

Indian Airlines makes changes with confidence

With an end in sight to its capacity shortage and a stronger emphasis on customer relations, carrier looks forward to a bright future. *By Anthony Vandyk.*

Delhi—In India numbers are big—the population is estimated at 800 million and every day Indian Railways transports 11 million passengers. So by comparison the 30,000 passengers carried daily by Indian Airlines seems insignificant until it is realized that this is more than the quantity of domestic passengers transported each day by any IATA airline other than five in the U.S. and two in Japan. In its financial year ended March 31, 1988, it topped the 10 million passenger mark for the first time and the 10.44 million total is expected to be doubled by 1996 and quadrupled by the turn of the century.

Shortage of aircraft restricted the growth of traffic from the previous 12-month period to 5.7% in terms of passengers and 7.8% in terms of RPKs. In commenting on last year's results Indian Airlines notes that "this acute shortage of equipment occurred when demand was constantly chasing capacity with the result that the airline had to live with a great degree of passenger dissatisfaction." In fact since it came into being in 1953 (through the government-enforced merger of eight airlines) the nationalized carrier has been the target of criticism from the traveling public who are unaware of the enormous difficulties with

which Indian Airlines has had to contend. For years punsters said IAC (Indian Airlines Corporation) meant inefficient, arrogant, confused. Travel agents and tour operators abroad became hesitant to recommend Indian after their customers recounted their frustrations in traveling by air within the country. There were hair-raising stories of flight cancellations and delays, over-crowded ticket offices, discourteous and ill-informed staff and apparent total management disinterest.

Passenger service emphasis

It would be incorrect to report that in recent years everything has changed for the better but observers of the Indian air transport scene note that a real effort is now being made to improve the lot of the passenger.

Spacious air-conditioned ticket offices have been opened at many locations, pressure has been successfully applied to airport authorities to improve and enlarge check-in and waiting areas and all passenger contact staff have been given courses in human relations with particular emphasis on the importance of providing factual information about delays. (Indian Airlines is still only about 75%, although technical

dispatch reliability is 98%.)

Once in the air the passenger has little cause for complaint. Meals are prepared by top hotels and restaurants and the name of the supplier is on each tray. Identical meals are served in executive and economy class. Executive class, available on Airbus A300 flights, costs 20% more than economy class. Passengers in executive class use dedicated check-in counters and have first-class type seating on the aircraft. Demand for executive class is high and there is rarely an empty seat. In the 1987-98 year Indian Airlines' seat factor averaged 76.9% and the load factor 72.9% against 73.7% and 69.1% respectively in the previous 12-month period.

Indian Airlines is profitable although some 65% of the 152 routes operated are uneconomical on the basis of total costs. For 1987-88 the airline reported a net profit equivalent to \$23 million after provision of \$35 million for tax. The operating profit was \$81 million with operating revenue of \$700 million and operating expenses of \$619 million. Fuel and oil accounted for 43.8% of the operating expenses. As of March 31, 1988, Indian Airlines had a staff of 20,758 (against 21,026 a year earlier) including 500 deck pilots and flight engineers and 7,600 personnel engaged in maintenance and overhaul work.

As a heritage from its past Indian Airlines has four technical bases: Delhi for the Boeing 737 fleet (and for the Airbus A320s that begin to arrive next year); Bombay for the Airbus A300s; Hyderabad for the British Aerospace 748s; and Calcutta for the Fokker F27s and all APUs. Rolls-Royce Darts are overhauled in Delhi while the General Electric CF6 and Pratt & Whitney JT8D overhaul is performed by Air-India in Bombay with some of the latter going to Sabena's facility in Brussels.

In a few weeks Indian Airlines will inaugurate its own jet engine overhaul plant at Delhi international airport built by General Electric at a cost of \$11 million. Intended primarily to handle the International Aero Engines V2500 powerplant of the A320 it will also take care of the JT8D-17As currently being overhauled by Sabena. The

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18-acre Delhi facility has a covered area of 101,000 sq. ft. with a test cell capable of handling engines of up to 100,000 lbs. thrust.

