A CASE STUDY OF AIR SAHARA, JET AIRWAYS AND ITDC: ANALYSIS AND INTERPRETATION

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India is a significant destination for tourist all over the world. It is a vast country which possesses a rich and varied heritage with diversity in its religions, culture and social outlook. As a result aviation has emerged as an important industry because of its linkage to the tourism sector. The aviation industry got a big leap when in the wake of liberalization, it has been opened to private sector. A number of private player, have entered into the aviation industry. The Indian government in its liberalization programme regularized operation by private airlines, thus acknowledging the Civil Aviation industry’s importance in the promotion of tourism and as a result gain in foreign exchange earnings.

The private airline industry is healthy and now some of the private airlines have started flying on international routes too. The future out look for the industry augurs well. The business for the airlines industry in India is bound to grow faster.

Important amongst the private operators in aviation industry are AIR SAHARA and JET AIRWAYS. The Indian Tourism Development Corporation (ITDC) is the apex body which shoulders the responsibility for the overall development of the tourism sector. A case study of these organizations is presented in the following paragraphs.
AIR SAHARA

Air Sahara – One of India’s Fastest growing Airlines. Air Sahara invites you to its world to feel and experience the touch of Sahara. For Air Sahara the vast expanse of the sky is its domain because it is through these spheres that it help reach these destinations day after day. Air Sahara strive to reach and attain heights in passenger care, comfort, reliability, safety and service.

The first flight, Air Sahara was born and gained freedom of the Indian skies with the launch of the open sky policy by the Government of India in 1990’s. The first flight took off from Delhi to Mumbai on 3rd December, 1993 in a Boeing 737 aircraft.

At present, Air Sahara with 9th year of successful commercial operations has become India’s premier domestic Airline. It covers 15 destinations with 67 flights offering more than 8250 seats per day with a current net strength of 11 latest generations Boeing aircraft. Air Sahara has placed tremendous importance on customer satisfaction (Appendix-II).

Sahara Airlines is one of the few domestic airlines in private sector, which has been able to survive successfully as a result of its customer oriented approach. The focus is one providing value added innovative services for passengers. Sahara Airlines is a part of Sahara India Group which has major interests in Parabanking, Mass Communication, Housing & Infrastructure, International Trading, Domestic Marketing of Consumer Products and TV network.
The Group's current business level has touched USD 1700 million dollars with an asset base of approx. USD 2 billion. With the total work force of 6,00,000 and over 1342 offices all over the country, Sahara India Group is one of the most successful and diversified group in India. Sahara Airlines commenced operations from 3rd December 1993 as a scheduled airlines under new Aviation "Open Sky Policy" with 02 Boeing Aircraft (Appendix-III). The airline had a simple aim, to provide international standard quality innovative service at excellent value for money for domestic travellers. From the early years of operation Sahara Airlines has grown to be the most innovative domestic airlines enjoying huge popularity and winning top global awards and international recognition. Sahara Airlines is now planning massive route expansion with hubs at Delhi and Mumbai. New value added products and services shall be introduced shortly with focus on the corporate travellers. In flight services, Ground services and city services are also being revamped.

In short, Sahara Airlines is all about customer care - A service offered in all the fleets, to all the passengers. At Sahara it is the firm belief to uphold the highest standards of traditional Indian hospitality, culture and courtesy. The highly trained personnel ensure that the trip is not only comfortable but a memorable one right from the time of check-in. The value additions such as flier services, Tele check-in, personalized Reading Kit and Meal Preference are at the highest standards in customer care and customer satisfaction.

Sahara Airline is interline partner of 53 international airlines. Some more agreements are in pipeline. British Airways, Air France, Lufthansa
Airlines and SAS are amongst the list of interline partners of Sahara Airlines (Appendix IV).

To manage the business overseas and for the convenience of the passengers Sahara Airlines has established an office in London (Appendix-V).

**Special Services of Sahara Airlines**

Special services of the Airline can be broadly divided into:

(a) Ground Service

(b) In-flight Service

**Ground services :**

Sahara airlines believe in delivering the best to all its customers. It is this belief that is reflected in all its services. Flying Sahara Airlines has a definite advantage because they believe in adding value to one's travel. Sahara Airlines offers its customers a variety of value added services that include :

**Valet Service :** To ensure sooth, swift and trouble free baggage handling exclusive valet service is provided at Sahara Airlines airport counters. In fact, there is no handling of baggage for the traveller. The Airlines courteous and dedicated valets will take all of your troubles and your baggage right out of your hands. While you shop, or buy a gift, or read at Sahara they believe that personalized services should give value of time and convenience to their passengers. Special care is taken to impart highest standard of training to the valets to make them efficient and effective in serving the esteemed
customers. Air Sahara provide valet services at Delhi, Mumbai, Bangalore, Chennai and Lucknow.

**Tele-Check in Service for Y/J** : Sahara is the first domestic airline to offer Tele-check in facility for both economy and business class passengers. They now have dedicated lines on which one can access information on flights, timings, Frequent Flyer Programme and even ask for a seat of one’s choice. All this is to ensure that you can access them at Sahara anytime, every time and at your convenience.

**Fastest Baggage Retrieval** : Baggage retrieval is the fastest among domestic airlines at Sahara. The baggage trolley reaches conveyor belt before the first passenger arrives at the arrival hall. They believe that the baggage should wait for the passenger but the passenger should not wait for his baggage.

**Toll Free Numbers** : 24 hours toll free numbers are installed at Delhi and Mumbai for easy access along with a customer call center to facilitate timely and accurate information to all passengers. They believe that a customer is never helpless with a Sahara toll free number with him.

**Advance Seat Reservations** : This facility is provided to both business and economy class passengers. The passenger can select and book his seat before he reaches the check in counter at the airport.

**IVRS** : Interactive Voice Responsive System is installed at Delhi and Mumbai airport. The passenger gets all the relevant flight information without spending the precious minutes holding the telephone lines. Soon the IVRS will be installed at Bangalore and Chennai as well.
Automated Flight Arrival/Departure Information: Sahara provides this facility 24 hours. The passengers can avail this facility and get the flight update immediately.

Lounge Facilities: This facility is provided to business class passengers. Sahara Airlines take immense pride in their tradition of care and service. The lounge gives the extra comfort and convenience.

City Check-in: Sahara believes in providing you with maximum comfort. Which is why they have introduced their new city check-in facility for passengers travelling with hard baggage. Now you don’t have to arrive hours before take-off. Just drop in their City check in office at a convenient time one-day before departure and collect your boarding pass. The Sahara City Check in facility is currently available at Delhi, Mumbai, Bangalore, Chennai and Lucknow.

24 Reservation: Sahara airlines has 24 hours reservation offices at Mumbai, Delhi, Chennai.

Airport Transfers: Sahara offers free airport transfers from domestic to international airport vice-a-versa for interline passengers at Delhi and Mumbai.

Passengers with Restricted Mobility: Passengers with restricted mobility are given extra assistance. In case such a passenger is senior citizen customer service staff escorts him. If a passenger requires wheelchair he is provided with that facility as well.

Airport Lounges: At none of the airports they have Sahara airline’s exclusive lounges but they have arrangements with airport restaurant where
these facilities are there to earmark a separate portion for the Business class passengers.

**Special features for Children and infants**: Children and infants usually travel along with their parents and guardian. In case of unaccompanied children customer service staff render all assistance like checking in and escorting up to the aircraft and handing over to senior most cabin attendant on board the fight and on arrival such children are received by the commercial or customer service staff and handed over to the person nominated by the parents/guardian from the originating station. The parents of the infant have to pay for the return ticket of the deputed cabin attendant who finally hands over the infant to the nominated person at the destination.

