAT-II/III training, CRM and Human Factors training and Specialised Operations training in various areas such as RVSM, RNAV, TCAS, ETOPS, Fuel Management, MNPS, IRS/FMS etc. have been imparted to the flight crew on all aircraft types.

- ILS-PRM and LDA-PRM Training has been commenced for B747-400 Pilots

- Flight crew are undergoing EGPWS training on all types of aircraft.

- Aviation Security Training has commenced

- 74 Trainee Pilots on A-310 aircraft have joined Air-India.

- * **Security Training Center**

The National Civil Aviation Security Training Programme (NCASTP), which has been recently approved by the Ministry of Civil Aviation (MCA), authorizes airport operators, airlines and the police organization to train the employees working at the airports. Nine types of training courses will be conducted under the NCASTP, few of which are as follows:

- AVSEC Screeners Course
- Dangerous Goods Regulations Training.
- Security Awareness for Staff, Air Crew, Traveling Public, Ticketing Agents etc.
- Basic AVSEC Training.

The NCASTP has been formulated to comply with the requirements of the Standards & Recommended Practices (ICAO – Annexure 17), it ensures that the persons implementing Security Controls are appropriately trained and possess all competence, required while performing their duties.

The Security Training Centre, of Air India has complied with all the requirements of the NCASTP viz. infrastructure, faculty, training material, resources, etc. Air India is now awaiting accreditation from the BCAS, on receipt of which, the Security Training Centre will be authorized to conduct training sessions for Officers/ Staff of other airlines as well as Security Officials of Government agencies. During the period October 2003 to September 2004, 1452 Staff have been trained by the Security Training Centre.

- **Staff Welfare Measures**

During the period under review Air-India continued to provide various welfare facilities to its employees like subsidised canteen, reimbursement of interest subsidies on housing loans, allotment of housing colony flats, use of holiday homes, reimbursement for use of State owned Holiday Homes / ITDC properties and participation in the Workers' Education Scheme.

In keeping with the convention, this year too, the Company felicitated its 891 employees who have

completed 25 years of service by presenting them long service mementoes in a function held on 1st August, 2004, at Mumbai, Delhi, Chennai, Kolkatta and various foreign stations.

- **Awards**

- * **Suggestion Awards:** Seven employees were recipients of Suggestion Awards for their innovations, ideas, which helped Air India save substantial sums of money and manpower, at the Annual Awards function held in Mumbai. These were in the areas of In-house modification of Test Software for FCC PIN fitted on A310 aircraft, In-house test procedure oven control modules installed on leased aircraft, Change of design for installation of missing broken anchor nuts installed on CF6050C2 Nose Cowl Assembly, Designing and fabrication of removal/installation tool for assembly/disassembly of Wing Leading Panel assemblies installed on Airbus, Developing an innovative cabin crew operating pattern for the optimum utilisation of cabin crew, for successfully retrieving Air India Equipment which was being grossly misused at the flight kitchens by other airlines.

- * **Special awards:** Two employees were given special awards for distinguishing themselves in the fields of performing arts, drama, literary work and sports.

* * * * *

Indian Airlines Limited

9

9.1 INCORPORATION OF INDIAN AIRLINES

Indian Airlines was set up under the Air Corporations Act, 1953 with an initial capital of Rs.3.25 crores with its Corporate Headquarters at Delhi. The undertaking of Indian Airlines was transferred to and vested in Indian Airlines Limited with effect from 1st March, 1994 in pursuance of the Air Corporations (Transfer of Undertakings and Repeal) Act, 1994. It has four Regional Offices located at Mumbai, Kolkata, Delhi and Chennai. The authorized capital of the company at

present is Rs.1,000 crores and the subscribed and paid up capital is Rs.107.14 crores.

9.2 OPERATIONAL NETWORK

• Stations airlinked

	Number of Stations
Domestic	55*
International (in 14 countries)	18**
Total	73

*Includes Puttaparthi which is seasonal station.

**Includes Karachi (Operations presently suspended)



• **New sectors introduced on International Network**

Sector	Date of Introduction	Freq. Week/ Aircraft
Guwahati-Bangkok-Guwahati	01.01.2005	2 A320

• **Haj Flights**

Special flights for Haj Pilgrims were provided with A300/ A320 aircraft in Phase I (outbound carriage to Jeddah) as under:

- * Srinagar-Jeddah (15 A300 flights from 13 Dec'04 to 27 Dec'04 carrying 2990 pilgrims)
- * Lucknow-Jeddah (13 A300 flights from 28 Dec'04 to 09 Jan'05 carrying 2581 pilgrims)
- * Jaipur-Jeddah (06 A300 flights from 10 Jan'05 to 15 Jan'05 carrying 1193 pilgrims)
- * Hub and Spoke flights were operated from Patna, Aurangabad and Guwahati for onward carriage to Jeddah by Saudia from Delhi and Mumbai, while Air India flew pilgrims from Kolkata to Jeddah.
- * 15 A320 and 1 B737 Haj Hub and Spoke flights operated on Patna-Delhi route transporting 1524 pilgrims for onward carriage to Jeddah by Saudia from Delhi.
- * 12 A320 and 5 B737 Haj Hub and Spoke flights operated on Aurangabad-Mumbai route transporting 1750 pilgrims for onward carriage to Jeddah by Saudia from Mumbai.
- * 14 A320 Haj Hub and Spoke flights operated on Guwahati-Kolkata route transporting 1698 pilgrims

for onward carriage to Jeddah by Air-India from Kolkata.

Flights for the returning pilgrims were operated from 25th January onwards.

9.3 PROFILE OF INDIAN AIRLINES FLEET

The operational fleet of Indian Airlines / Alliance Air at present is as under:

	No. of Aircraft*	Average age as on 31 st Dec. 2004 Years
Airbus A-300	03	22.2
Airbus A-320	30*	13.6
Boeing 737-200	11**	23.5
Dornier DO-228	02	19.7
Total	46	16.8

*Excludes 16 A320 leased aircraft

**The Boeing 737-200 are being operated by Alliance Air.

9.4 FINANCIAL PERFORMANCE – 2003-04

After incurring losses continuously for 3 years, the company has made Operating Profit as well as Net Profit during the year 2003-04.

The Company has posted an Operating Profit of Rs.125.10 crores in the year 2003-04 as against the Operating Loss of Rs.134.73 crores for the year 2002-03. The Net Profit for the year 2003-04 is Rs.44.17 crores as against the Net Loss of Rs.196.56 crores during 2002-03.

The turnaround has been achieved by the Company during 2003-04 due to various cost cutting measures and increase in passenger carriage by 4.35% as compared to previous year.

Financial Results for the year 2002-2003 and 2003-2004 and for the period April-September, 2004 vis-à-vis April-September, 2003 are summarized below:-

(Rupees in Crores)

	2002-2003 (*)	2003-2004	Apr-Sept., 2003	Apr-Sept. 2004
Operating Revenue	4101.50	4649.80	2214.55	2549.00
Operating Expenses	4236.23	4524.70	2278.50	2597.90
Operating Profit/(Loss)	(134.73)	125.10	(63.95)	(48.90)
Non-Operating Revenue	72.02	75.87	3.20	3.20
Non-Operating Expenses	133.85	152.80	42.75	20.70
Profit/(Loss) before tax	(196.56)	48.17	(103.50)	(66.40)
Profit/(Loss) after tax	(196.56)	44.17	(103.50)	(66.40)
Foreign Exchange Earnings	1409.74	1414.30	625.00	725.50

(*) As a result of re-grouping, some of the data in Operating Revenue/Expenses etc. have been recast, however, there is no impact on Operating Loss & Net Loss for the year 2002-03 as the figures remains same.

The performance of the Company during 2004-05 is also encouraging, despite the fact that prices of domestic ATF continued to rise upward and touched an all time high of Rs.33,600/- per kilolitre in Nov. 2004. In order to partially offset the huge increase in input cost mainly due to constant upsurge in ATF prices globally, the Company twice revised it's Domestic Rupee Fares by 10% each in June and October 2004.