For the A320 airframe and components a completely new facility with three hangars and workshops is being established at Delhi international airport. It should be completed by the time the first A320 needs major checks. Prior to then the aircraft will use the 737 hangars and shops.

The advent of the A320 is eagerly awaited. Technical personnel started training in Toulouse this summer and the first batch of pilots will go to France next April, a month ahead of the delivery date of the first aircraft. Indian Airlines has ordered 19 A320s for delivery in 1989 and 1990 and is exercising its option for 12 more. Financing for the 31-aircraft A320 fleet was being finalized at ATW's presstime. "We have to choose between so many offers," a senior Indian Airlines executive said.

Solutions to capacity shortage

After Indian Airlines switched its choice from the Boeing 757 to the A320, Airbus Industrie agreed to help the carrier lease additional A300s and to provide it with additional capacity pending delivery of the A320s (later than Boeing offered for the 757). This has proven more difficult than anticipated and as of last summer only one A300 (an ex-Lufthansa aircraft) and two Boeing 737s, belonging to Holland's Transavia, had been found. At least five more aircraft are needed to alleviate the capacity shortage. (At presstime, negotiations were being finalized with GPA for four 737s.) At the moment there are no reserve aircraft and the present fleet of aircraft, particularly the 27 737s, is being, in the words of a senior Indian Airlines executive, "over-utilized—we are flogging the 737s to over 3,000 hours annual utilization against an ideal 2,700 hours." The highest-time 737 had logged some 42,000 hours and 47,000 cycles as of mid-August.

The ten A300s (eight B2s and two B4s) mainly operate the trunk routes between India's major cities. In the year 1987-88 the A300 fleet had an average utilization per aircraft of 2,872 hours. Utilization of the turboprop-powered aircraft fleet is much lower than that of the jets, mainly because the airports used do not have adequate facilities for night flying. The six British Aerospace 748s (still called Avros by airline staff and passengers alike), license-built in India by Hindustan Aeronautics, had an average annual utilization of 2,246 hours each in 1987-88; their seating was recently reduced from 48 to 44 to provide improved passenger comfort. The two F27s in the Indian Airlines fleet each had a utilization of 1,573 hours.

By 1990 Indian Airlines will have no more turboprop aircraft in service and in the following year plans to start phasing out some of its 737s. Indian airport author-



Carrier has 19 A320s on order with options on 12. The fleet is now comprised of ten Airbus A300s (above), 27 Boeing 737s, six BAe 748s and two Fokker F27s.

ities have been told of the carrier's plans with the intention that airports not currently suitable for jet transports can be improved to take 737s and A320s. In the next decade Indian Airlines says it will need a smaller jet, taking about 100 passengers. The airline is hoping that a new-technology aircraft, providing some of the technological advances found in the A320, will come on the market by the time the decision has to be made.

Also affecting the aircraft renewal program is Indian Airlines' avowed intention to expand its international operations. Under the government's policy in 1953 when the two carriers were established as nationalized entities, Air-India (ATW, 2/88) was to be the Indian flag carrier for long-haul routes with Indian Airlines flying to neighboring countries. However, fairly recently Indian Airlines started service to Bangkok and Singapore, points long served by Air-India but from different Indian cities. Air-India and Indian Airlines also both serve Dhaka, Bangladesh, but again from different points in India.

Latest news is that the government has designated Indian Airlines to supplement Air-India's capacity on routes to the Far

East, the Gulf and southern Russia. Points named are Dubai, Hong Kong, Kuala Lumpur, Kuwait, Manila, Sharjah and Tashkent. It is emphasized that Indian Airlines will not be competing directly with Air-India. Nevertheless such an increase in international operations may call for a rethinking of the airlines fleet renewal plans.