**Safety & Security**: Air Sahara has its own X-ray machine and conducts periodic checks to assess the alertness of security system. Air Sahara also concentrates on air safety, and the cabin crew and in-flight safety. The ground staff undergoes training in safety system.

**Cancellation**: If passengers cannot use their reservation, they should at once advice the airline concerned, well before departure of the flight, either through their travel agent or directly. In cancelling their reservation within the prescribed time limits, they are entitled to reimbursement for their ticket or to use it for another journey (except in case of some excursion fares). If passenger holding a confirmed reservation fail to present themselves for the flight concerned (no-show) the rest of their journey may be cancelled.
‘No-show’ and late cancellations cause the airlines loss of seating space and revenue. For this reason, certain penalties may be imposed on passengers when they claim reimbursement or make new reservations. Cancellation time limits may vary and therefore, individual airline’s manuals should be consulted for verification.

**Buy Tickets Online:**

- First domestic carrier in India to offer this option.
- User friendly and guided on-line booking process.
- Secure payment gateway through ICICI Bank Ltd.
- Instant confirmation given online.
- Book anytime from anywhere in the world.
- Log on the [www.airsahara.net](http://www.airsahara.net) for bookings.

**Fly today and Pay in Easy Instalments:**

- Adjoint promotion with standard chartered Bank.
- Exclusive benefits for standard chartered and associate credit card members.
- Available for both air tickets and exotic holidays.
- Balance amount debited as EMIs through monthly credit card statement in the next 8 months.

**Introducing AIR Sahara Standard Chartered Cricket Credit Card**

- Four-year validity for only Rs. 1500/- No annual fees.
- India’s first Glo card.
- 15% off on Air Sahara tickets whenever India wins
Global Acceptance – accepted by more than 19 million VISA establishments worldwide.

Rewards Plus – earn points and redeem for air line tickets, luxury hotels, fashion accessories and much more.

Instabuys – Use you Cricket card to fly Air Sahara and pay for your tickets/holidays in easy interest fee instalments.

Credit period – enjoy 50 days of free credit.

Global Emergency Assistance Service – while travelling overseas avail services for lost/stolen cards and get a instant card replacement.

Free Personal Accident Insurance: Air Accident – 625000/-, Rail/Road 100000/-, Motorcycle & Pedestrian Accidents – 50000/-

Holiday Packages:

These packages offer a wide range of hotels to suit the individual budgets and time available. These holiday packages offer an excellent value for money as you get to fly in world class comforts as well as enjoy some of the finest hotels especially hand picked for your maximum comfort and flexibility. All this is conveniently designed for your as a single window convenience to shop for your travel, hotel stay, sight-seeing, food and local transportation requirements in one go. Our Domestic holiday package offering includes the following destinations – Goa, kerala, Karnataka, Sriangar, Hyderabad and Shridi.

Air Sahara Mobile SMS at 9844007272

The convenience of short messaging service (SMS).

On screen menu display of flight information.
• Extremely affordable with a maximum cost of Rs. 2 per message (depending upon network).
• Check in option available through SMS.
• Automatic flight status updates.
• One global number to access the Air Line.

Motive Behind Travel Agents Satisfaction Surveys:

Satisfaction is a person’s feelings of pleasure or disappointment resulting from comparing the service received in relation to the expectation. These expectation are formed by the past experiences, advertisements and the word of mouth and the best way to gauge the quality of the service is the customer’s response. If the customers response is good or above average it is thought that company has succeeded in satisfying it’s customers.

In the field of travel Air Sahara satisfies the customers through various travel agents. In real sense they are the Actual promoters of their field because they directly communicate with their customers.

The relationship and the expectation of the service industry by the middlemen to AIR SAHARA have been elaborated in the questionnaire as they are the ones who act as a bridge between the company and the customers. In the Aviation industry this important role is played by the travel agent. There are 26 authorized agents of AIR SAHARA in Lucknow.

All these agents are not only the authorized Agents of AIR Sahara but they also work on the behalf of all the major Airlines. That’s why to know the customer’s response regarding the services rendered to them by Air Sahara, first of all we have to survey the satisfaction level of our travel
agents and for that purpose we designed a small questionnaire containing numerous questions regarding the performance of Air Sahara in comparison to its competitors.

The Travel Agents are considered to be important because they give a lot of business to the company.

Approximately 75% of the ticketing is done by the Agents and only 25% of the tickets are sold through the station office and Airport Counter.

**JET AIRWAYS**

Jet Airways is the biggest success story in the Indian aviation industry and one of the fastest growing airlines in the world.

They began operations with the mission of becoming the most preferred domestic airline in the country. Today, it’s a matter of pride that they are widely recognized as “India’s Best and world-class Domestic Airline”.

On May 5, 1993, Jet Airways was set up with the objective of becoming the most preferred domestic airline in the country by providing high quality and reliable air travel in India. A very high percentage of the Indian domestic air traffic comprised business travellers. Therefore, their focus from the very beginning was to emerge as the “Businessman’s Preferred Airline”.

This led to a product and service design that aimed at world class norms in professional service and efficiency, beginning with the choice of aircraft itself.
Jet Airways operations began with a fleet of four Modern Generation Boeing 737-300 aircraft. The operation of these aircraft marked the first time they had flown Indian skies. They used the training facilities of Ansett (Australia) for the training and conversion of the pilots and engineers.

To help them achieve world class norms in service, Speedwing (a British Airways subsidiary), assisted them in conducting a programme on Customer Service Excellence for staff across functions at all levels.

To ensure accurate and efficient reservation systems Jet Airways tied up with and are co-hosted with SABRE – one of the world’s best reservations systems. With three months of operation, they also became an associate member of IATA, a party to the IATA multilateral interline agreement and a member of the IATA clearing house.

Jet Airways achievements so far since their commencement, have been that they have achieved the status of the largest private domestic airline in India. The figures speak for themselves – from 4 aircraft in 1993-94 to 41 aircraft in February 2003; from 12 destinations in 1993-94 to 41 destinations in February 2003; from 24 daily flights in 1993-94 to over 250 flights in February 2003. In the process, they have carved out a market share of over 46% (estimated 2002-2003).

Their emphasis on technology and on time performance is one of the key factors of the spectacular success. They fly Modern and Next Generation aircraft and maintain a young aircraft fleet (with an average age of 3 years as on March 2003), making them one of the youngest fleet in the world.
Jet Airways operates over 250 flights daily to 42 destinations across the country. The rapid expansion of their route network has earned them the prestigious Air Transport World Award 2001 for Market Development and the “TTG Travel Award 2002” for Best Domestic Airline. Jet Airways were the first airline in India to receive the World Travel Market Global Award, the world’s premier global travel event in London. They have also won the prestigious H&FS Domestic Airline of the Year Award four times, with the latest award in 2001. And Citibank Diners Club has chosen them as India’s best domestic airline for the excellence in service besides consistently winning other awards for their excellence in service.

Jet Airways consists of the modern 737-400/700/800/900 and the ATR 72-500 and on having an unbeatable record of on-time flights and providing world-class frequent flyer benefits to their customers, through their alliances with British Airways, KLM Royal Dutch Airlines and Northwest Airlines. They strive to provide service of the highest standard to their customers, both on ground and in-flight. Jet Airways is proud that they are one of the few airlines in the world to receive the ISO 9001 certification for their in-flight services (Appendix-VI).

Apart from the various innovations launched by them in the history of Indian aviation, Jet Airways also continue to be a responsible corporate citizen.

