ABSTRACT
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The development of air transport is an essential factor in the progress of the national life of a country. Air transport has become almost indispensable part of the modern system of transport. The economic foundation of the countries, whether advanced or developing, can be strengthened by the modernisation of its air transport which plays an important role both in domestic and international communications. India, industrially a young but fast coming up country in comparison to advanced countries of the world, cannot afford to lag behind in the race of aviation and allow its air transport to be neglected. The most important advantage of civil aviation in India is that geographically India enjoyed a unique position in the world and most international lines between the East and the West have to go across India. India also occupies exceptional advantages in certain respects for the purpose of developing civil aviation. The vast country as India is, where major industrial and commercial centres are unevenly distributed and transport services must contend with a variety of terrain and climatic conditions, air transport has an increasingly important role to play. India is ideally suited for the development of air transport.

It offers savings in time that cannot be matched by other mode of transport over long distances. Air transport helps optimise technological, managerial and administration skill in a resource short economy as India is. More
significantly, air transport has always been regarded as a second line of defence. During war time all the resources of the air transport industry can always be mobilised for the defence of the nation. Hence all countries need to have excellent air transport which can serve their commerce and industry during peace time and may simultaneously make its presence felt for immediate conversion to defence purposes during war time and in other national emergencies. All these functions, combined together, make it desirable, as far as possible, to provide a certain amount of flexibility and cushion in the air transport system, to arrest bottlenecks and the resultant chain reactions in the economy and other areas of national life. A well established and excellent transport administration can bring wonders and contribute to national prosperity in international cooperation. It can also play its role in national integration and as aviation annihilates geography its effect on socio-cultural patterns of life of the community is obvious and far reaching. From the social and cultural point of view civil aviation paves the way for the interaction of knowledges, customs and culture between the people of the world having different sect, sex, religion, beliefs and cultures. It enables the people to form a view of his present world and a global concept of his historic past. The economic advantages of civil aviation by way of earning foreign exchange are universally accepted. Civil aviation is vital source for maximising scarce foreign exchange earnings for not only the developing countries but of many developed countries of the world as well. It is
with these characteristic features of air transport that a study on the performance of air transport in India has been undertaken in this study.

OBJECTIVES OF THE STUDY:

The main objectives of the study are as under:

i. To see whether the present system of organisation and working is as effective as it should be and to recommend as to what practical steps are needed for its improved practibility.

ii. To evaluate the contribution of Indian Airlines and Air India Corporations towards national economy as well as to tourism development in India.

iii. To probe into the personnel problems of recruitment, promotion, training and work-culture in the two corporations.

iv. To examine the growth pattern of civil aviation during the Plan periods.

v. To study and analyse the working of the two Air Corporations from a comparative angle, and

vi. To study and probe into the weak areas of the two Corporations and suggest remedial measures.
HYPOTHESIS:
The present study intends to test the following hypothesis:

i. That after the nationalisation of air-transport in India, no sincere effort has been made to restructure the organisational system of the two Corporations on commercial line.

ii. That the two Air Corporations of India are not independent as it appear to be to the casual observer. They are not free in their routine operations and even for routine matters they have to take clearance from the Ministry of Civil Aviation and Tourism, which adversely affects the performance of the Corporations.

iii. That the Civil aviation Corporations have been so structured which mainly suit the bureaucratic ethos and because of the political interference the Civil aviation in India has to pay a very heavy price in terms of inefficiency, waste and poor image of its professional performance in the world.

iv. That even the two Air Corporations provide fair deal to their staff but the employees of the Corporations tend to have higher expectations, hence there are labour problem and low productivity of personnel and finally,

v. that the performance of Indian Airlines is frustrating in comparison to Air India, mainly because of the mismanagement, political interference, confusion of goal, lack of clarity of direction and unfriendly labour management relations.
METHODOLOGY ADOPTED:

The present study has exploited both the primary as well as secondary sources of information and has taken the help of published as well as unpublished data available from authentic sources. A number of methods have been adopted for the purpose of data collection such as collection of the secondary data with the help of journals, periodicals, relevant documents, annual reports, auditor's reports, newspapers, research papers etc. on Indian Airlines and Air India corporations. The principal sources of information in the present study is the Magic Carpet, Annual reports, Auditors' reports, Travel review, Government reports and publications, Kothari's Industrial Directory of India, Five Year Plan, Annual Plan, Business World, Business Today, the Journal of Institute of Public Enterprise, Corporate Plan upto 2010, the Europia World Year Book, Avion, Indian Aviation, Image, Vimanika, Economic Survey, Monthly Commentary, India Today, Indian Express, The Times of India, Hindustan Times, The Financial Express and the Economic Times etc. Apart from these, numerous executives and Personal Relations Officers and other officers in the Indian Airlines Corporation and Air India Corporation have been approached and interviewed for collecting information and their feelings and opinions as a primary source which may be of help in arriving at conclusions and final findings on the revamping of structure and growth and development in Indian Airlines and Air India Corporations.
LIMITATIONS OF THE STUDY:

