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The agreement for financial arrangement for our fifth Boeing 747 which is due to arrive in Bombay in mid-December 1975, was signed in Delhi by Mr M.G. Kaul, Secretary, Ministry of Finance (Department of Economic Affairs) and Mr K.K. Unni, our Managing Director (L). Mr S.G. Srinivasan, RM-India is on the right.

Half yearly results are encouraging

AIR-INDIA has made a net profit of Rs.1.20 crores in the first six months of the current financial year, said Mr K.K. Unni, the Managing Director, during a press conference in Delhi after signing the credit agreement for the fifth Boeing 747 (see story alongside).

He said that Air-India expects to end the year with a 'reasonable surplus' inspite of the fact that fuel prices have gone up by 10 per cent. The IATA Annual General Meeting which had recently taken place in Oslo had generally agreed to a three per cent rise in international air fares. The subsequent Tariff Conference at Nice had asked for a mail vote from all IATA carriers, and it was expected that this three per cent increase would come into force from December 1 this year.

Total traffic

Mr Unni said that during the period April-August 1975, Air-India carried a total of 279,739 passengers as against 219,877 during the comparable period last year. This amounts to a rise of 27.2 per cent. At the same time cargo revenue to the kilometres had gone up by 28.7 per cent from 66.088 million Rtkms to 85.032 million Rtkms and mail from 3.558 million Rtkms to 4.097 million Rtkms or 15.1 per cent more than last year. Thus the total traffic on Air-India services has gone up from 183.029 million Rtkms to 232.168 million Rtkms or 26.9 per cent higher than last year.

Referring to the discussions at the Stockholm meeting of the IATA Executive Committee, of which he is a member and the subsequent AGM in Oslo, Mr Unni said that IATA was concerned with three main problems. The first was combating malpractices by instituting tougher rules to ensure compliance by IATA carriers. Secondly, it has been found that the voting procedures have become so cumbersome that a single member could block an issue in which he was not really concerned. It has,

therefore, been decided to institute a limited agreement concept and a special area concept by which only those carriers who are concerned with a particular issue or belong to a particular sub-area would exercise a vote. Proposals for rationalisation of remuneration to agents by increasing agency commissions from 7.5 to 8 per cent also found general

(Continued on page 2)

FIFTH BOEING 747

Credit agreement signed in Delhi

AIR-INDIA has concluded financing arrangements for its fifth Boeing 747 which is due to arrive in Bombay in mid-December 1975. The agreement for financial arrangement was signed in Delhi by Mr M.G. Kaul, Secretary, Ministry of Finance (Department of Economic Affairs) and Mr K.K. Unni, our Managing Director, on October 20, 1975. The total cost of the aircraft and related items is US\$40 million.

Under the arrangement finalised with the approval of the Government, who are standing guarantee for the loan, 90 per cent of the cost (which comes to US \$36 million) will be financed out of loans from the Export-Import Bank of the United States and a group of US and Canadian banks. The balance of 10 per cent (US \$4 million) will be put in by Air-India. Details of the loans are as follows:

Participating Banks	Amount US \$ Million	Percentage
Export-Import Bank of the United States	16.000	40%
U.S. Commercial Banks	14.000	35%
Canadian Commercial Banks	6.000	15%
	36.000	90%

The interest rate for the loan from the Export-Import Bank of USA is eight per cent with repayment being spread over a period of 10 years. The Export-Import Bank's portion of the loan for the earlier 747s carried an interest rate of six per cent and repayment was spread over a period of seven years. Repayments of the fifth Boeing 747 loan will commence in 1976-77 and will continue till December 1985.

Special feature

A special feature of the loan arrangement for our fifth Boeing 747 is that the Corporation will, for the first time, be obtaining loan from Canadian Commercial Banks.

With this loan, the total foreign exchange loan for Boeing 707s and Boeing 747s so far raised by Air-India will amount to US \$221.370 million. The Corporation has since fully repaid the loan raised for its fleet of Boeing 707s totalling US \$69.490 million. For the existing four Boeing 747 aircraft, the loan raised amounts to US \$115.880 million. Of this US \$65.780 million has already been paid up as per schedule.

Some of our cabin crew were selected to fly on the Concorde during its recent proving flights to the East. Here they are seen at Heathrow airport, London. (from L to R) Mr N. Umrigar, Mr G.S. Ghai, Miss 'Bucky' Meera, Mr M. Mangaloker, Miss Clover Colaco and Mr H. Gabriel.