In jet airways the main stress is given to the service and the words of mouth are the main source of publicity. Jet Airways keeps up its motto that is ‘the Joy of Flying’. The logo, which is at the tail of Jet Airways,
symbolizes rising sun, which represents strong dedication and care for its people (Appendix-VII).

**Services offered by the Jet Airways on the Ground:**

Jet Airways provide entire range of facilities designed for the convenience of passengers, from reservation and check-in, to in-flight services, speedy baggage recovery and more to make the flight on Jet Airways a comfortable, safe and memorable experience.

**Ticket Counters:**

Jet Airways ticket counters are conveniently located at all the destinations within its network, both in the city and at the airport. They now also have a computerized ticketing facility at most stations.

**Airport Check in time:**

Check in time is one and a half hours prior to departure. Most stations have tele-check-in facilities for club premiere passengers travelling with only hand baggage. They may tele check-in 3 hours to 45 minutes prior to departure and must arrive at the airport check-in-counter 30 minutes prior to departures.

**Seat Request:**

Club Premiere passengers can book their choice of seat at the time of reservation.

**Meal Request:**

All jet Airways passengers are requested to indicate their meal preferences at the time of reservation (Appendix-VIII).
24-Hour Reservations:

In Mumbai, Delhi and Bangalore, Jet Airways offers passengers a 24-hour reservation service. It is being extended in other big cities also which come under Jet Airways network.

Airport Lounges:

Club Premiere passengers can avail lounge facilities at certain airports. Passengers are offered complimentary beverages and snacks in these lounges.

Value Added Services (Jet Privilege)

Jet privilege is the Frequent flier programme of Jet Airways. The jet privilege programme offers members an unmatched mix of rewards and privileges. In addition to the exclusive facilities Jet privilege members can now exchange their miles for free flights on the British Airways worldwide network, spanning 174 destinations across the world. Jet privilege members can also exchange their miles on the KLM Global network, covering more than 81 countries across six continents or on the Northwest network covering more than 400 cities in the world.

International through Check in Facility

As a customer of Jet Airways, one can avail of the facility of through check-in if one has a connecting flight into or out of the country. This means at the first check in point, passengers' luggage will be checked in, pre labeled and boarding passes/baggage tags issued up to their final destinations. They also provide this facility from one destination to other within India.
City Check-in

Jet Airways has introduced check-in counters at their reservations offices in the Metropolitan cities. This facility allows passengers with only hand baggage to check-in and collect their boarding pass at the city office at least 2 hours before the flight time. Passengers availing this facility have to report at the boarding gate 15 minutes before the departure.

Caring for the Disabled

Handicapped and infirm passengers can make a request while booking their flight and an attendant with wheelchair will be arranged.

Baggage Clearance:

Jet Airways ensures speedy baggage clearance and delivery on arrival at all destinations.

Coach Service:

Jet Airways operates a complimentary airconditioned luxury shuttle coach service between Mumbai's Sahar and Santacruz airport for passengers connecting between international and domestic flights (Appendix-IX).

Interline Transfers:

Jet Airways has interline agreement with over 120 international airlines which allows convenient transfer of passengers from one carrier to another.

Services offered by the Jet Airways in the Sky Comfort

In Jet Airways club premiere seats are fitted with arm-rest tables, and arranged in a two by two configuration so that every passenger has a
window or aisle seat. The seat pitch is luxurious 38 inches. Even in the economy class it is spacious 31 inches.

**Infant and Child Care**

Jetkids is the special programme for children between 2-12 which provides exciting gifts to make the flying experience of the younger patrons more enjoyable. Also they provides assistance if one require to change the nappies of the infants.

**Sleep Easy**

Pillows and blankets are available on request on all the routes.

**Reading Material**

Every Jet Airways flight has a wide range of news paper and magazines.

**Towels**

Jet Airways passengers on most routes are welcomed abroad with refreshing hot and cold towels.

**Food and Beverage :**

Jet Airways provides wide range of food and beverage on the flight. They rotate the meals every day for four day and change the entire menu every six months.

Beef and pork are not served, meet products served are halal. All food is cooked in pure vegetable oil. Special meals-diabetic, low cholesterol, medical, jain and baby meals are also available. However it must be asked 24 hours prior to departure.
First Aid

Like other airlines First Aid kit is also available with the cabin crew.

Safety:

Safety instructions and emergency procedures are explained by the cabin crew on each flight the seat belt must be fastened at take off and landing and when ever the seat belt sign is on, the seat back rest must be in an upright position and trey table must be stowed away at take off and landing.

Smoking:

The government of India prohibits smoking on all domestic flights. As a separate precautionary measures, all toilets in the plane are fitted with smoke detectors.

Electronic Devices

The Government of India prohibits the use of mobile phones, CD players and pagers, as these interfere with aircraft communications and radio navigation systems.

Landing:

Flight deck crew will generally try and give the smoothest landing possible. However, at times, safety considerations require that firmer landings be performed. Conditions that may require this include: shorter runways, wind blowing across the runway or turbulent conditions, water ponds forming on the runway in heavy rains.
Jet Airways Presents Jet Elite for its Privilege Customer:

Customers who are flying by the JET Airways have a wider choice of cities, hotels and better discounts to choose under its scheme JET ELITE, as a business traveller one have hectic schedules with little time for relaxations. Keeping in mind JET Airways have attractive discounts to offer at some of the best hotels in the country (Appendix-X).

A Study of Merger of Air Sahara and Jet Airways

Domestic airline Air Sahara seems to have hit some financial turbulence. When contacted, Air Sahara CEO told that the poor performance was due to under utilization of its fleet, mainly because of the non-availability of pilots.

He expects that the performance will improve in the second half of the year, the main business season for the airlines. There are plans afoot to lease three new aircraft by January 2006. Backed by new aircraft and additional domestic and international routes, the E&Y report projects a revenue increase of 98% for the next financial year.

Meanwhile, the rescue plan appears to have run into a wall, at least with domestic suitors. In end, July, before E&Y came into the picture, Spice Jet had almost signed on the dotted line with Air Sahara to acquire a substantial stake. But just before the deal could be inked, E&Y is said to have persuaded Air Sahara to set new terms and conditions that help protect its interests. The domestic suitors, who were perhaps hoping for easy pickings, now find the new valuations too bitter to swallow.
"We were close to signing the deal until Ernst & Young jumped into the fray and promised the moon to Air Sahara. The valuation of the company, as suggested by E&Y, is irrational and is based on hypothetical profitability projections. We are clearly not interested in pouring hundreds of crores into a business where we do not get any management control," a source close to Spice Jet said. A source close to Kingfisher Airlines said, "we are clearly not interested in the deal with its current price tag. We have offered a price beyond which the deal makes no business sense. The valuation suggested by the company far exceeds the company’s worth in terms of its assets and profitability”.

E&Y, on the other hand, is understood to have now approached potential international investors. For domestic airlines in India, despite its current shortcomings, Air Sahara remains an attractive target. The real ace up its sleeve is its flying rights to lucrative overseas destinations. The new domestic carriers, as per current regulations, require five years’ operating experience within India before they are allowed to fly abroad.¹

It has seen the pomp and the grandeur of their weddings. It has seen them sponsor the Indian cricket team and also build exclusive Swiss style villas for celebrities like Aishwarya Rai and Sachin Tendulkar. But there’s one thing about the Sahara Parivar that has always been shrouded in secrecy – the status of their financial health.