i. Though sincere and honest efforts have been made limitations are unavoidable, and the fact that the present work is principally based upon secondary sources and partly on primary sources of statistics, reduces the degree of reliability as is normally associated to such studies. However, endeavour has been made to secure the maximum possible accurate data and information from the reliable sources.

ii. The present study would have been much coherent by including in its purview some foreign airlines for comparative purposes on capacity utilisation, load factors, fares and freights policies and labour relations etc. But, shortage of time and difficulty in obtaining statistics from other corporations were the main hurdles.

iii. It would have been further better if a comparative study of other modes of transport with Air Transport was attempted in this study.

PRESENTATION OF THE STUDY:

In order to carry out the present work, "A Comparative Financial Study of Air India Corporation and Indian Airlines Corporation", the whole study has been divided into five chapters.

In the first chapter an attempt has been made to screen the role of air transport in the socio-economic development
of a nation. The chapter has been devoted to examine the contribution of civil aviation to national economy and tourism development in India. Furthermore, the significance of air transport from the communicational, commercial and technological angle in the developmental strategies of a nation in today's changed world order has also been attempted in the chapter.

The focus of the second chapter is on conceptual framework of the study. The chapter discusses the objectives, hypothesis, research methodology and limitations of the study. The chapter also throws light on the existing literature on the civil aviation in India and critically analyses and notes some very important and interesting studies and their findings.

In the third chapter an attempt has been made to critically examine the growth of civil aviation during Plan periods. The chapter has tried to come out with solid recommendations spelling out the ways and means to overcome the difficulties in the way of its structural growth.

The fourth chapter is exclusively devoted to make a comparative study of the performance of Air India and Indian Airlines Corporations, and

The fifth and final chapter which is the concluding chapter gives a resume of the findings and conclusions of this thesis. This chapter also gives recommendations for the solutions of the problems which the two Air corporations are confronted with.
Air India was born as a Public Limited Company on 29th July, 1946 by taking over Tata Airlines. Air India International Limited, a new company came into existence in 1948 when the government approved the scheme for operation of air services between India and U.K. And finally the government decided upon complete nationalisation and in March, 1953, the Air Corporations Act was passed and Air India was thus established as a statutory corporation on 15th June, 1953 and took over the operations of Air India International Limited from 1st August, 1953. Being the service organisation the basic motto of the corporation is to provide safe, efficient, adequate, economical and properly coordinated international air services and to develop such services to the best advantages for transportation of passengers, cargo, and mail etc. The financial year 1989-90 has been a record breaking year for the Air India Corporation. The operating profit and net profit for the year 1989-90 was the highest ever achieved in the 37 years history of the corporation. The operating profit has recorded a figure of Rs. 127.02 crore and the net profit a figure of Rs. 70.89 crore. But as against growth rate of 4 percent per annum, in the Seventh Plan, the growth rate in terms of traffic has been around 3 percent per annum. In the last year of Sixth Plan, Air India was operating at a loss. This position got changed in the course of Seventh Plan.

In spite of its reasonable financial performance, the Corporation suffers from several problems and there is
potential for improvement. Its share of international traffic from and to India has gradually got down from 42 percent in 1981 to 35 percent during the Seventh Plan. The overall load factor is low, compared to other similar sized carriers of the world.

On the other hand Indian Airlines came into existence with the enactment of Air Corporations Act 1953 with an initial capital of Rs. 3.25 crores and has been assigned the responsibility of operations within the country as well as to the neighbouring countries. The revenue of Indian Airlines was Rs. 6.93 crores in the first full year of its operation which went up to Rs. 11.69 crores in 1990-91. As for its profit, till 1973-74 the airline passed through the experiences of profits as well as losses. There have been continuous profits from 1974-75 except for 1979-80, with the profitability gradually going up till the year 1988-89. Indian Airlines is in red since 1989-90. These losses are mainly attributable to suspension of A-320 services effective February 1990. The installment wise reinduction of A-320 fleet during 1991-92, delay in fare increase, revision of exchange rate and unfriendly industrial relations has led to heavy losses during 1991-92.