9.5 RESERVES & SURPLUS

The position of the Reserves and Surplus, Loan Funds as on 31.3.2003 and 31.3.2004 are summarized below:

Particulars	Ason 31.3.2003	Ason 31.3.2004
Equity Capital	107.14	107.14
Reserves & Surplus	562.45	566.18
Secured Loans	442.07	406.89
Unsecured Loans (Liability for aircraft & spares)	723.59	283.90
Net Worth	(446.94)	(399.05)

9.6 PERFORMANCE RATIOS

- The financial performance ratios of Indian Airlines for the last 7 years are as follows:

Particulars	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
Ratio of Operating Profit/ (Loss) to Operating Revenue(%)	7.98	8.59	5.63	(2.25)	(5.85)	(3.28)	2.69
Ratio of net Profit (before tax) to equity capital	44.94	13.46	48.88	-	-	-	44.96
Ratio of net Profit (before tax) to Capital employed	1.89	0.64	2.84	-	-	-	16.72
Ratio of Current Assets to Current Liabilities	0.66	0.61	0.53	0.50	0.49	0.48	0.45
Ratio of Net Profit (before tax) to Net worth	59.22	15.01	36.08	-	-	-	-
Operating Ratio (Ratio of Operating Expenses to Operating Revenue)	92.02	91.41	94.37	102.25	105.85	103.28	97.31
Available Tonne Kilometers per Employees	51656	53209	54072	57474	62240	67963	72052
Revenue Tonne Kilometers per Employee	33106	33632	35484	38348	38781	44007	47715

9.7 PHYSICAL PERFORMANCE – 2003-04

Particulars	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
Available Tonne Kilometers (ATKms)(Million)	1094.132	1122.922	1120.926	1153.684	1200.315	1308.018	1334.069
Revenue Tonne Kilometers (RTKms) (Million)	700.896	709.079	740.285	777.342	755.547	845.097	877.475
Overall Load Factor (%)	64.1	63.1	66.0	67.4	62.9	64.6	65.8
Revenue Passenger Carried (Million)	6.363	6.069	5.927	5.992	5.525	5.654	5.900
Freight including excess baggage (Tonnes)	82150	86317	91392	91418	80236	92135	93287

9.8 PHYSICAL & FINANCIAL PERFORMANCE – 2004-05

The Company formulated its Budget Estimates for the year 2004-05 on the assumption of carriage of 17861 passengers per day on an average.

During the period April to September, 2004, the Company has earned a total revenue of Rs.2552.20 crores and incurred total expenditure of Rs.2618.60 crores resulting in net loss (provisional) of Rs.66.40 crores which is substantially lower by 35.8% when compared to the loss of Rs.103.50 crores incurred in the corresponding period of previous year 2003-04. Similarly the net loss (Provisional) of Rs.66.40 crores is lower from the budgeted loss of Rs.67.84 crores during

this period. During the period April – September, 2004, the domestic ATF prices continued to rise upward and touched a price of Rs.29,800/- per kilolitre in September, 2004 as compared to Rs.20,830/- per kilolitre prevalent during September, 2003 and Rs.21,530/- per kilolitre prevalent during March, 2004. The increase amounts to 43.1% over September, 2003 rates and 38.41% over March, 2004 rates (based upon which budget for the year 2004-05 was formulated).

The improvement in the financial performance during 2004-05 (April/September) is mainly due to increase in number of passengers by 26.3% over previous year and 11.1% over budget estimates apart from various cost cutting measures, adopted by the Company.

The estimated financial performance during the year 2004-2005 compared to budget estimates is as follows:

	Budget Estimates	Anticipated
Available Tonne Kilometers (Million)	1439.844	1454.000
Revenue Tonne Kilometers (Million)	959.782	997.000
Passenger Load Factor (%)	61.7	64.5
Overall Load Factor (%)	66.7	68.6
Passenger carried (Million)	6.519	6.946
Operating Revenue (Rupees in crores)	5041.00	5368.00
Operating Expenses (Rupees in crores)	5024.50	5325.25
Operating Profit/(Loss) (Rupees in crores)	16.50	42.75
Total Revenue (Rupees in Crores)	5047.50	5374.50
Total Expenses (Rupees in crores)	5072.25	5365.75
Net Profit/(Loss) (before tax) (Rupees in crores)	(24.75)	8.75
Foreign Exchange Earnings (Rupees in crores)	1465.00	1540.00

9.9 ANNUAL PLAN 2004-2005 – A REVIEW

The Company's annual plan for the year 2004-2005 was approved by the Government with an outlay of Rs.226.00 crores. The company has formulated the Capital Budget Estimates for 2004-2005 reworking its requirement at Rs.226.00 crores.

It is expected that against the original budget estimate of Rs.226 crores, the anticipated outgo will be Rs.215.62 crores (approx.). The excess expenditure of Rs.0.26 crores under 'Aircraft Fleet' is on account of the exchange fluctuation.

The expenditure under 'Building Projects', 'Ground Support Equipment', "Corporate Computerization" and "Others" is lower due to economy measures undertaken whereby capital expenditure has been restricted to operational requirements only.

Details of the expenditure for the year 2004-05 (budget estimates) vis-a-vis outgo (provisional) are as under:

(Rupees in crores)

	Budget Estimates 2004-05	Provi- sional 2004-05
Aircraft fleet	185.36	185.62
Building Projects	6.19	4.00
Computer/Communication	2.00	1.00
Corporate Computerisation	12.70	10.00
Ground Support Equipment including vehicles & Renovation of Booking Offices etc.)	19.75	15.00
Total	226.00	215.62

9.10 ENGINEERING

The Company has extensive Engineering & Maintenance facilities at Delhi, Mumbai, Kolkata & Hyderabad and its trained workforce is capable of carrying out all types of aircraft maintenance jobs. During the year the following major works were carried out for ensuring smooth and efficient aircraft operations as also effecting substantial savings in terms of foreign exchange which would otherwise have been incurred in getting maintenance jobs done abroad.

Significant achievements made by the Engineering Department during the year till date are given below:

• DELHI

Total engineering responsibility of maintenance work on Airbus A320 and Boeing 737-200 aircraft, their engines, equipment and components.

- * Successful induction of five additional leased A320 aircraft taking the fleet strength to 46.
- * Incorporation of Enhanced Ground Proximity Warning System (EGPWS) retrofit on two Boeing 737-200 aircraft.

• MUMBAI

- * The base has been upgraded to undertake major maintenance of A320 aircraft. During this period 28 'A' checks and three 'C' checks on A320 aircraft were carried out at Mumbai besides complete major maintenance work load of A300 fleet.
- * Approval from Director of Airworthiness has been obtained for repair and overhaul of Air India A310 Nose Landing Gear, cleaning and pressure testing of Primary and Main heat exchangers and reheaters of A320 aircraft.



An engineer carrying out inspection on Airbus A320 systems in cockpit

● **KOLKATA**

- * Maintenance Division of Kolkata has recently added capability to carry out A320 APU change. This capability addition will reduce the necessity of transporting serviceable APU from Kolkata to Delhi, thereby reducing expenditure and will also increase operational and maintenance flexibility.
- * Boeing APU test stand has been upgraded by incorporating latest instrumentation and other state of the art technology and has been shifted to new location adjacent to APU Centre.
- * With increased productivity, availability of serviceable A320 APUs has improved. On an average three to four serviceable APUs of A320 are available.

● **HYDERABAD**

- * Certification of M/s. Silk Air Flights at Hyderabad and Cochin has been undertaken, besides

providing engineering services to other operators like Air India, Emirates, Malaysian Airlines, Qatar Airways and Air Lanka.

- * Hangars at Chennai were rented out to M/s. Blue Dart, Jet Airways, Sahara etc. and a revenue of Rs.50,37,500/- was earned during this period.

9.11 JET ENGINE OVERHAUL COMPLEX

The Jet Engine Overhaul Complex (JEOC), the Company's ultra modern and state-of the-art Engineering Workshop is fully equipped to handle engine repair, maintenance and overhaul services.

Jet Engine Overhaul Complex operating under the approval of DGCA, a Civil Aviation Regulatory Authority of India and also holding certification as Foreign Repair Station by FAA (Federal Aviation Administration, USA), has capabilities to service P&W JT8D-9A/17/17A Engine fitted on B737 Aircraft and V2500-AI Engine fitted on A-320 Aircraft.

Till Nov'2004, a total of 557 engines (345-JT8D & 212-V2500) have been successfully serviced by Jet Shop. The capacity of JEOC has increased from an average of 35 engines in year 1994-97 to more than 55 engines now.

JEOC has also refurbished one V2500-AI engine of leased A320 Aircraft under FAA certification.

JEOC is in the process of obtaining ISO 9001-2000 quality certification of its facilities, for which an application has been submitted and inspection by the certifying agency M/s. STQC is awaited.

9.12 CIVIL WORKS

The Hangars at Chennai, Mumbai, Kolkata, Engine Run-up Bay and Blast Fence at Mumbai, Avionics Shop at Delhi, GSD Hangar Engine Run up Bay, Blast Fence and Apron at Hyderabad Engineering Base, Structural repairs and protective/water proofing treatment of the old cantilever pre-stressed hangar at Mumbai, service complex for GSD/Engineering at Calicut Airport, Stores Building at Delhi airport, renovation of CIP Lounge at Delhi, Mumbai, Hyderabad and Bangalore Airports, renovation of Sales Office at Delhi and Mumbai have been completed and commissioned.

Renovation work of CIP lounges and sales office at Chennai, major structural repairs of buildings in Housing colonies at Mumbai, construction of new booking office at Chandigarh, Civil works to be carried out in respect of Cargo Automation at ten identified Airports, construction of cleaning bay at Kolkata are under progress/process.