Airport Managers meet

HOW to streamline passenger handling, minimise delays and generally improve on-time performance of our Boeing 747 flights formed the basis of the agenda for the two-day Airport Managers' Conference which concluded in Bombay on October 16, 1975. Only the on-line stations served by Boeing 747s were represented at the Conference.

The Conference was organised by the Traffic Services Section of Headquarters Division of the Commercial Department. Among those who attended the Conference were Mr Balendu Shah, Deputy Commercial Director; Mr K.L. Ramchander, Commercial Manager-Customer Service; and Mr S.K. Verma, Acting Commercial Manager (Headquarters Division).

In his opening address, Mr N.H. Dastur, Deputy Managing Director (Commercial), said that the Airport Managers were doing a commendable job and in terms of experience and technical know-how they were second to none. He, however, expressed the Management's concern over delays

(Continued on page 7)

IRAQI AIR CHIEF VISITS A-I

AN Iraqi Air Force delegation, led by Air Brigadier N.A. Delami, Air Officer Commanding, Iraqi Air Force, toured our Engineering and Operations complex at Bombay Airport during their two-day visit which ended on October 23, 1975. The Iraqi Air Chief evinced particular interest in the Boeing 747 simulator and the Engineering facilities. He later visited the Air-India Headquarters at Nariman Point where he was received by Mr K.K. Unni, Managing Director along with Mr K. G. Appusamy, Dy Managing Director and Mr N.H. Dastur, Dy Managing Director (Commercial). The photograph shows Air Brigadier Delami (L) in the simulator with Capt D. Bose, our Dy Director of Operations.



Mr P. Jayant



MR P. Jayant, Dy Director, Management Information and Advisory Services Division, has been nominated Director on the Board of Societe Internationale de Telecommunications Aeronautiques (SITA) from May 1975. Mr Jayant is already a Member of the IATA Data Processing Subcommittee, Chairman of the Bombay Chapter of the Computer Society of India and Member of its National Council. He is also Vice President of the Bombay Branch of the Operations Research Society of India.

Mr K. R. Kaushik



IN preparation for the arrival of our fifth Boeing 747 in mid-December 1975, a group of six Commanders, four First Officers, four Flight Engineers and two simulator instructors, have commenced training at the Operations Training Centre in Santa Cruz. Here the group seen in front of our Boeing 747 simulator. Another group of pilots and flight engineers will begin training on November 17, 1975 to complete the flight crew requirement for the expanded Boeing 747 operations.



PEOPLE

KRISHNA R. KAUSHIK, son of Mr S. R. Rajan of our Engineering Department, has been awarded Research Internship at Rutgers University, New Jersey, USA, where he will be studying for M.S. in Chemical Engineering. A brilliant student throughout his school and college career, Krishna graduated from the Indian Institute of Technology, Powai, with 81 per cent marks. For the last five years he was receiving financial assistance under Air-India's Study Grants Scheme.

Mr B. S. Balmiki



B.S. BALMIKI is a sweeper in our Catering and Cabin Service Division at Santa Cruz. A few days ago Mr Balmiki found a wad of travellers' cheques on an Alitalia aircraft, which he was cleaning. He promptly

returned the cheques to our security staff. For his honesty and sense of duty, Mr N.H. Dastur, Dy Managing Director (C) gave him a cash prize of Rs.100.

Mr Ali Dharamsey



FORTY-FIVE industrialists from Poona, all members of the Maharashtra Chamber of Commerce recently left on a tour of Europe. They will be visiting trade fairs, exhibitions and several industrial organisations in Europe during their tour.

At a special function held at the Maharashtra Chamber offices, our Sales Manager, Mr Ali Dharamsey presented a brief case to Dr B.R. Sabade, Secretary of the Chamber, who is accompanying the group and wished him godspeed.

WHO'S WHO & WHERE PROMOTIONS

HEADQUARTERS

Mr K.S. Mhatre Station Manager

COMMERCIAL DEPARTMENT

Dr V. Ramchandran Station Manager

Santa Cruz

Mr M. Gomez Station Manager

Moscow

Mr V.P. Ganpule Station Manager *

Bombay

PLANNING DEPARTMENT

Miss A.D. Samant Station Manager

Bombay

OPERATIONS DEPARTMENT

Mr P.C. Nath Dy Manager

Santa Cruz (F/I Despatch)

Mr B.C. Bijlani Dy Manager

Santa Cruz (F/I Despatch)

Mr P. Manchanda Dy Manager

Santa Cruz (F/I Despatch)