Pilots jittery as Jet snaps up Air Sahara

The Jet Airways on 20 Jan. 2006 tightened its grip at the top of India’s domestic airline industry, agreeing to purchase its smaller rival Air Sahara for $500 million in an all-cash deal. Under the agreement between the two carriers, sources said, a unified entity is expected to start flight in the Indian skies with the beginning of the 2006-07 fiscal.

Though Sahara India Pariwar chief assured that all jobs will be protected, around 12 of its bombardier CRJ pilots have put in their papers since both airlines announced two weeks back that a deal is in the offing. Though Air Sahara executive denied the move, a pilot source said: “We feel it’s better to look at options outside rather than join the merged airline where we are not sure if Jet will use the Bombardier fleet for long”.

The sources revealed that the Air Sahara staff would be absorbed only on ‘merit basis’. Officials close to the deal pointed out that efforts are already underway to ensure a smooth merger of assets. “An integration team has been set up to merge the two entities, its systems and operations.

Regulatory approvals for the deal are now being sought and if all clearances are in place, the unified airline will be in operations from April 2006.

Under the deal, Jet will acquire only the assets of Air Sahara, which will include the latter’s leased fleet of 27 aircraft, ground handling equipment, parking slots, inventories and aircraft spares. Jet Airways are not planning to make it (Sahara) a low-cost carrier”.
Though Jet Airways will, in the interim period, continue to use the Air Sahara brand, the same would be phased out gradually and all Sahara planes would be don the Jet livery.\(^2\)

The officials sought to allay the fears about the deal, saying: “There’s no problem about the Lal. I have got information that we have received the approval from the Department of Company Affairs. We are completing necessary formalities of the acquisition”. Sahara, too, scotched all talks of the deal running into trouble.

The two companies had signed an agreement and opened an escrow account, which is set to expire on March 24. Jet Airways are awaiting the regulatory approvals. Sahara officials also said the finer modalities of the deal were being thrashed out.

The sudden delay comes within days of Jet Airways stating that it is yet to seek government approval for the deal. The deal – announced on January 19 – was touted as the largest acquisition in the Indian skies to create a single airline that would control nearly 48% of the market.

The director-general (investigations and registrations) – the investigating arm of Monopolies and Restrictive Trade Practices Commission (MRTPC) – issued notices to both the air carriers about details of the proposed acquisition. DGIR is looking into the mega deal to check whether it has resulted in creating a monopoly in the Indian aviation sector.

Asked whether the DGIR could also approach the Registrar of Companies to seek details of the board meetings regarding the sale and

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\(^2\) “Pilots jittery as jet snaps up Air Sahara”, *Times of India*, 20 Jan. 2006.
purchase process, the sources said it could be a possibility. "All these aspects are being looked into", a source said, The MRTPC, which swung into action after PMO intervened, had forwarded the investigation of the deal to the DGIR in the wake of reports as well as accusations that it could lead to monopoly of Jet Airways.\(^3\)

The takeover of Air Sahara by Jet Airways for Rs. 2,300 crore early this year has come under the scrutiny of Monopolies and Restrictive Trade Practices Commission, which is likely to issue a notice to the buyer.

Since the deal helped Jet increase its share in the domestic market to over 50%, the Commission is looking into the monopoly aspect following a complaint.

Sources in the Commission said that a notice could be issued to Jet. Jet officials, however, were not aware of the development saying that they had not heard anything from the Commission. The Jet executive director said: 'We have not got any communication from the MRTPC. Anyway, where is the question of monopoly when already five other airlines are operating in the country'.

Immediately after the deal, MRTPC chairperson said the deal did not appear to warrant any immediate probe.\(^4\)

There have been rumours of cash strain, but no real data has emerged. Now, documents available with TOI suggest that Air Sahara, the group's airline, is in a degree of financial strife. The airline has an

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accumulated loss of Rs. 100 crore and is likely to end the year with Rs. 118 crore of losses on its books. It is expected to report net loss of Rs. 17 crore for this fiscal, against a profit of Rs. 32 crore last year.\(^5\)

India’s largest private airline Jet Airways $560 million (Rs. 2,4520 crore) bid to acquire its smaller rival Air Sahara has hit a slight stumbling block with both the carriers unable to land on a common ground over branding matters. Sources close to the negotiations pointed out that the top honchos of both Jet and Sahara – who met in Lucknow on 11.1.06 could not conclude the deal as issues regarding the future of Air Sahara brand could not be settled.

The final agreement, sources said, is expected to be finalized by January 15 – when Jet’s broad is slated to take up the matter. “While the Sahara India Pariwar wants the Air Sahara brand to continue even after it exits the venture, Jet is keen on using only its own brand for the combined entity”, a source told “the Times of India. “The discussions were held on 11.1.06, but they were inconclusive as the branding issues are yet to be sorted out, “the source added.

As per the ongoing negotiations, jet has offered to acquire the entire airline operations of Air Sahara – including its aircraft assets and debt liabilities. However, Air Sahara officials termed it a strategic alliance aimed at consolidating their strengths and growing together.

“We realize that it’s time now for consolidation in the Indian airline industry. So, we are talking to Jet Airways for a strategic relationship to

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\(^5\) “Over Rs. 100 cr. Losses for Air Sahara”, *Times of India*, October 23, 2005.
work towards a better tomorrow. As we move forward with the talks, the contours of this relationship will be finalized. All I can say now is that the talks are for a strategic relationship, and there are no timelines for finalizing the agreement”, Air Sahara executive vice president said.

Jet Airways spokesperson also confirmed that negotiations are underway for an alliance, but refused to divulge details. “Our officials and investment advisors are studying the matter. We are in negotiations with Air Sahara but a final deal has not been inked yet”.

The deal would give Jet, which already controls about 40% of the domestic market, a share of over 50%, putting it way beyond India Airlines’ 30% or so. This, some analysts said, could prove to be the only stumbling bloc on its path as it would give Jet Airways a monopoly in the domestic airline market and be against the spirit of the competition policy.

Two other domestic airline players – Kingfisher Airlines and Spicejet – were also in the race for Air Sahara, but have now opted out in view of the high valuation sought by its management.

Air Sahara had stated that Ernst and Young have valued the airline between $750 million and $1 billion. While Kingfisher had offered $600 million for acquiring Air Sahara – which included $200 million as cash – SpiceJet had sought to split the airline’s domestic and international operations and buy just the local operations for around $200 million.

It may be concluded that –

- Sahara wants its brand to be retained even after sell-off, but Jet wants to use its own brand.
Jet has offered to buy the entire operations of Air Sahara, including aircraft assets and debt liabilities, for $560m.

It would give Jet control of 40% of the domestic market, a share of over 50%.\(^\text{6}\)

India's biggest aviation deal between Jet Airways and Air Sahara seems to be heading for rough weather. Delays in getting a clear government view on key issues – particularly those relating to transfer of Sahara's landing and parking rights across the country – is threatening to delay a final agreement between the two private airlines (Appendix-XI).

Though Jet Airways chairman scotched speculation that the deal was in trouble, sources claimed that a lack of clarity on the issue of transferring Sahara's rights might force a renegotiation on the timing of the deal.

Removing a major obstacle in the way of Jet Airways' takeover of Air Sahara, a high level official committee on 20.5.06 cleared 100% transfer of all assets of one company to the other.

The Aircraft Acquisition Committee, including offices of the civil aviation ministry, Directorate General of Civil Aviation (DGCA) and Airports Authority of India, has cleared the transfer of properties, including issues relating to parking bays and slots. However, these rights cannot be further transferred or lease to a third party.