9.13 PRODUCT IMPROVEMENT

There has been a rapid increase in operations by Private Operators in the domestic Civil Aviation arena. Further, low-cost carriers are also starting their operations. In order to maintain its presence in the market and also to improve upon its current share of domestic air travel, the Company continued to lead the market from the front and adopted pro-active and aggressive marketing and pricing policies. These initiatives centered around not only the introduction of special promotional fares but also offering of value added products and services both in-flight as well as otherwise in order to enhance passenger appeal. Details of the product upgrades implemented and proposed to remain competitive in the market are given below:



Passenger Care

- **Fleet Augmentation / Replacement Through Lease Option**

- * 16 Airbus A-320 aircraft have been leased-in to meet the interim capacity requirement and to replace the ageing A-300 aircraft.
- * One more A-320 aircraft will join the fleet shortly.
- * 4 ATR-42 aircraft leased for exclusive operations in and to/from North East.
- * 5 Airbus A-319 aircraft proposed to be leased for replacing the B-737 fleet operated by Alliance Air.
- * 12 Wide Body aircraft proposed to be leased-in.
- * 6 more ATR-42 aircraft proposed to be leased-in for operation to short sector – regional routes.

- **Fleet Augmentation / Renewal Proposed Through Purchase Option**

Indian Airlines submitted a Project Report to the Ministry of Civil Aviation in April 2002 for acquisition of 43 aircraft comprising nineteen (19) A319, four (4) A320 and twenty (20) A321 from Airbus Industrie during the period 2003-04 to 2007-08 at a net Project Cost of Rs.10,089 Crores.

The new aircraft are envisaged to replace the entire fleet of Airbus A-300 aircraft and Boeing B-737 aircraft in a phased manner as well as cater to the projected annual traffic growth of around 5% during the five year period.

- **Marketing Initiatives Implemented And Proposed**

- * Corporate House Scheme
- * Bumper Super Saver
- * Bumper Super Saver – J Class

- * Smart Super Saver
- * Super Saver International
- * IA Taj Offer
- * Flying Returns
- * IA Flyaways
- * APEX Fares
- * Positioning Flight Fares
- * Fly Select Fares
- * Pay Smart
- * IA Co-Brand Cards
 - IA AMEX Gold Card
 - IA-AMEX Green Card
 - IA ABN AMRO Debit Card
- * Bid and Fly
- * Website & On-line Booking
- * Neticket
- * IA Cess
- * J Smart
- * IA Family Ticket
- **Inflight Service Initiatives Implemented And Proposed**
 - * Training Aids – Procedures & Safety Film
 - * New Service Manual
 - * Harmonizing Tray set up
 - * New Meal Trolley Carts on board
 - * Stainless Steel Cutlery reintroduced after clearance from BCAS

- * Improved magazine Selection in 'J' Class
- * After meal mouth freshener in 'J' Class
- * Better soap & Dispenser in aircraft toilet
- * Trolley Service for 'J' Class with round casseroles
- * Round Casserole for improved presentation in 'J' class
- * Popular brands of Sweets of Alpenliebe, Cofietoes, Mali Candy
- * Nimbupani on sectors ex-Delhi/Mumbai
- * Premium brands of Coffee and Tea
- * Bone China Casserole in 'Y' class on Metro routes
- * Bar service introduced on some more select international sectors
- * Bone China crockery in 'J' Class extended to international flights
- * Amenity kits introduced in 'J' Class on select international flights
- * Introduction of Winter Menu:-
 - Breakfast
 - Light options introduced in South Indian variety
 - Greater variety of Danish pastries and muffins
 - Hi Tea
 - Hot snack options increased
 - Sandwiches with variety of fillings in J class
 - Better choice in dessert for J class, e.g. tea, fancy cake, cookies etc.
 - Lunch / Dinner
 - Light cold meal option rich in proteins and low in carbohydrates
- Balanced composition in veg and non veg
- Introduction of items like bread pudding with mango sauce, gajar halwa with vanilla sauce, etc.
- Choice of dessert.
- **Service Upgrades On Ground Implemented And Proposed**
 - * DCS implemented at domestic on-line stations.
 - * Baggage tag printers installed at 22 stations. Plans to install at 29 more domestic stations by April'05.
 - * Auto ticketing at all IA-Booking Offices (except Agatti) & 58 Airport Ticketing Offices of IA in India.
 - * City check-in facility at Delhi (MBO & PHBO), Mumbai, Kolkata & Chennai.
 - * Neticket Facility – Extended to Agents also
 - * Call Centre set up at Delhi & Bangalore
 - * FFP – Extended to Bangladesh & Nepal w.e.f. 18th Aug '04, Sri Lanka 1st April '04.
 - * Implementation of SITA-CUTE.
 - * Auto ticketing at the remaining 8 domestic airport offices (excluding Agatti) and IA's stations abroad.
 - * Extension of City check-in facility Bangalore and Hyderabad.
 - * EMI Scheme similar to ICICI with Citi Bank
 - * Bookings through Reliance Mobile
 - * Extension of call Center facility to Chennai, Hyderabad, Kolkata and Mumbai.

* FFP Alliance Partnership with GE's – SBI Gold Card Programme.

* FFP – Tie-up with Lufthansa Airlines Miles & More Loyalty programme.

● **Cabin Ambience**

* Action taken to upgrade:-

– Aircraft Carpets

– Cabin upholstery

– Passenger seats

* Upholstery including curtains changed during 'C' check or earlier, if required

* Carpets replaced during 'C' check or earlier, if required.

* Reporting and rectification system introduced for cabin maintenance/ambience during **Night halt-**

– 'A' Check

– 'C' Check

* **Aircraft Cabin Ambience**

– New Design for seat upholstery, curtains and carpets – **NIFT**

– Other Cabin refurbishments

– Toilet soap dispenser

– Tissue paper dispenser/disposable toilet seat cover/Toilet seat cover holder.

● **Ground Support Initiatives**

* **Equipment upgraded by**

– replacing old Equipment

– Inducting additional requirement

* **Major items are:**

– Ground Cooling Unit 07

– Low Floor airconditioned Passenger coaches 06

– Aircraft Push Back Tractor 08

– Ambulift 08

– Air Starter 13

– Ground Power Unity (Electrical) 22

– Passenger Stepladders 17

– Container Pallet Loader 40

* **Equipment proposed to be purchased in 2004-05**

– Aircraft Push back Tractor 01

– Passenger Stepladders 15

– Container Pallet Transporter 04



Passenger Step Ladder on the Flight

9.14 CARGO PROMOTIONAL ACTIVITIES

- Indian Airlines has signed Special Pro-rate Agreement (Cargo) with Lufthansa, Cathay Pacific and El-Israel Airlines.
- 18 tons of relief material were carried to Patna and Guwahati.
- Cargo Automation project initiated through global tender for interactive track and trace for shippers.
- For export promotion ex- Inland Cargo Complexes for dissemination of information to shippers, a new facility offered through Shipment Notification System – SNS via e-mail and SMS.
- Introduction of Productivity Linked Incentive Scheme for Cargo Agents linked with new concept of Loyalty Bonus scheme.
- Printing of new Cargo Tariff booklet.
- Quality Standard Certification ISO 9001:2000 surveillance checks by M/s. LRQA being conducted.
- Indian Airlines Cargo participated in the Air Cargo Agents Association of India (ACAAI) Conference at Kuala Lumpur from 25th – 28th November, 2004.

9.15 HRD INITIATIVES

- **Commercial – Customer Service Excellence Intervention**

Programme developed for delivery of high level of customer service delivery, spontaneously and

routinely. Programme design includes identifying, monitoring and addressing deviations in performance from laid down standards and taking corrective steps. Transfer the training expertise to internal facilitators is a part of the programme.

Initially, Customer Service Excellence Intervention programmes have been conducted by an outside agency for frontline staff and officers at Delhi Airport Northern Region.

15 programmes were held for staff and officers in Northern Region Commercial Department.

The Performance Enforcement System to monitor performance on 7 parameters is in place for Delhi Airport. This will be an on going process.

A proposal is being worked out for the Customer Service Excellence Intervention for Mumbai airport staff in the second phase.

- **Sales and Marketing Programmes**

All Station Managers entrusted to carry out the job of marketing and redesignated as Area Marketing Manager. Special week long sales and marketing sessions have been conducted for existing Sales Personnel and the Area Marketing Managers.

These programmes have been carried out by an outside agency. Two such programmes have been held for core sales personnel. Nine (9) of such programmes have been held for Area Marketing Managers and other sales personnel, in all covering over 225 sales personnel.

- **Executive development programmes**

A ten day Management Development programme had been tailor made with the help of Amity Business School, NOIDA for senior executives of the organization. Seventeen (17) executives attended the programme.

- **Computer Training by NIIT**

- * **Headquarters:**

In collaboration with NIIT, Indian Airlines has organized a 40 hours PC familiarization training at its premises at Safdarjung Airport for employees of Headquarters and Northern Region posted at Safdarjung Airport. Twenty six (26) batches have undergone this training till the end of August 2004. One batch for Directors and GMs had also been organized.

Four (4) batches of advanced training on MS Excel and MS Power Point has also been conducted.

Three batches of advanced data based management, VB 6.0 and SQL have been conducted for a period of three weeks (60 hours) till 20th December, 2004.

- * **Western Region:**

NIIT has been conducting computer training in the Western Region from 17th August, 2004.

Till date 223 participants have been trained. Trainings will be for another six months.