The relationship between Indian Airlines and Air-India is good. The chairman, managing directors and one other senior executive of each airline sits on the other's board of directors. Air-India overhauls Indian Airlines jet engines. Indian Airlines provides technical support for Air-India's three A300s and helps train their flight deck crews.

Several foreign airlines as well as Air-India are customers of Indian Airlines' Central Training Establishment (CTE) located in a garden setting at Hyderabad which includes a simulator center, an engineering training school, a commercial training college and, recently, management school. A main activity is the training of flight deck personnel and cabin attendants. Crews from Air Lanka, Air Malawi, Air Tanzania, Arian Afghan Airlines,

Indian Airlines has four technical bases. It will soon open its own jet engine overhaul plant at Delhi international airport.

Pais



Indian Airlines continued

Bangladesh Biman, British Airways, Royal Nepal Airlines, Yemen Airways and Zambia Airways are among the CTE's customer airlines. There are two 737s, one A300 and one (probably the only one in the world) British Aerospace 748 simulators. An A320 simulator will be supplied by CAE in 1989. Some 2,000 flight deck personnel and flight operations officers have been trained at the CTE in the last nine years.

Among the Indian personnel trained at the CTE are staff from Vayudoot, India's third-level airline established in 1981 and owned half by Indian Airlines and half by Air-India (ATW, 2/88). Gerry Pais, managing director of Indian Airlines, is chairman of the Vayudoot board of directors while Harsh Vardhan, managing director of Vayudoot, sits on the Indian Airlines board.

Pais is a respected member of the world airline community and in 1987 was elected a member of IATA's nominating committee. He has been in the Indian air transport industry since 1947 and with Indian Airlines since its creation. An aircraft engineer, he obtained special recognition for masterminding the successful introduction of the 748, the first commercial transport built in India. He became a regional director of Indian Airlines in 1985 and two years later was promoted managing director.

Much of the credit for Indian Airlines'

increased attention to passenger relations is credited to Pais. He acquired first-hand knowledge of the Indian air traveling public's problems when he had his regional director's office in the overcrowded terminal building at Bombay airport, India's busiest. His home phone number, like that of other Indian Airlines executives, is listed in the Delhi directory, and he regards it as part of his job as CEO to respond to occasional calls from travelers.

Customers come first

Indian Airlines' increased awareness of the needs of the traveling public was also reflected in a recent statement by Chairman Rahul Bajaj. He said that customers come first in the airline's priorities with employees in second place and the owner—the government—in third position. The reference to the government was a brave one since one of the biggest problems of the Indian air transport industry—and one that members of its management refrain from mentioning—is ever-increasing interference from government ministers and civil servants. With the Indian seat of government and parliament, known for its searching questions on all aspects of Indian civil aviation, located—like Indian Airlines' head office—in Delhi, both Rahul and Pais are very aware of the political climate in which the airline has to exist.

Nevertheless there are advantages in

being near to the seats of government and parliament. Indian Airlines may take some credit for legislation that has been introduced to reduce bird strikes through the banning of slaughterhouses and the dumping of refuse near airports in India. There were 128 bird strikes in 1987 against 150 in the previous year.

In India tourism and civil aviation come under the same ministry so Indian Airlines receives particular encouragement to help in the development of the nation's foreign-currency earning tourism industry. Special promotional fares for foreign tourists and the recent arrangement to keep a certain number of seats on popular routes for passengers who buy their tickets with foreign currency have produced good results in foreign exchange earnings (\$157 million in 1987-88).

As in many countries there are rumors that the Indian air transport industry is to be privatized but there have been no governmental statements about this and seasoned observers doubt that even partial privatization is envisaged. More likely is the strengthening of cooperation between the three members of the industry—Indian Airlines, Air-India and Vayudoot—with the development of more common services. Meanwhile Indian Airlines, with a profitable operation and the end to its shortage of capacity in sight, looks forward to the future with confidence. ✎

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