One apparently important thing is that during forty years of their operation, Air India and Indian Airlines have seen manifold upshift in their traffic as well as capacity and a long term view gives a picture of broadly steady and satisfying growth. There seem to be some unusual variation in terms of both positive and negative traffic growth rates.
during some individual years but the overall market shown inherent resilience, giving rise to compensatory upsurges in traffic at various points of time. The recent philosophy of open sky policy and the emerging market conditions are expected to provide sustained strength to air traffic growth in the country.

The changing scenario of eco-political environment are expected to be rapid and far-reaching and hence Air India and Indian Airlines would have to be organisationally adaptive to remain in the business. No doubt, some of the impending changes may be difficult to foresee, nevertheless, the organisation and management should gear itself up for future challenges. In the same way managerial effectiveness would have to be enhanced to tackle the complexity, hugeness and diversity and technological and managerial skills in the organisation. Adequate changes in managerial cadre structure, compensation policies, thrust towards managerial and technical professionalism, training by objectives programmes are some of the areas which need to be emphasised for development of its managerial quality. The recent trends towards liberalisation of civil aviation sector, with an open sky policy, demands new attention on the marketing function. The entire ambit of activities from product planning to sales and promotions would need to be properly guided in accordance to market demand. Structurally and strategically the marketing function has to be strengthened together with the ignition of quality and verve so that timely responses to competitive market forces elicit desired advantages. Moreover, service-conscious customers may put
more pressure on the unit responsible for overseeing the functioning at customer-airline interface, more so the aerodromes, would have to be more quick to customers' requirement, and should be able to coordinate various activities within the organisation and outside. A central coordinating machinery at the major airports would be necessary for streamlined operation of services. Similarly because of the proven virtues of delegation of power accompanied with accountability, a wider distribution of delegated authority for decision making will be necessary, especially due to major expansions in the organisation. Decentralization in terms of authority accompanied by accountability will need to be spread at various levels in the organisation to achieve better results in line oriented decision making activities.

It has been revealed that the airline industry has undergone massive technological revolutions. The advances were accompanied by lowering the cost of flying. As we see the future of the aircraft industry will be determined more by social and economic factor than any technological revolution in aircraft design or conceptions in the coming decades. More significantly, technological changes may also adversely affect air industry, but the growth potential will compensate the adverse effects. Video telephones for individual communications, advanced tele-copying machines for document transmission and video conference phone calls may be valid substitute to air transport. As a consequence, twenty percent of the business clientele may be shifted,
but the growth of industrial and commercial activity generated by multiplication of communications will bring about more travel than what is shifted. It will also lead to democratisation of air transport as it will be expected to be more functional, efficient and fast.

In short, it is imperative for Air India and Indian Airlines to see the writing on the walls and analyse and understand the difficult environment that is emerging in the twenty first century. The threats are too many and the result of inaction is clear. Air corporations must also become extremely strategic in the management of HRD. They hold key to face the emerging challenges now than at any other time in the past. Obviously, the actions required are bold and drastic. But so are the times and so are the likely outcome. To start with, there must emerge a closer linkage between corporate strategy and planning and human resource strategy and development with this strong linkage, "doing more better" would be the psyche and the net results may be the expected or even more.

As a part of gearing up to the strategic environment, organisation structures of both the Air Corporations need a hard look. The spans of control for senior staff would have to go up and the abilities of these staffs must be enhanced to cope with a range of problems with simultaneous attention. The twenty first century will put pressure on technological advancement and innovation. Quality must not remain a concept but must be translated into reality. Technological adaption in quick response will be
indispensable. The work-culture and atmosphere must encourage the innovation, not stifle it. The training and development efforts must be made strategic with linkages to the Corporate Plan. The elitist bias, transactional approach and undue reliance on formal training must be viewed as lacunae in our present system. More emphasis must be given for on the job training. Direct responsibility for training and development must climb up from bottom to even to the office of the chief executive.

As is evident, compensation system is under pressure. Uniformity and standardisation will be drags on the efforts to create a motivating, innovative and responsive environment. Hence, organisational process such as communications and rules must be reoriented. Informal communication must be exploited for initiating action than overly relying on formal communication. The threshold for tolerance of mistakes in such actions must be higher in place of the present tolerance of inefficiency and inaction. Furthermore, Air India and Indian Airlines need to scale up their networks of operation with the outside world in the need for coping with competitiveness and external changes.

And finally, staff entrusted with the responsibility for employees relations must look at their role not as fire fighters but as strategic planners. Business sense must prevail over imaginary or unjustified prerogatives and principles. They must be more conciliatory in approach. They must anticipate and foresee issues and develop contingency plans and actions that may give a new sense of direction to both the Air Corporations in the years ahead.