- **MOU**

In the Memorandum of Understanding signed with the Ministry of Civil Aviation, training of employees is one of the parameters.

The total number of employees trained from April to November 2004 is 5975. This does not include technical and mandatory training of pilots, aircraft engineers and flight dispatchers.

- **Ab-initio training for Cabin crew at Hyderabad**

An advertisement for filling up of 250 cabin crew was issued. The selections have been completed.

Two batches of 53 cabin crew have completed their training and 3 batches are in the process of undergoing training. The duration was of 8 weeks. The module consists of mandatory technical subjects, soft skills, cabin services, grooming/etiquette and personality development, announcements/voice culture, first aid, yoga/physical fitness etc.

- **Management Training Centre**

The total programmes held from January to November 2004 are 30 and the number trained is 707. The programmes organized by MTC during this period are given below:

- * Management Development Programme for Newly Promoted Officers/Managers
- * Seven Spiritual Laws for Success
- * Effective Personality Development through Leadership
- * Wrap-up of Management Trainees (XXXIII Batch)
- * Personal Branding & Images Management for Professional Success
- * Challenges & Opportunities for Today's Career Woman

- * Induction Programme for Asstt. Manager (Data Commn. & Computer Offr.) & Trainee Computer (Tech.)
- * Striking Balance Between Home & Career
- * Achieving Human Excellence at Kolkata
- * Six Thinking Hats
- * Strategic Negotiations
- * Effective Trade Union Management
- * Transactional Analysis for Managerial Effectiveness
- * Standing Orders & Disciplinary Procedure
- * Consultative Sales Training
- * CME for Pharmacy Officers
- * Business Management Workshop – Ist Phase
- * Business Management Workshop – IInd Phase
- * Internal Audit Programme
- * Effective Skills for Strategic Negotiation
- * Communication to Win
- * Team Building through Outbound Experience
- * Personality & Personal Effectiveness
- * Success Strategy

9.16 COMPUTERISATION

The **Departure Control System (DCS)** is implemented at domestic outline stations & 10 International Stations on IA Network. During the year 2002-03, 100% up time of IBM main frame at the two central sites was achieved thereby ensuring the availability and reliability of system access for all users.

9.17 SCHEDULED CASTE/TRIBE WELFARE

Special Cells have been formed under the direct supervision of Liaison Officer (Corporate) at

Headquarters and one each in the four regions viz. Northern, Southern, Eastern and Western. Adequate number of Scheduled Caste/Tribe employees man these Cells and are primarily responsible to ensure implementation of reservation orders in the Company and also to deal with individual grievances and representations submitted by Scheduled Caste/Tribe employees. Periodical meetings are held with Scheduled Caste/Tribe Associations both at the Central and Regional level.

9.18 USE OF HINDI

In order to ensure progressive use of Official Language viz. Hindi in official work, 57 Official Language Implementation Committees have been constituted at Corporate Headquarters, Regional Headquarters and all Stations and the Official Language Implementation Committee meetings were held regularly. All efforts were made to achieve the targets laid down in the annual programme issued by the Ministry of Home Affairs for the year 2004-05.

During this period, the Sub-Committee of the Committee of Parliament on Official Language carried out official language inspection of Indian Airlines offices located at Hyderabad Base, Bhavnagar & Jamnagar and appreciated the progress made in the field of Hindi. The Ministry of Civil Aviation also carried out inspection of Patna, Chandigarh, Agra, Bangalore, Hyderabad and Chennai stations of Indian Airlines. The Official Language Department of Corporate Headquarters also carried out inspection of 7 stations and 4 departments.

With a view to create a congenial atmosphere for the use of Hindi in Indian Airlines, Hindi Fortnight was

celebrated with great zeal at all India level. To mark the occasion, a Hindi fortnight was also celebrated at headquarters from 15th September, 2004 to 30th September, 2004. Dy. Managing Director gave prizes to the winners of the various competitions organized on this occasion. A Rolling Rajbhasha Shield for excellent official language implementation in official work was awarded to Medical Department of Headquarters. Varanasi, Pune & Trivandrum Stations of A, B & C region was awarded for excellent official language implementation in official work. One officer/employee each from Corporate Headquarters, Central Training Establishment, Hyderabad Base and all Regions have been awarded Sarvashretha Vayaktigat Puruskar for doing maximum work in Hindi in day-to-day working. Mrs. Shakuntala Lalwani, Personnel Officer, Engineering, Headquarter was awarded a special prize of official language implementation.

An appeal was also issued on the occasion of Hindi Diwas by the Chairman & Managing Director. A Rajbhasha Sangosthi for officers working at Headquarters was organized.

In order to facilitate Officers/Employees doing their official work in Hindi as many as 174 Officers and Employees were trained in 11 Hindi Workshop Training Programmes.

Corporate Headquarters had got the financial sanction of Rs.10,000/- in the current financial year for the purchase of Hindi books. Books of Rs.3000/- were purchased and the remaining will be purchased soon. Similarly, other Regional Headquarters viz. Northern, Southern, Eastern, Western Region and CTE Hyderabad/Base also purchased Hindi books.

9.19 VIGILANCE

● Important Activities

- * Complaints received through Vigilance Topic on IA website

Central Vigilance Commissioner – Shri P. Shankar inaugurated Vigilance topic on IA website on 6th November 2003 during the vigilance awareness week. There has been a good response from the passengers/outside as Vigilance Department received 40 complaints/suggestions during the year 2004-05 (till December 2004). These complaints/suggestions were forwarded to the concerned Departments/Authorities for taking further action besides looking into the same, which had vigilance angle.

- * Regular post & surprise checks in respect of high-density flights

Vigilance officials frequently conduct surprise checks in respect of reservations, ticketing and other facets having interaction with the travelling public. Scrutiny of reservation data and records revealed that certain unscrupulous agents indulge in blocking seats by feeding fictitious ticket numbers and indulge in other irregularities of postponing remittance of sale proceeds to Indian Airlines. Vigilance Department has taken up the matter with the Regional Director recommending stern action against the delinquent Agent(s) besides recovering the loss caused to such irregularities in reservations.

9.20 SOCIO - ECONOMIC RESPONSIBILITIES

Indian Airlines has been providing air-connectivity over a large domestic network comprising number of uneconomical services in remote/far flung and tourist destinations being served for socio-economic reasons. Indian Airlines also offers a number of fair concessions on humanitarian/social grounds like defence personnel & their families, senior citizens, students, blind persons, cancer patients, physically impaired persons etc. Indian Airlines, quite often, is called upon to perform operations in times of natural calamities, defence requirements and other emergency situations.

- **Tsunami - Relief Operations**

In order to provide relief to the residents of Port Blair in the aftermath of Tsunami hitting Indian Airlines coasts on 26th December, 2004, Indian Airlines/Alliance Air operated following flights to transport men and relief material:

- * 146 flights with B737 fleet of Alliance Air Limited (a wholly owned subsidiary of Indian Airlines) were operated from 26th December, 2004 to 10th January, 2005 on Kolkata-Port Blair and Chennai Port Blair routes carrying 7658 passengers from Port Blair to the mainland 3250 passengers from mainland to Island.
- * Special A300 services were also operated between Mumbai-Chennai, Delhi-Chennai, and Ahmedabad-Chennai for bringing in 1708 Paramilitary forces to Chennai for onward carriage to Port Blair.
- * 30 Special Cargo flights were operated on Kolkata-Port Blair route upto 10th January, 2005 and Approx. 325 Tons of material handled.



Alliance Air operating relief flights for Port Blair

9.21 MEDICAL

IA Medical Department of Headquarters/different Regions organized Talks/Seminars & Programmes on health related issues like Women's Health, Diabetes, Heart attack, Blood Donation Camp etc. at Headquarters as well as at Regional level. Indian Airlines also sponsored an event organized for public awareness against drug abuse of a "Mass Run" organized by Department of Social Welfare in Delhi. To re-enforce the Government agencies effort to control Dengue fever during the outbreak in Aug/Sept 2004, Medical Department issued guidelines about dengue and the preventive measures, for the benefit of Indian Airlines employees and their families.

In August, 2004 Medical Department with the help of an NGO organized street plays in Indian Airlines residential colonies and work places to sensitize the employees and their families about the adverse effects of smoking and alcohol consumption. These plays also imparted information on Mother & Child Health and promoted measures for population control.

Water borne diseases being very common, advisories were issued for periodical cleaning and chlorination of

water tanks in all office premises and residential colonies, as well as periodical monitoring of the quality of water, by getting the, samples tested from Government recognized laboratories.

Bio-medical waste disposal is being carried out as per the laid down norms at Airlines House and Safdarjung Dispensary.

9.22 SPORTS

• Cricket

S/Shri V.V.S. Laxman and Yuvraj Singh were members of the Indian team for the Three Test series and One day series against Pakistan.

S/Shri V.V.S. Laxman, Harbhajan Singh were members of the Indian team for the Asia Cup which finished runner-up to Sri Lanka.

S/Shri V.V.S. Laxman, Harbhajan Singh and Yuvraj Singh were members of the Indian team for the ICC Champions Trophy in England.