\(^{6}\) Byas Anand, “Jet all set to take over Air Sahara”, *Times of India*, New Delhi, January 12, 2006.
The Committee has finalized its guidelines on merger and acquisitions and would be sending them to the civil aviation ministry very soon for its approval.

The guidelines would enable the proposed merger of two state-owned carriers Air India and Indian Airlines. Such a merger would enable the national carriers to not only face domestic competition from Jet Sahara deal, but also on the international front, especially from large airlines like Singapore Airlines, British Airways, Malaysian Airlines and Emirates.7

INDIA TOURISM DEVELOPMENT CORPORATION (ITDC)

India Tourism Development Corporation (ITDC) was established in 1966 as an autonomous public sector corporation. ITDC was entrusted with the task of helping in the development of tourism infrastructure and promote India as a tourist destination. Today, ITDC provides a complete package of tourism services including accommodation, catering, transport, publicity and hotel consultancy, duty free shops, an in house travel agency, entertainment and shopping.

ITDC’s Accommodation Chain:

The Ashok Group – is the largest in the country. It offers accommodation ranging from luxury suites to modestly furnished rooms, from beach resorts to a moderately priced forest lodge. Almost 4000 rooms are scattered throughout India.

The Government of India in 1965 established Department of Tourism in the three separate corporations, viz. Hotel Corporation of India

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7. ‘Government clears transfer of Air Sahar assets to Jet’, The Times of India, dated 31.3.06, New Delhi, p. 10.
Ltd., India Tourism Corporation Ltd. and India Tourism Transport Undertaking Ltd. These corporations were setup under the provision of Companies Act, 1956. The main functions of these corporations were to construct and manage hotels in the public sector, produce material for tourist publicity and to provide transport facilities to the tourists.

Board of Directors:

ITDC is a Public Sector Enterprise and the appointment of Directors both executive and non-executive is made by the Government of India. The reconstitution of the ITDC Board of Directors with appointment of non-official part-time Directors remained under consideration of the Ministry during the year 2003-04. The Board has now been reconstituted with effect from 1.10.2004 by induction of two part-time Government Directors. Presently, the Board of Directors comprises of Chairman & Managing Director and three part-time official Directors representing Government of India.

Organisational Set-up:

The Organisational set up at the corporate level comprises three business groups viz., Hotels and catering, Duty Free Trade and Ashok Travels 7 Tours. Besides, there are some support services department namely personnel, F&A, Hotel sales, HRD and Training, MMD, Project Engineering, P&P and Vigilance & Security. In addition, there are four Regional offices at Delhi, Mumbai, Chennai and Kolkata (Appendix-XII).
Human Resource Management:

With a view to rationalizing manpower, VRS was introduced and 274 employees have opted for the same. The total number of employees in the Corporation decreased from 3498 as on 31st March, 2003 to 3125 as on 31st March, 2004. Of these, 903 employees belong to Scheduled Castes (SC), 66 employees belong to Scheduled Tribes (ST), and 95 employees to Other Backward Classes (OBC). No recruitment took place during the year 2003-04. 20 employees were promoted during the year, out of whom 2 belong to SC and one to OBC. Further, there are 367 women employees working in ITDC as on 31st March 2004 constituting 11.74% of the total workforce of the Corporation. Of these, 52 are at executive level and 315 at non-executive level.

India's Hotel for the World – Ashok Group of Hotels:

The Ashok Group of Hotels now comprises of eight owned hotels viz. Ashok Hotel, Hotel Samrat and Hotel Janpath at New Delhi and Hotels at Mysore, Bhubaneswar, Patna, Jammu & Jaipur and six point venture Hotels, 3 DoT properties and one Airport Restaurant at IGI Airport, New Delhi managed by ITDC. During the year under review, the overall occupancy of Ashok Group of Hotels increased from 44% to 47%. The turnover of hotels has also increased to Rs. 100.77 crores in 2003-04 from Rs. 91.48 crores in 2002-03.

ITDC is operating six joint venture hotels at Ranchi, Guwahati, Itanagar, Pondicherry, Bhopal and Puri. As a result of aggressive corporate monitoring, some of the joint ventures have started showing profits (Appendix-XIII).
Duty Free Shops:

The ITDC operates 37 Duty Free Shops at international airports in Delhi, Mumbai, Chennai, Calcutta, Thiruvananthapuram and Goa and one downtown duty free shop at Ashok Hotel, New Delhi. During the year 2003-04, special discounts were offered and periodical sales promotions were carried out to attract visitors. But in the year 2004-05 its financial position has improved.

Duty Free Shops – Their Turnover and Profits:

To facilitate shopping for international travellers, ITDC operates a network of 37 user-friendly Duty Free Shops in all the International Airports in the country. Its Duty Free Shops at Delhi, Mumbai, Calcutta, Chennai, Thiruvananthapuram and Goa offer the best bargains in quality merchandise, quick customer friendly service and the widest choice of over 25,000 international and Indian brands: from world-class brands of wines, liquor, cigarettes, writing instruments, perfumes to authentic Indian handicrafts and handlooms, gift items, the finest Indian tea, silk carpets, intricate wood carvings and much more.

Apart from providing duty free shopping at departure and arrival lounges of international airports, ITDC has extended the Duty Free Shopping privilege through Down Town Duty Free Shopping. The first of such Duty Free Shops has been opened at The Ashok Hotel, New Delhi. One has to just check-in at the Down Town Duty Free Shop with valid passport and international flight ticket and has the leisure of duty free shopping. The merchandise is delivered at the departure hall of the international airport.
ITDC has also planned to set up five new shops at the upcoming new International Airports of Bangalore, Ahmedabad, Hyderabad, Varanasi and Calicut. Plans are also afoot to open Duty paid shops in metropolitan cities which have potential for marketing of international and upmarket merchandise.

In 1995-96 Duty Free Shops accounted for about 38 per cent of ITDC’s profits. The turnover in 1996-97 increased from Rs. 74.11 crores to Rs. 77.70 crores reflecting an increase of 4.8 per cent and the net profit increased from Rs. 28.68 crores showing an increase of 5.2 per cent over the previous year.

In the year 1997-98 the figure was 54 per cent which means that ITDC garners more money from Duty Free Shops than the 26 hotels it runs. The Corporation made a net profit of just Rs. 25 crores from the hotels in 1997-98 while those from Duty Free Shops were Rs. 29 crore. The Duty Free Trade division increased its turnover marginally from Rs. 83.53 crores to Rs. 84.04 crores during 1998-99 despite economic crisis in the Asian Pacific Region where most Duty Free Shops showed a downward trend. Sale of goods from duty free shops was of the order of Rs. 90.83 crores in 2003 and Rs. 110.28 crores in 2004.
Table No. 7.1

Showing Financial Performance of India Tourism Development Corporation

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Turnover</td>
<td>313.20</td>
<td>297.10</td>
<td>288.50</td>
<td>305.60</td>
<td>184.44</td>
<td>238.40</td>
<td>290.65</td>
</tr>
<tr>
<td>Operating Profit (Before Interest &amp; Depreciation)</td>
<td>60.97</td>
<td>18.48</td>
<td>(-)17.05</td>
<td>(-)22.81</td>
<td>(-)32.34</td>
<td>2.79</td>
<td>7.52</td>
</tr>
<tr>
<td>Profit Before Tax</td>
<td>-</td>
<td>12.02</td>
<td>(-)24.03</td>
<td>(-)33.62</td>
<td>(-)36.55</td>
<td>(-)1.21</td>
<td>2.75</td>
</tr>
<tr>
<td>Profit After Tax</td>
<td>43.30</td>
<td>10.81</td>
<td>(-)24.04</td>
<td>(-)33.63</td>
<td>(-)32.86</td>
<td>1.19</td>
<td>2.75</td>
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<tr>
<td>Foreign Exchange</td>
<td>-</td>
<td>107.36</td>
<td>107.77</td>
<td>105.87</td>
<td>79.00</td>
<td>100.77</td>
<td>113.57</td>
</tr>
</tbody>
</table>


The tourism scenario during 1998-99 has not been encouraging and conducive mainly due to general recession in the economy, drop in business and corporate traffic, economic shake-up of Far east countries making them economical for the foreign tourists, increase in operating costs, etc. The performance of hospitality industry was, therefore, adversely affected in private as well as public sector.