S/Shri V.V.S. Laxman, Harbhajan Singh and Yuvraj Singh were members of the Indian team in the Test Series against the visiting Australians.

S/Shri V.V.S. Laxman and Harbhajan Singh were members of the Indian team in the Test Series against the visiting South Africans.

S/Shri Harbhajan Singh and Gagandeep Singh were members of the Indian team for the two test series against Bangladesh.

S/Shri Harbhajan Singh and Yuvraj Singh were members of the Indian team for One day series against Bangladesh.

Shri Harbhajan Singh was conferred with the Prestigious “Arjuna Award” for the year 2003.

Indian Airlines won the All India Rani Surya Mukhi Memorial tournament, Sadbhavna cup, Om Nath Sood Cricket tournament, Lala Raghuvir Cricket Tournament, All India Indian Airlines Gold Cup and finished runner up in the Shahibzada Ajit Singh Cricket tournament, All India Jubeliant Cricket Cup and B.D. Chandiwalla Cricket Tournament.

• Hockey

Shri Dilip Tirkey was conferred with the prestigious “Padma Shri” award for the year 2003.

Shri V.B. Singh was appointed as an Umpire for the Champions Trophy held at Lahore.

Indian Airlines won the Him Gold Cup and finished Runner-up in the Lal Bahadur Shastri Memorial hockey tournament held at Mandi and New Delhi respectively.

Shri Jagbir Singh has been honoured with the Laxman award by the Government of Uttar Pradesh for his contribution in the field of hockey.

• Carrom

S/Shri M. Natraj and E. Mahimairaj defeated R.M. Shankara and Maria Irudayam in the doubles finals of the Senior National Carrom championships at Goa.

Shri M. Natraj won the Federation Cup held in Akola.

Shri R.M. Shankara finish runner-up in the SAARC Carom championships held in Delhi in July 2004.

Shri R.M. Shankara won the Federation Cup in Ramagundam and teamed up with Maria Irudayam to finish runner-up in the Doubles event.

Shri R.M. Shankara won the World Cup at Colombo and was also instrumental in India winning the team championships and the Doubles title.

- **Chess**

Ms. S. Meenakshi became the Sixth Women Grand Master in India.

Ms. S. Vijayalakshmi won the Silver and S. Meenakshi won the Bronze in the Commonwealth championships at Mumbai. Master Parimarjan Negi won the Silver Medal in the Under-14 category of the same tournament.

Tejas Bakre became the eleventh Grand Master in India.

Ms. S. Meenakshi represented India in the Women's World Chess Championships held at Georgia.

Indian Airlines won the National Team Chess Championships at Pune.

S/Shri Tejas Bakre and Rahul Shetty qualified to participate in the National "A" Chess championship.

Ms. S. Vijayalakshmi was member of the Indian team in the 36th Chess Olympiad in Spain.

Master Parimarjan Negi participated in the World Youth Championship for Boys U-12 in Greece and won the Bronze Medal.

- **Shooting**

Shri Zorawar Singh won the Gold Medal and Shri Birendep Singh won the Silver Medal in the Trap event of the SAF Games at Islamabad, Pakistan. Shri Vivek Singh won the Bronze Medal in the Free Pistol in the same games.

In the 9th International Junior competition at Suhi, Germany Ms. Sweta Choudhary and Annu Raj Singh won the silver Medal in the team event and Ms. Sweta won the Silver Medal in the individual event. Shri Zakir Khan won the Gold Medal in the team event.

Indian Airlines participated in the 48th National Shooting championships at Hyderabad and won Nine Gold Medals, One Silver and One Bronze Medal.

Shri S.M. Faisal has been honoured with the Laxman award by the Government of Uttar Pradesh in the field of shooting.

9.23 AIRLINE ALLIED SERVICES LIMITED

Indian Airlines had set up a wholly owned Public Limited Company in 1983 known as Airline Allied Services Limited (AASL). The objects of the Company as enumerated in the Memorandum and Articles of Association envisaged providing support services to the core activities of Indian Airlines for e.g. setting up of hotels, flight kitchen etc. In the year 1988 Memorandum and Article of Association of AASL were amended to include the following mandate:-

- * To establish, maintain, operate international and domestic Air Transport Services, scheduled and non-scheduled, for the carriage of passengers, mail and freight and for any other purpose.
- * To buy, sell, hire, let on hire and deal in aeroplanes, flying machines, aircraft and the component parts and all kinds of machinery and appliances for use in connection therewith.

Airline Allied Services Limited started airline operations with B-737 aircraft under the brand name of 'Alliance Air'. The company commenced its operations effective 15th April 1996. Alliance Air is at present, operating services to 44 stations with 11 B-737 aircraft taken on lease from Indian Airlines. There is a complete synergy and cooperation between Indian Airlines & Alliance

Air in all facets of Airline Allied Services Ltd. operations such as engineering, ground handling, marketing, ticketing facilities etc.

• **PHYSICAL PERFORMANCE OF ALLIANCE AIR**

The physical & financial performance of Alliance Air during the years 2002-2003, 2003-04 and upto November in the years 2003-04 and 2004-05 is as under:

PARTICULARS	2002-03	2003-04	Apr-Nov. 2003	Apr-Nov. 2004 (Prov.)
Available Tonne Kms. (Million)	170.01	171.33	114.03	99.47
Revenue Tonne Kms. (Million)	101.68	106.52	69.41	63.26
Available Seat Kms. (Million)	1793.45	1862.95	1228.75	1085.25
Revenue Passenger Kms. (Million)	1059.47	1121.42	720.05	667.69
Load Factor %	59.81	62.17	60.87	63.60
Seat Factor %	59.07	60.2	58.6	61.52
Number of Passengers (Million)	1.419	1.582	0.998	1.009
Effective Fleet during the year	12.19	15	15	15

• **Financial Performance of Alliance Air**

(Rupees in Crores)

PARTICULARS	2002-03	2003-04	Apr-Nov. 2003	Apr-Nov. 2004 (Prov.)
Operating Revenue	502.00	616.64	400.03	412.79
Operating Expenses	596.77	651.42	452.51	470.55
Operating Profit/(Loss)	(94.77)	(34.78)	(52.48)	(57.76)
Prior Period items	0.14	0.23	0.00	0.00
Non-Operating Revenue	12.43	37.21	23.33	23.33
Non-Operating Expenses	0.00	0.00	0.00	10.00
Profit/(Loss) before tax	(82.48)	2.66	(29.14)	(34.43)
Profit/(Loss) after tax	(82.48)	2.05	(29.14)	(34.43)

● **ATR – OPERATIONS TO NORTHEAST**

Alliance Air has taken on lease 4 ATR-42-320 aircraft for dedicated operations in the North Eastern Region.

These aircraft have been deployed exclusively in the North East for a period of 5 years on dry lease basis. The lease period commenced from December, 2002.

The leased aircraft are being operated in the North Eastern Region on the basis of agreed budgetary grant of Rs.35 crores per annum i.e. Rs.175 crores during the five year period, to be contributed by Ministry for Development of North-Eastern Development. The deficit, if any, will be met by Alliance Air / Indian Airlines with increase in fares and other concessions expected from the Government like reduction of ATF prices, lowering of Airport Charges, including savings from Landing and Navigation charges in the North East etc.

* The first aircraft arrived in India on 19th December, 2002 whereas the second aircraft on 23rd December, 2002. The remaining two aircraft arrived in February, 2003.

- * The inaugural flight took off on 25th December, 2002 and operated on sector Kolkata-Guwahati-Dimapur-Agartala-Kolkata.
- * The first commercial flight operated on 2nd January, 2003.
- * Gradually the flight operations increased. The ATR is operating a total of nine stations i.e. Kolkata, Guwahati, Silchar, Dimapur, Agartala, Imphal, Aizwal, Lilabari, Shillong.
- * Guwahati made an operational base for 1 ATR aircraft effective July, 2004.
- * Frequency of operations to/from/within North East increased from 52 flights per week in Winter 2002 to 123 flights per week in Winter 2004 and city pair links increased from 74 per week to 141 per week.
- * Seats offered on North-East routes increased from 7518 per week in Winter 2002 to 9617 per week in Winter 2004.

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Pawan Hans Helicopters Limited

10

10.1 ORGANISATION

Pawan Hans Helicopters Limited was incorporated in October, 1985 (under the name of 'Helicopter Corporation of India Limited') as a Government Company under the Companies Act, 1956 with the primary objective of providing helicopter support services to the oil sector in offshore exploration, operate in hilly and inaccessible areas and make available charter flights for promotion of travel and tourism. The Registered Office of the Company is located at New Delhi and its Regional Offices are at Mumbai and New Delhi. It has a team of dedicated highly motivated and skilled manpower, which includes pilots, engineers, executives and support staff. Pawan Hans is headed by Chairman & Managing Director.

10.2 CAPITAL STRUCTURE

The Company's authorised capital is Rs.120.00 crores and the present paid up capital is Rs.113.76 crores out of which Rs.89.26 crores is held in the name of President of India and Rs.24.50 crores in the name of Oil & Natural Gas Corporation Limited.

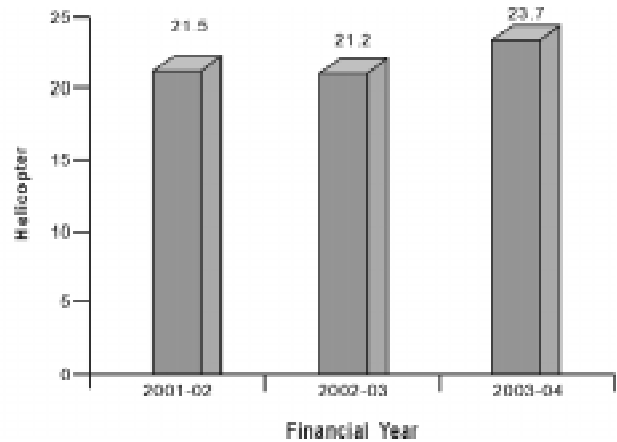
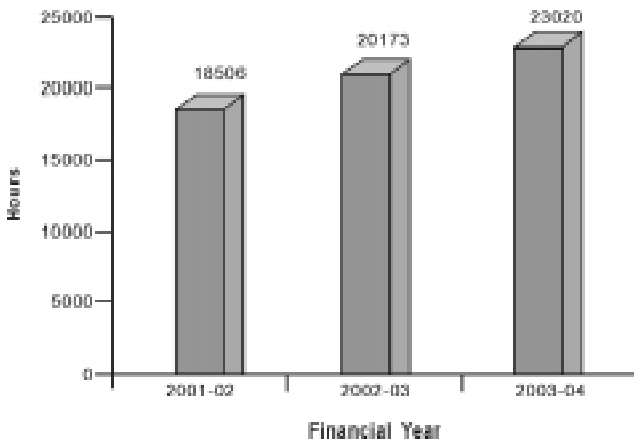
10.3 FLEET PROFILE

PHHL has emerged as one of Asia's largest helicopter operator having a well balanced operational fleet of 32 helicopters. The Company's operational fleet profile as on 31.12.2004 has been as follows :-

Helicopter type	No. of helicopters
Dauphin AS365N	17
Dauphin AS365N-3	4
Bell-407	3
Bell 206L4	3
MI-172	3
Robinson R-44	2
Total	32

10.4 OPERATIONAL MILESTONES

Pawan Hans is the first aviation company in India to get ISO 9002-2000 Certification for its entire gamut of activities. The Company achieved flying of 3,35,000 hours and 12,00,000 landings on its fleet since its formation.



10.5 DEPLOYMENT OF THE HELICOPTER FLEET



Pawan Hans Helicopter during operation for ONGC

• Operations for ONGC

The Company operates ten Dauphins and one MI-172 helicopter on contract basis to ONGC for carrying its men and vital supplies round the clock to drilling rigs situated in Bombay off-shore platforms.

- PHHL generates over 65% of its revenue from ONGC at Mumbai and other locations for transportation of its men & material.

- PHHL operates to 35 Rigs (mother platforms and drilling rigs) and 100 production platforms (wells) within a radius of 130 nm. from the main land at Mumbai.
- 8 Dauphins operate daily from Mumbai carrying out 17-20 sorties with a monthly utilization of 800 hours. In addition, 2 Dauphins operate from other locations of ONGC as well. One MI-172 is also flying on contract with ONGC.
- 30 landings daily per helicopter during production sorties. 250 men are carried to various ONGC off-shore locations every day.
- 2 Dauphins are stationed overnight at the main platforms in addition to a dedicated Night Ambulance to meet any emergency evacuation.

• Other Customers

PHHL provides helicopter support services to several State Governments namely Arunachal Pradesh, Punjab, Meghalaya, Tripura, Sikkim, Lakshadweep, Andmans & Nicobar. It is also providing helicopter services to some PSUs like Oil India and NHPC, Ministry of Home Affairs

(MHA), Guwahati and Hardy. PHHL had run the helicopter services from Augustmuni to the Holy shrine of Kedarnath in May-June, & September-October, 2003 and September-October, 2004. The company plans to resume the services from May 2005 onwards.

- **Helicopter Service in the North Eastern Region**

Pawan Hans operates flights from 24 destinations covering 46 sectors by 120 weekly flights under the aegis of the State Governments of Meghalaya, Tripura, Sikkim and Arunachal Pradesh.

- * **Arunachal Pradesh**

PHHL has provided a Dauphin helicopter SA365N to Government of Arunachal Pradesh from December 1995 which is being utilized by the State Government for services connecting Itanagar with Guwahati, Mohanbari, Pasighat, Roing, Tezu, Ziro, Namsai, Along, Yingklong, Miao, Changlang, Daporijo etc. In addition one MI-172 helicopter has been deployed from August 2002 for ferrying passengers and carrying cargo (air maintenance).

- * **Meghalaya**

PHHL has leased one Dauphin helicopter on wet lease to the Government of Meghalaya w.e.f. 15th February 1999. The State Government has been operating daily passenger flights on the Guwahati-Shillong-Tura sector and other sectors within the State.

- * **Sikkim**

PHHL has provided a 5-seater Bell helicopter on

wet lease to the Government of Sikkim since 31st October 1998. The State Government has been operating daily passenger/tourist flights on Gangtok-Bagdogra-Gangtok sector (6 days in a week) and other flights (joyride to Kanchanjunga) for carrying tourists.

- * **Ministry of Home Affairs**

MHA has been utilizing PHHL's Dauphin helicopter since 1996 every year. The helicopter is based at Guwahati and being utilized for transportation of Ministers and Senior Officers of the Central Government to important centers in North East.

- * **Tripura**

PHHL has provided a Bell 407 helicopter on wet lease to the Government of Tripura w.e.f. 25th September 2002. The State Government has been utilizing this helicopter for regular passenger services within the State.

- * **NHPC**

PHHL has provided a 5 seater Bell helicopter to NHPC w.e.f. 27th October 2000. The helicopter is based at Itanagar, Arunachal Pradesh and is being utilized by them to meet their own requirements.

- * **Oil India Ltd.**

PHHL has provided a 3 seater Robinson R-44 helicopter to Oil India Ltd. w.e.f. 10th May 1994. The helicopter is based at Guwahati, Assam and is being utilized by them to meet their own requirements.

10.6 ENGINEERING / MAINTENANCE ACTIVITIES

The Company has established state-of-the-art maintenance facilities in Mumbai & Delhi, approved by DGCA, for maintenance of its fleet of helicopters. Meticulous maintenance checks on helicopters are carried out and extensive workshops with in-house facilities provide the back up. Maintenance capability has been upgraded to carry out major 'G' Inspections (Airframe overhaul at 5,000 hours) on Dauphin helicopters totally in-house without any foreign assistance which leads to foreign exchange savings on account of lower cost of repairs/inspections. During the year 2003-04, a total of 32 inspections consisting of T/2T/5T(500 hrs./1000 hrs./2500 hrs.) inspection and 4 'G' inspections (5000 hrs.) on Dauphin helicopters were carried out by the Company from within its resources.

Pawan Hans has been appointed as an approved Maintenance Centre to carry out services on Dauphin series helicopters and is part of the Eurocopter's network of authorized Maintenance Centres world wide.

The enhancement in workshop facilities during the financial year 2003-2004 include bench checks of fire detectors, ATC Transponder and overhaul of Main Rotor Hub Assembly installed on Bell 407 helicopters. The overhaul of Main Rotor Hub of Bell 407 helicopter has already been carried out successfully at Company's Northern Region which has lead to substantial savings in foreign exchange.

A new system of recording of flight time for maintenance planning as approved by the manufacturers and DGCA was taken up. The revision has been implemented for Dauphin N3 helicopters w.e.f. 05.08.2003 and Dauphin N helicopters w.e.f. 01.01.2004 after receipt of approval of DGCA for the change to the new basis. Following the above system not only reduced the repair/overhaul/inspection costs but also reduced the number of helicopters under major maintenance, component

replacement etc. and in turn increased the availability of helicopters for flying.

During the year serviceability of helicopter and on time dispatch have shown remarkable improvement. Major maintenance of Bell 206L4 helicopters Allison engines has been carried out in-house instead of sending these engines to foreign Repair agencies. Further major maintenance inspections and major component changes of Bell 206L4 helicopter at bases such as Sikkim, Agartala and Itanagar was introduced during the year.

Pawan Hans also provides maintenance & operations support for a Dauphin AS-365N3 helicopter of Government of Karnataka and a Robinson R-44 helicopter of a religious organization at Delhi.

10.7 MATERIALS MANAGEMENT

During the year 2003-04 procurement of MI-172 spares have been streamlined by having agreement for product support with the manufacturer of the helicopters. Material management directives for better control relating to non-moving inventories was issued in August, 2003. Further by fixing of inventory levels all procurements have been made based on joint review by Engineering and Material Departments and spares are ordered on forecasted projections. Quantum of slow moving inventory has been reduced considerably over the years by utilizing such items during major inspections. Air Consolidation Services were streamlined by combining freight, forwarding, custom clearance and door delivery of consignment, which resulted in improvement in procurement process.