It is noted from Table 7.1 that the turnover during 1998-99 decreased by 5.1% to Rs. 297.10 crores compared to Rs. 313.20 crores in 1997-98, operating profit declined to 69.7% from Rs. 60.97 crores in 1997-98 to Rs. 18.48 crores and the net profit decreased by 75% from Rs. 43.30 crores in 1997-98 to Rs. 10.81 crores.
With the improvement in tourism scenario, the performance of ITDC improved during 2003-2004. The turnover of the Corporation increased to 290.65 crores during 2003-2004 from Rs. 238.40 crores in 2002-2003, representing an increase of 22.4%. The operating profit also increased from Rs. 2.79 crores in 2002-2003 to Rs. 7.52 crores during 2003-2004.

Disinvestments in ITDC:

ITDC was one of the first PSUs to be referred to the Disinvestment Commission. In its report submitted to the Government in February 1997, the Commission recommended that the prime properties be given to leading hotel chains through a competitive bidding process to run on a long term contract basis. The other hotels should be demerged and all its shares sold to interested parties on a competitive basis. The report said that the Governments had no role to play in the hotel business and it should get out, once the workers interest were taken care off.

In January, 2000, the Disinvestment Commission took the decision to hawk 31 of 33 ITDC hotels to the right buyers. Their appalling performance has lent a sense of urgency to the government decision to put them on the chopping block.

Disinvestment of ITDC hotels is still on and five hotel properties viz. (i) Hotel Jaipur Ashok, Jaipur (ii) Hotel Kalinga Ashok, Bhubaneswar, (iii) Hotel Patliputra Ashok, Patna, (iv) Hotel Jammu Ashok, Jammu and (v) Hotel Janpath, New Delhi are currently in the process of being disinvested. Action has also been initiated by the Ministry of Disinvestment for disinvestments of joint venture hotel properties of ITDC.
Test of Hypotheses:

The hypotheses of this study have been tested with the use of appropriate statistical tools such as mean, standard deviation, skewness and chi-square. The ‘t’ test has also been made use of. Finally, the findings of the study and summary of conclusions have been given. Based on these findings, suggestions and recommendations have been made for the human resource planning in globalizing Indian tourism industry to face the challenges of 21st century.

H01 Unplanned manpower development leads to poor productivity in tourism sector in India.

H02 Any expenditure exercise made in planning and development of tourism manpower increases the cost of manpower and adds less to profitability in tourism sector.

H03 Poor manpower planning leads to unencouraging profitability in tourism sector in India.

H04 In most of the tourism organizations human resource information system has not been fully developed and thus it is not possible to develop effective human resource plans.

Analysis and Interpretation:

It is evident from Table 7.2 that majority of the employees agree with the statements of regular assessment of the surplus and shortage of human resources of ITDC for present and future requirements. The mean value is slightly higher than the average standard score i.e. 3 at five point scale. The variation in the opinion is 1.1605, while skewness is -0.016. It
shows that opinion is distributed more towards higher side of the average score. The calculated value of the $\chi^2$ is significant at 1 percent level of significance. It indicates that opinion of the respondents is not equally distributed. Thus the above analysis leads to the conclusion that most of the respondents agree with the opinion that top management needs to impart knowledge and develop skills oriented to the nature and needs of the ITDC for present and future requirements.

As far as determination of levels of future recruitment and selection needs are concerned, the majority of the responses do not agree with the same. The mean value of the responses depicts that majority of the responses are lying towards lower side of the mean standard score at five point scale. The standard Deviation and skewness are noted 1.1955 and .475 respectively. Further $\chi^2$ value is significant at 1 percent level of significance. It shows that opinion of the respondents is not equally distributed. Thus, it can be concluded that they are not satisfied with the efforts to identify and utilize the potential of the employees.

Table further shows that majority of the respondents are uncertain about their opinion regarding determination of future training and management development needs. The mean value of the responses is slightly lower than the average standard score at five point scale. The standard deviation and skewness are noted 1.1197 and .082 respectively. It shows that majority of the responses are distributed more towards higher side of the mean score. The $\chi^2$ value is significant at 1 percent level of significance. Thus the opinion of the respondents is not equally distributed. It leads to the conclusion that majority of the respondents do not have the same opinion over the issue of present selection procedure adopted by ITDC.
### Table No. 7.2

**India Tourism Development Corporation**

**Management/Employees Attitude and Human Resource Planning**

<table>
<thead>
<tr>
<th>Name of Responses</th>
<th>Scaling</th>
<th>To assess regularly the surplus and shortage of human resources</th>
<th>Determination of levels of future recruitment and selection needs</th>
<th>Determination of future training and management development needs</th>
<th>Controlling of wage and salary costs</th>
<th>To ensure optimum utilization of human resources employed</th>
<th>To provide a basis for future management development programmes</th>
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<tr>
<td></td>
<td></td>
<td>Frequency</td>
<td>%age</td>
<td>Frequency</td>
<td>%age</td>
<td>Frequency</td>
<td>%age</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>5</td>
<td>12</td>
<td>9.6</td>
<td>9</td>
<td>7.2</td>
<td>7</td>
<td>5.6</td>
</tr>
<tr>
<td>Agree</td>
<td>4</td>
<td>36</td>
<td>28.8</td>
<td>18</td>
<td>14.4</td>
<td>29</td>
<td>23.2</td>
</tr>
<tr>
<td>Disagree</td>
<td>2</td>
<td>35</td>
<td>28.0</td>
<td>41</td>
<td>32.8</td>
<td>26</td>
<td>20.8</td>
</tr>
<tr>
<td>Strongly Disagree</td>
<td>1</td>
<td>12</td>
<td>9.6</td>
<td>28</td>
<td>22.4</td>
<td>19</td>
<td>15.2</td>
</tr>
<tr>
<td>Uncertain</td>
<td>3</td>
<td>30</td>
<td>24.0</td>
<td>29</td>
<td>23.2</td>
<td>44</td>
<td>35.2</td>
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<td>100</td>
<td>125</td>
<td>100</td>
<td>125</td>
<td>100</td>
</tr>
<tr>
<td>Mean</td>
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<td></td>
<td>2.8560</td>
<td></td>
<td>2.8320</td>
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<tr>
<td>S.D.</td>
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<td>1.0057</td>
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<td>Skewness</td>
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<td>-0.016</td>
<td></td>
<td>0.082</td>
<td></td>
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<tr>
<td>Standard Error of Skewness</td>
<td></td>
<td>0.217</td>
<td></td>
<td>0.217</td>
<td></td>
<td>0.217</td>
<td></td>
</tr>
<tr>
<td>$\chi^2$</td>
<td></td>
<td>23.360</td>
<td>&lt;0.01</td>
<td>44.320</td>
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<td>29.520</td>
<td>&lt;0.01</td>
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<tr>
<td>P</td>
<td></td>
<td>0.01</td>
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<td>&lt;0.01</td>
<td></td>
<td>&lt;0.01</td>
<td></td>
</tr>
</tbody>
</table>

Source: Data collected through questionnaire.  