10.8 INFORMATION SYSTEM & TECHNOLOGY PLAN

In order to implement Information System & Technology Plan in the critical functional areas of Operations, Engineering, Materials & Finance, an

agreement for crucial integrated software development was signed with M/s. Tata Consultancy Services Ltd. which would enhance efficiency, effectiveness and customer satisfaction. The development work has reached an advanced stage and process of implementation has commenced in certain functional areas.

10.9 TRAINING

The operating and maintenance standards of Pawan

Hans are one of the highest in the world. All aircrew must pass proficiency tests every six months. Maintenance crew undergo regular refresher courses.

10.10 FINANCIAL PERFORMANCE

Since the financial year 1991-92 Pawan Hans has been continuously making profit and paying dividend to the Government and ONGC. The financial performance during 1997-98, 1998-99, 1999-2000, 2000-2001, 2001-2002, 2002-03, 2003-04 and 2004-05 is as under:-

Particulars	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05
A) Revenue Estimates	157.37	178.54	175.85	191.96	195.86	205.02	224.00	225.14
B) Expenditure Estimates								
i) Operating & non-Operating expenses	100.32	106.19	99.38	129.17	115.59	131.33	143.52	156.60
ii) Depreciation & Obsolescence Reserve	5.65	7.78	7.44	9.98	11.06	14.21	15.26	19.29
Total	105.97	113.97	106.82	139.15	126.65	145.54	158.78	175.89
C) Profit before prior period/ extraordinary Adjustments	51.40	64.57	69.03	52.81	69.21	69.48	65.22	49.25
D) Prior Period/ Extra-ordinary adjustments	24.09	22.48	38.16	22.19	22.25	4.20	12.62	13.35
E) Interest on GOI dues including arrears of earlier years.	-	-	(288.33)	(11.69)	-	(39.31)	-	-
F) Profit/(Loss) after Adjustments	75.49	87.05	(181.12)	63.31	91.46	24.37	77.84	62.60
G) Provision for Income Tax	13.75	15.00	42.50	25.30	32.15	8.98	25.15	29.50
H) Net Profit/(Loss) after tax	61.74	72.05	(223.62)	38.01	59.31	15.39	52.69	33.10
I) Dividend (paid/payable)	12.51	14.79	10.52	11.38	13.65	13.65	17.50	-

10.11 STAFF QUARTERS

To meet the acute shortage of residential accommodation in Mumbai, Company has acquired land from Airports Authority of India on lease for building 242 flats out of which 50 flats have been allocated to Airports Authority of India.

10.12 FLEET AUGMENTATION

The Company signed an agreement for purchase of two new Dauphin AS365N3 helicopters in August, 2003. The first Dauphin N3 helicopter has been delivered in August, 2004 and the second in October, 2004. The Company has also purchased one new Bell 407 helicopter in December, 2004. Further, evaluation of tenders for two medium helicopters is underway.

10.13 STEPS TAKEN TO IMPROVE PUBLIC GRIEVANCE REDRESSAL MACHINERY

Pawan Hans does not have direct services for the general public and is dealing mainly in long term contract with selected customers like ONGC, Oil India Ltd. State Governments and PSUs etc. Therefore complaints received are minimal and are being dealt with promptly within the stipulated time. Pawan Hans has a prescribed public grievance procedure including PGRAM to settle any public grievance. Further there exists a Public Grievance Redressal Machinery dealing with the complaints by Director at Corporate Office and Grievance Officer at Regions.

10.14 POLLUTION CONTROL

Pawan Hans is endeavoring to maintain a pollution free environment and has been planting trees around its office premises in Delhi and Mumbai.

10.15 VIGILANCE

The Vigilance Department is headed by the Chief Vigilance Officer. The thrust of the activities of the Department are on preventive vigilance whereby the employees are made aware of the extant rules and procedures of the Company and are motivated to abide by them. The rules themselves are also scrutinized in order to fill up the gaps where rules are either non-existent, or are antedated, or are considered to be inadequate to deal with a given situation. Instructions are issued from time to time for better documentation and filing procedures, and proper upkeep of records. Identification of and plugging the sources of pilferage, if any, is an on-going exercise. The emphasis is on regular inspections and greater interface with the staff

so as to streamline functioning and enlighten the staff about the serious consequences of adoption of shortcut methods and deviation from established procedures. Periodic counselling of the staff regarding greater transparency in their decision making is an important activity of the Vigilance Department that is expected to bring about an attitudinal change for the betterment and improve the work culture and discipline in the Company.

10.16 USE OF OFFICIAL LANGUAGE

More than 80% of the Officers and staff members possess working knowledge of Hindi and as far as possible most of them do their official work in Hindi. Hindi dictionaries and other help literature have been provided to officers and staff to facilitate their working in Hindi. All documents covered under Section 3(3) of the Official Languages Act were issued bilingually i.e. both in Hindi and English. Provisions of Rule 5 of the Official Languages Rules were also complied with.

10.17 CITIZEN CHARTER

PHHL has a limited clientele such as ONGC, various State Governments etc. as such PHHL does not have direct public contact. The State Governments in various States in the North East have been utilizing the services of PHHL for running passenger services in their States. Citizen Charter has been provided in the web site i.e. www.pawanhans.com.

10.18 EFFORTS TOWARDS ACHIEVING EXCELLENCE

PHHL has laid a strong foundation in terms of trained manpower and excellent safety standards. The Company looks forward to a bright future.

* * * * *

Hotel Corporation of India Limited

11

11.1 INTRODUCTION

The Hotel Corporation of India Limited (HCI) is a Public Limited Company wholly owned by Air India Limited and was incorporated on July 8, 1971 under the Companies Act, 1956 when Air India decided to enter the Hotel Industry in keeping with the then prevalent trend among world airlines. The objective was to offer to the passengers a better product, both at the International

Airports and at other places of tourist interest, thereby also increasing tourism in India.

11.2 DISINVESTMENT

As per the recommendations of the Disinvestment Commission, the following properties of the Hotel Corporation of India have been divested under the guidance of the Ministry of Disinvestment :

S.No.	Date of Sale	Description of Property	Name of Purchaser	Amount realized on sale
1.	26.3.2002	Indo-Hokke Hotels Ltd. Rajgir	Inpac Travels Pvt. Ltd	Rs.6.51 crores
2.	31.5.2002	Centaur Hotel, Juhu Beach Mumbai	Tulip Hospitality Services Ltd.	Rs.153 crores.
3.	5.6.2002	Centaur Hotel, Mumbai Airport	Batra Hospitality Pvt. Ltd.	Rs.83 crores.

11.3 DISINVESTMENT OF THE REMAINING UNITS

The process of disinvestment in respect of remaining units was again re-initiated in 2003 and Expression of Interest was called for disposal of Centaur Hotel Delhi Airport (including Chefair, Delhi) and Chefair Flight Catering (including Dining Facilities, Mumbai) through an advertisement which appeared on 14.10.2003. The Inter Ministerial Group of Ministry of Disinvestment

had shortlisted 39 parties out of 46 parties whose response was received and 20 parties desposited the Earnest Money and shown the seriousness. These QIPs were provided with Confidential Information Memorandum and these QIPs accessed the data room and interacted with the management and physically visited the properties. The process of dues diligence was over in May, 2004. Thereafter no progress has taken place.

As regards disposal of Centaur Lake View Hotel, Srinagar, it was decided by the Central Government to dispose off the same to the Government of J&K at negotiated terms. Core issues were identified and the property was got valued by an individual Valuer and soon a decision in this regard would be taken to transfer the property to the Government of J&K.

11.4 SHARE CAPITAL

Present Authorised Share Capital	Rs. 41.00 Crores
Subscribed Issued & Paid up Share Capital	Rs. 40.60 Crores
Net worth as on 31.03.2004	Rs.119.24 Crores

11.5 FINANCIAL RESULTS

For the financial year 2003-04, due to disinvestment of the two major units viz., Centaur Hotel Juhu Beach and Centaur Hotel Mumbai Airport, there was a substantial reduction in the revenue of the Company. However in spite of the reduction in revenue, the performance of the Company was better than the previous year, in view of reduction in Staff Cost due to introduction of VRS whereby 327 employees were relieved under VRS upto March 31, 2004. The Financial Results of the Company for 2003-04 are summarized below:

(Rupees in Lakhs)

PARTICULARS	2002-03	2003-04	2004-05 (Revised Estimate)
Total Revenue	5177.09	4074.92	4990.35
Total Operating Expenditure	6300.68	4758.69	4755.45
Gross Operating Profit/(Loss)	(1123.59)	(683.77)	234.90
Interest	72.71	181.51	230.00
Cash Profit/(Loss)	(1196.30)	(865.28)	4.90
Depreciation	191.50	144.59	151.05
Net Profit/(Loss) Before Extra Ordinary Items	(1387.80)	(1009.87)	(146.15)
Prior Period Adjustments	160.50	(31.73)	(8.85)
Extraordinary Item-VRS & Terminal Benefits	1121.90	439.85	-
Net Profit/(Loss) After Extra Ordinary Items	(2349.20)	(1481.45)	(155.00)
Net Sale Proceeds of Units	19737.68	-	-
Net Profit/(Loss) After Tax	17388.48	(1481.45)	(155.00)
Income Tax	1391.68	26.33	-
Net Profit/(Loss) Available for Appropriation	15996.80	(1507.78)	(155.00)
Transfer To General Reserve	1738.80	-	-
Dividend	2030.00	-	-
Profit/(Loss) After Appropriations	28.00	(1507.78)	(155.00)

11.6 POST DISINVESTMENT ISSUES

The issue of settlement of Net Current Assets and other obligations in both the properties viz. Centaur Hotel Mumbai Airport and Centaur Hotel Juhu Beach, Mumbai is yet to be settled as the reports of the Transaction Auditors were qualified one and inconclusive. In case of Centaur Hotel Mumbai Airport, the matter was referred for Arbitration and in case of Centaur Hotel, Juhu Beach, Mumbai, on three divergent issues, the matter has been referred to the Ministry of Civil Aviation for adjudication as was agreed between the Buyer and the Company.

11.7 REVIEW OF PERFORMANCE

With the improved trend in the Hotel and Tourism Industry, the business at the hotels in Delhi and Srinagar as well as the Chefair Flight Catering Units has shown substantial increase. The Company has already shown growth of 24% in the first quarter, 15% in the second quarter and 36% in the third quarter as compared to the corresponding period last year. In the recent past, the occupancy of the Delhi Hotel has increased by 40% as compared to the previous year. In the current season, it is expected that the hotel would generate substantial revenue due to increased occupancy levels.

Similarly, there has been improvement in the business propositions at Centaur Lake View Hotel, Srinagar. During the year 2003-04, a number of prestigious events like Inter-State Council Meeting, Congress Chief Minister's Conference, Vice Chancellor's Conference etc. were held. During the current financial year i.e.

2004-05, there has been a tremendous increase in occupancy during the season, in view of the boom in tourists traffic, from 40% to 75%, yielding additional revenue.

At the Chefair Flight Catering- Mumbai, 130 additional flights have been obtained from Air India in the current financial year 2004-05, thereby increasing the meals uplifted by 25% and the revenues by approx. Rs.3 crores. It is expected that during the year, further additional flights would be catered for, to Air India.

11.8 EMPLOYEES

As on 31st March, 2004 the Company had on its payroll a total of 1789 employees as against 2196 as on 31st March, 2003. The total number of employees will further reduce due to VRS, retirement, on superannuation and resignation etc. The Management's relations with the employees continued to be good and cordial during the year under review.

11.9 FUTURE PLANS

In pursuance of the decision of the Government, soon the Centaur Lake View Hotel, Srinagar would be disposed off to the Government of J&K and financial bids would be called for Centaur Hotel Delhi (including Chefair Flight Catering, Delhi) and Chefair Flight Catering, Mumbai as the Government has already called for Expression of Interest for sale of these two properties. With this all Units of the Company would be disposed off and the shell company would be merged with the parent company with the proceeds realized.

11.10 IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY.

In regard to the implementation of Official Language Policy, the directives received from the Government from time to time are being followed.

11.11 TRAINING & DEVELOPMENT

Employees are sponsored to attend various Seminars, Conferences and short duration Refresher Courses organized by various Agencies in order to acquaint themselves with Modern Management, Technical Concept and latest innovations in the Hotel Industry.

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Women Welfare

12

12.1 INTRODUCTION

In accordance with the instructions of the Department of Women and Child Development, a cell headed by a lady Deputy Secretary as Nodal Officer, is in existence in the Ministry of Civil Aviation, for overseeing the work relating to women's welfare and for taking suitable measures to provide convenient and hassle free work environment to the women members of the staff. Further, as per the guidelines of the Hon'ble Supreme Court of India, a complaint committee headed by the same lady officer has also been constituted to examine complaints relating to sexual harassment of women at work places and to suggest remedial measures to prevent such harassment. All the organisations under the Ministry have also set up similar cells and complaints committees to look after matters relating to women welfare and to look into complaints relating to sexual harassment of women employees. Instructions received from Department of Women and Child Development, National Commission for Women etc. from time to time, are circulated to all organisations under this Ministry, for necessary implementation. The position of women's welfare/ cases of sexual harassment in the Ministry and its organisations is being monitored periodically and necessary action is taken wherever called for.

12.2 DIRECTORATE GENERAL OF CIVIL AVIATION

The meetings of the Women's Cell in the Directorate General of Civil Aviation are held periodically. All the ladies working in DGCA attend these meetings and the topics of general interest concerning ladies are discussed in these meetings. There has been no serious problem relating to ladies that could be reported during the year 2004-05.

12.3 BUREAU OF CIVIL AVIATION SECURITY

A separate common room has been earmarked for women for attending to their needs for medical emergency/ rest. Problems of the women employees as and when reported, are promptly attended to and resolved amicably, keeping in view specific requirements of Government Policy on the subject. As a part of modernization of work procedures, women employees of the Bureau are also being imparted computer training and also in use of other modern office automation equipment.

12.4 COMMISSION OF RAILWAY SAFETY

The offices of the Commission are generally located in Railway Office Complexes and the facilities provided therein such as toilets, creche, tiffin room etc. are availed by the female employees of the Commission also. The women employees also participate and hold office in Mahila Samiti, the women's welfare organisation of railways. The instructions on welfare of women employees, issued by Government of India from time to time are being implemented.

12.5 AIRPORTS AUTHORITY OF INDIA

Women Welfare Association of Airports Authority of India, known as Kalyanmayee, carries out societal mission of AAI. Besides bringing out the social and cultural awareness of its members and their families, Kalyanmayee reaches out to souls in-need. The branches of Kalyanmayee organize programmes for mental, physical and spiritual upliftment of its members. Its activity encompasses arranging literary camps, health awareness programmes and helping the villages close to the Airports in the Regions. Kalyanmayee has endeavoured to wipe out many a tear of the Tsunami victims when the calamity struck, by financial aid.

To enhance the productivity and leadership qualities of women officials of Airports Authority of India, they are nominated / sponsored for various training programmes in India and abroad also.

12.6 AIR INDIA LIMITED

Air India is nominating women employees to various training programmes/ seminars and conventions both

in India as well as abroad, organized by outside agencies like Bombay Chamber of Commerce and Industry, Bombay Management Association and Employers' Federation of India on various issues concerning the women including the issue of sexual harassment. Air India has also nominated its women employees to various Conferences and Seminars organized by WIPS (Women in Public Sector), an organisation which has been constituted under the aegis of SCOPE.

On the occasion of the World Women's Day on 8th March, 2004, Air India operated its first flight AI-470 on Mumbai- Delhi- Singapore sector with all women cockpit crew. Capt. Rashmi Miranda and Capt. Kshмата Bajpai, piloted the flight, operated with an A 310 aircraft.

12.7 INDIAN AIRLINES LIMITED

Indian Airlines is amongst the very few organizations in the world to employ women in highly skilled vocations such as flying or even maintenance of aircraft. Indian Airlines was the first scheduled airline in the world to enroll a woman Pilot (Durba Banerjee) in August 1966 who later became the first woman Pilot on the wide-bodied Airbus-300. Indian Airlines created world history by operating a flight with all women crew in January 1986 with Saudamini Deshmukh commanding an F-27 flight from Kolkata to Silchar and back. Indian Airlines have as many as 40 women Pilots, of which 3 are Executive Pilots. There are 12 women Aircraft Engineers and 30 Aircraft Technicians. Indian Airlines is a life member of Forum of Women in Public Sector (WIPS), and actively participates in all the activities of this Forum.

As per the guidelines issued by the National Commission for Women, Indian Airlines has formed Women Cells at Headquarters and in each of the four Regions to follow up development activities for women. These Cells are functioning effectively.

In pursuance of the Order of the Supreme Court in the case of Vishakha and Others Vs. State of Rajasthan, the following actions have been taken:-

- List of Do's and Don'ts prepared by National Commission for Women has been displayed at work places.
- In addition to the existing Women Cells, Separate Cells to look into the complaints received regarding sexual harassment have also been formed at the Headquarters and in all the Regions and these have been given wide publicity.
- The two sets of Standing Orders concerning Discipline & Appeals have been amended to include sexual harassment in the list of misconduct.

12.8 PAWAN HANS HELICOPTERS LIMITED

Women Cells have been set up separately in all offices of the company. Pawan Hans has been making consistent efforts to promote all round development and ensure provision of all essential amenities for the women employees. The company has also been sponsoring women employees for in-house training as well as to outside specialised institutions for their skill upgradation.

12.9 HOTEL CORPORATION OF INDIA

A women's Cell has been constituted at the head office of the company, which looks into the issues concerning women's welfare.

12.10 INDIRA GANDHI RASHTRIYA URAN AKADEMI

The welfare of women employees and girl trainees are looked through normal administrative channels in IGRUA as per Government regulations and the girl flying trainees have equal opportunities for award of scholarships to outstanding candidates provided by JRD Tata Trust.

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