Contd...
### Contd... Table 7.2

<table>
<thead>
<tr>
<th>Name of Responses</th>
<th>Scaling</th>
<th>To make efforts to meet the needs of expansion and diversification programmes</th>
<th>Full development of human resource information system</th>
<th>Status of growth of productivity</th>
<th>Unplanned manpower development leads to poor productivity</th>
<th>Poor manpower planning leads to unencouraging profitability</th>
<th>Any expenditure made in planning and development of manpower increases the cost of manpower and adds less to profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Frequency</td>
<td>%age</td>
<td>Frequency</td>
<td>%age</td>
<td>Frequency</td>
<td>%age</td>
<td>Frequency</td>
</tr>
<tr>
<td>Strongly agree</td>
<td>5</td>
<td>4.0</td>
<td>4</td>
<td>3.2</td>
<td>7</td>
<td>5.6</td>
<td>4</td>
</tr>
<tr>
<td>Agree</td>
<td>4</td>
<td>21</td>
<td>19</td>
<td>15.2</td>
<td>29</td>
<td>23.2</td>
<td>25</td>
</tr>
<tr>
<td>Disagree</td>
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<td>46</td>
<td>36.8</td>
<td>35</td>
<td>28.0</td>
<td>32</td>
</tr>
<tr>
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<td>36</td>
<td>28.8</td>
<td>20</td>
<td>16.0</td>
<td>12</td>
</tr>
<tr>
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<td>41</td>
<td>20</td>
<td>16.0</td>
<td>34</td>
<td>27.2</td>
<td>52</td>
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<td>125</td>
<td>100</td>
<td>125</td>
<td>100</td>
<td>125</td>
</tr>
<tr>
<td>Mean</td>
<td>2.6560</td>
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<td>2.7440</td>
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<td>2.8160</td>
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<td>1.0326</td>
<td></td>
<td>1.1315</td>
<td></td>
<td>1.1494</td>
<td></td>
<td>.9704</td>
</tr>
<tr>
<td>Skewness</td>
<td>.242</td>
<td></td>
<td>.633</td>
<td></td>
<td>.097</td>
<td></td>
<td>-.052</td>
</tr>
<tr>
<td>Standard Error of Skewness</td>
<td>.217</td>
<td></td>
<td>.217</td>
<td></td>
<td>.217</td>
<td></td>
<td>.217</td>
</tr>
<tr>
<td>$\chi^2$</td>
<td>41.680</td>
<td></td>
<td>42.560</td>
<td></td>
<td>21.840</td>
<td></td>
<td>55.520</td>
</tr>
<tr>
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<td>&lt;0.01</td>
<td></td>
<td>&lt;0.01</td>
<td></td>
<td>&lt;0.01</td>
</tr>
</tbody>
</table>

Source: Data collected through questionnaire.
It is notable that majority of the respondents, are uncertain over the issue of controlling of wage and salary costs. The value of the mean score is less than the average standard score, which shows that opinions of the respondents is distributed more towards lower side. The standard deviation and skewness are 1.0057 and .053 respectively. The calculated value of $\chi^2$ is higher than the table value and thus it rejects $H_0$ at 1 percent level of significance. It leads to the conclusion that majority respondents are not satisfied over the issue to enrich the individual intellectually as well as materially to enable him/her lead happier life by developing his/her capacity to learn and earn.

Table 7.2 exhibits that majority respondents are uncertain over the issue of optimum utilization of human resource employed through HRP keeping in view the requirements in ITDC. The mean score of the respondents is slightly more than the average standard score. The variation in the opinion and skewness are noted 1.1811 and .014 respectively. The $\chi^2$ value is significant at 1 percent level of significance. It leads to the conclusion that opinion of the respondents is not equally distributed over this issue. Further, it may be concluded that majority of the respondents do not agree with the provisions related to properly planned, developed and monitored the HRP system considering the ITDC requirements.

Further, it is noted from Table 7.2 that majority of the respondents are uncertain regarding provision of a basis for future management development programmes. The mean score is slightly less than the average standard score at five point scale. The calculated value of $\chi^2$ is significant at one percent level of significance. This shows that responses of the
employees are not equally distributed over the issue of recognition of the
importance of different type of financial benefits in ITDC. It is distributed
more towards lower side of the average standard score, which supports the
opinion that they are not satisfied with the recognition of these benefits.

Employees attitude to make efforts to meet the needs of expansion
and diversification programmes has been analysed on the basis of the
opinion of the respondents. It is observed that their opinion is distributed
more towards lower side i.e. uncertain to disagree. The mean value is noted
lower than the average standard score, while variation in the opinion and
skewness is noted 1.0326 and .242 respectively. This supports the above
analysis. Further $\chi^2$ test is significant at one percent level of significance. It
reveals that opinion of the respondents are not equally distributed. Thus
above analysis, leads to the conclusion that ITDC is lacking in lying
emphasis on the development of managerial capabilities.

Table 7.2 depicts that majority of the respondents either disagree or
strongly agree with the provision of full development of human resource
information system in ITDC. The mean value, standard deviation and
skewness indicate that their opinion is distributed towards lower side on the
issue. The calculated value of $\chi^2$ shows the significant results at 1 percent
level of significance. The conclusion can be drawn that majority of the
respondents disagree with the update of the knowledge and skills of
management through career counselling and short duration programmes in
ITDC.
As far as respondent attitude towards slow growth of productivity in ITDC is concerned they do agree with the statement. The mean value, standard deviation and skewness support the above opinion. The significant value of $\chi^2$ depicts that there is significant variation in the opinion of respondents over the issue. The above analysis leads to the conclusion that their opinions are distributed towards lower side. It further concludes that employees do agree with the slow growth of productivity of ITDC.

The table 7.2 reveals that majority of the responses are distributed more towards lower side over the issue of unplanned manpower development which leads to poor productivity. The mean value support the above opinion. The variation in the opinion and skewness are observed .9704 and -.052 respectively. The calculated value of $\chi^2$ shows significant results at one percent level of significance. It is concluded that Appraisal Factors are still to be added more.

The majority of the respondents do not agree with the poor manpower planning which leads to unencouraging profitability in ITDC. The mean value is found lower side of the average standard score i.e. 3 at 5 point scale. This shows that their opinion is distributed more towards uncertain to disagree side. The standard deviation and skewness also supports the above opinion. While calculating the $\chi^2$ value, it is significant at one percent level of significance. It shows that opinion of the respondents is not equally distributed. Thus, it can be concluded that any expenditure made in planning and development of manpower increases the cost of
manpower and adds less to profitability concerned, the majority of the employees are not satisfied.

Thus, the above analysis leads to overall conclusion that majority of the respondents are not satisfied with the various statements given for ITDC.

In order to make case studies of Air Sahara and Jet Airways, the questionnaire is designed to find out the opinions of the employees (now below the rank of Asstt. Managers and Supervisory level) regarding the Human Resource Planning in tourism sector in India. The questionnaire consists of 28 statements which are related to forecasting future requirements for human resources, determination of future recruitment and selection needs, linking human resource planning with organisational planning, providing a basis for future management development programmes, ensuring optimum utilization of human resources presently employed, assessing the surplus and shortage of human resources, control of wage and salary costs, facilitating productivity bargaining and so on. For primary survey, a sample of 100 employees have been selected for the study to find out their opinions related to Human Resource Planning. The purpose of the present questionnaire is to serve the objective of human resource planning which is to maintain and improve the organisation’s ability to achieve its goal by developing strategies that will result in optimum contribution of human resources and thereby help to improve productivity at dynamic levels of adequacy.
Table No. 7.3

AIR SAHARA

Chi-square Value

<table>
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<tr>
<th>Agreed statements (A)</th>
<th>Disagreed statements (B)</th>
<th>No response statements</th>
<th>Total (A+B)</th>
<th>( \chi^2 ) value = ( \frac{(O-E)^2}{E} )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Observed Freq. (O)</td>
<td>Expected Freq. (E)</td>
<td>Observed Freq. (O)</td>
<td>Expected Freq. (E)</td>
<td>( \chi^2 ) value = ( \frac{(O-E)^2}{E} )</td>
</tr>
<tr>
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<tr>
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\[ \chi^2 = \sum \frac{(O-E)^2}{E} \]

Total of \((A_1+B_1)\) \( \chi^2 \) = 373.529

Source: Data collected through questionnaire.

Note: No response statements have been excluded while calculating \( \chi^2 \) value.
\[ V = (r-1) \times (c-1) \]
\[ = (28-1) \times (2-1) \]
\[ = 27 \]

Expected frequency = \( \frac{T_1 \times C_1}{T_3} \)

where \( r \) refers to rows and \( c \) refers to columns.

\[ \chi^2 \text{ (calculated value)} = 373.53 \]

\[ \chi^2_{0.05,27} = 40.113 \text{ (table value)} \]

The calculated value of \( \chi^2 \) is much greater than the table value, hence the hypothesis \( H_0 \) (null hypothesis) is rejected and \( H_1 \) (alternative hypothesis) is accepted.

Thus, the result of experiment does not support the hypothesis. Therefore the researcher concludes that factors framed affect the overall improvement of the functioning of Air Sahara.

**Table No. 7.4**

**JET AIRWAYS**

**Chi-square Value**

<table>
<thead>
<tr>
<th>Agreed statements (A)</th>
<th>Disagreed statements (B)</th>
<th>No response statements</th>
<th>Total (A+B) = C_1</th>
<th>( \chi^2 \text{ value} = \frac{(O-E)^2}{E} )</th>
<th>( \chi^2 \text{ value} = \frac{(O-E)^2}{E} )</th>
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<td>Observed Freq. (O)</td>
<td>Expctd. Freq.(E)</td>
<td>Observed Freq. (O)</td>
<td>Expctd. Freq.(E)</td>
<td>( \sum E ) ( \frac{(O-E)^2}{E} ) ( A_1 )</td>
<td>( \sum E ) ( \frac{(O-E)^2}{E} ) ( B_1 )</td>
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Table 7.4 Contd...
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<td>Total of (A1+B1) χ² = 380.804</td>
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</table>

Source: Data collected through questionnaire.

Note: No response statements have been excluded while calculating χ² value.

\[ V = (r-1) \times (c-1) \]

Column = 2, rows = 28

\[ = (2-1) \times (28-1) \]

\[ = 27 \times 1 = 27 \]
Expected frequency = \( \frac{(T_2 \times C_1)}{T_3} \)

where \( r \) refers to rows and \( c \) refers to columns.

\[ \chi^2 \text{ (calculated value)} = 380.85 \]

\[ \chi^2_{0.05, 27} = 40.113 \text{ (table value)} \]

Since the calculated value of \( \chi^2 \) is much more than the table value, hence the hypothesis \( H_0 \) (null hypothesis) is rejected and \( H_1 \) (alternative hypothesis) is accepted.

Thus, the result of experiment does not support the hypothesis. Hence, the researcher concludes that factors framed affect the overall improvement of the functioning of Jet Airways.

Keeping in view the objectives of the study, respondents' opinion regarding the Human Resource Planning in Air Sahara and Jet Airways have been presented and analysed in Tables 7.3 & 7.4. It is evident that majority of the employees agree with the statements of questionnaire that human resource planning is to be considered as an extremely important factor for productivity. The majority (80% in case of Air Sahara & 90% in case of Jet Airways) of the respondents agree with the same. It shows that opinion of the respondents is not equally distributed. It can be concluded that they feel that the top management do not belief that human resource planning is must for every dynamic tourism organization. Tables also show that a few respondents are uncertain about their opinions regarding various statements of questionnaire.

Most of the employees feel that there is need to re-structure their organizations, plan, train and develop the human resources according to its
pre-determined objectives. They feel that their potentialities are not identified and fully utilized for enhancing productivity of both the organizations. While HRP has been helping Air Sahara and Jet Airways, the overall performance as regards higher productivity has not been so encouraging. The main reason is conflict between employees and the top management in the organization which leads to strike and unrest among the employees. Further, organisational culture created within the organizations are not conducive for sustainable development.

In the context of domestic business tourism, India largely, depends upon Indian Airlines. But the quality of services of Indian Airlines are not quite satisfactory. Hence, the people has started moving towards the private domestic carriers.

From time to time, there have been rumours of a cash strain, but no real data has ever emerged either on the group or any of its companies. Now, for the first time, documents available with TOI suggest that Air Sahara, the group's high-profile airline, is facing a degree of financial strife.

The airline has an accumulated loss of Rs. 100 crore and is likely to end the year with a loss of Rs. 118 crore in its books. Air Sahara is expected to report a net loss of Rs. 17 crore for the current financial year, as against a profit of Rs. 32 crore last year.

These figures were extracted from a report that Ernst and Young had recently prepared for Air Sahara to help it raise capital either through a strategic investor or a private equity firm. Despite this, E&Y has valued Sahara at somewhere between $750 million $1 billion. It's expecting a
strategic investor to bring in at least $100 million translating into a maximum 14% stake if one were to go by the $1 billion valuation.

With a strategic investor on board, Air Sahara hopes to raise Rs. 2,703 crore of debt. This will enable the airline to expand its fleet by another 15 Boeing 737-800 aircraft and also hire expensive pilots.

It may be concluded that accumulated losses have hit Rs. 100 cr and likely to jump to Rs. 118 cr. By year-end. Losses to touch Rs. 17 cr for the current year from a Rs. 32 or profit in the last year. CEO blames lack of pilots for poor utilization of fleet. Hopes for better show later this year. Looking for a strategic investor to infuse $100 million for a marginal stake.\(^8\)

According to the agreement, both the airlines had agreed to conclude the $500-million (Rs. 2,300 crore) deal by March 24. but as certain clearances are still awaited from the government, the final transaction has not been completed and the airlines are contemplating extending the final date for concluding deal.

To conclude data in a meaningful manner and to find out the perceptions and opinions Chi-square \((\chi^2)\) test is used in the tables 7.3 & 7.4. There are 28 parameters in these table which measures these opinions effectively. Statistically there is no difference between the expected and the observed frequencies. According to the results of chi-square, it is observed that the calculated \(\chi^2\) values for these 28 variables are greater than the table value (Table value of Chi-square for 2, \(\chi^2_{0.05} = 40.113\) and are significant at 0.05 percent level of significance. Thus the hypothesis Ho is rejected and

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\(^8\) Hardasmalani, Datta Rumi and Sinha Prabhakar, “The truth’s out: Air Sahara is bleeding”, *The Times of India*, New Delhi, October 24, 2005, p. 1.
$H_1$ (alternative hypothesis) is accepted. Hence there is a significant difference among respondents over the opinion about HRP in Tourism sector in India. Therefore, the researcher concludes that the factors framed affect the overall improvement of the functioning of Air Sahara and Jet Airways.

The next chapter highlights Summary of Findings, Conclusions, and make pragmatic and practical Suggestions and Recommendations.