Mr J.I. Macmull Sr Simulator

Santa Cruz Maint Engineer

Mr D.M. Mehta Sr Simulator

Santa Cruz Maint Engineer

Mr P.P. Rege Jr Simulator

Santa Cruz Maint Engineer

Mr V.R. Ketkar Jr Simulator

Santa Cruz Maint Engineer

Mr V.N.V. Subramaniam Jr Simulator

Santa Cruz Maint Engineer

ENGINEERING DEPARTMENT

Mr R.B. Dhuru Asst Eng Manager

Santa Cruz

Mr T.M. Padmanabhan Asst Eng Manager

Santa Cruz

Mr H. Bhattacharya Asst Supdt

Santa Cruz

Mr D. Chakraverty Asst Supdt

Santa Cruz

Mr A.G. Pinto Asst Supdt

Santa Cruz

Mr R.K. Srivastava AME I

Santa Cruz

Mr J.G. Ghanekar Engineer I

Santa Cruz

* Appointed as Tariffs Manager.

HALF YEARLY RESULTS

(Continued from page 1)

favour. It was also suggested that some incentive on a regional basis could be given to travel agents and tour operators.

Mr Unni expressed particular concern in the matter of malpractices and what he referred to as "the Commission War". He emphasised that the air transport industry could only survive under regulated conditions. IATA wanted an alliance to exercise self-restraint and discipline. So far, 50 airlines had signed the agreement out of a total of 100 IATA members.

LABOUR RELATIONS COMMITTEE

Loans for housing

ALL the elected members of the Labour Relations Committee made a strong plea at the eighth meeting of the 10th LRC held at Santa Cruz on October 9, 1975 that any future housing scheme sponsored by the Corporation should accord priority to the needs of the lower paid staff.

Mr V.M. Fernandes pointed out that although the Corporation had advanced Rs 2.61 crores to staff co-operative societies, more than half of this amount had gone to the better-paid staff, particularly 'flying crew'.

He suggested that there should be: (a) a greater equity in distribution of loans, (b) sliding rates of interest, (c) a rule that societies formed by staff drawing less than Rs 1,000 per month salary would get 80 per cent loan, (d) a definite clause in the agreement about deductions at source from salary towards the repayment of loan and (e) stiffer punishment for mis-use of funds.

Why shouldn't we follow the example of HUDCO (Housing and Urban Development Corporation)? asked Mr Fernandes. HUDCO charges 6% per cent interest for loans upto Rs 25,000, eight per cent between Rs 25,000 and Rs 50,000 and 10 per cent above Rs 50,000.

Discussion

The subsequent discussion was both long and interesting, in which all members participated. Mr M.H. Hegiste repeated his suggestion that the Corporation should buy couple of buildings from the Maharashtra State Housing Board for its lower category of staff. When Brigadier M.P. Joseph raised the point about the quality of construction of these tenements, Mr J.P.D. Tata, Chairman of LRC, intervened to say that "ready and cheap" housing was more important than other considerations.

In this context, the elected members insisted that two of their representatives should be members of the Committee to oversee the proposed Borivli housing scheme.

During a review of the minutes of the last meeting and the follow-up action taken, Mr R.N. Dhople raised the question of festival advance again and said that increase in the amount from Rs 100 to Rs 150 was not adequate. If staff in Calcutta were getting Rs 500 as advance he saw no reason why staff in Bombay should be discriminated against. Mr Mogrelia said that the circumstances in Calcutta were different and in any case as the decision has been taken after taking all the factors into account it may not be proper to pursue the matter further.

Following a suggestion from Mr Balendu Shah, Dy Commercial Director, many of the items on the agenda were withdrawn as members unanimously agreed to discuss them with the departmental heads in order to find solutions. It was agreed that in future only those problems which could not be resolved at departmental level would feature on the agenda. Mr Shah also suggested that a brief background to the problems should be mentioned in the agenda to enable members to prepare themselves. This suggestion too was accepted by the Committee.

Canteen facilities

The problems of canteen facilities at various places again featured prominently in the discussion. Mr N. B. Patil pointed out that no facilities were provided for preparing tea at the Cargo Office in the New India Assurance Building. He also complained about the quality of food served after office hours, at the Cafeteria at the Air-India Building. Mr Balendu Shah assured Mr Patil that he would look into both problems. Mr Dhople said that although new crockery and cutlery had been provided in the first floor canteen at the Technical Building, the standards of hygiene and cleanliness left much to be desired. Quite often there was no water in the wash basin.

Mr J.P.D. Tata complained about the 747 Hangar Canteen which, he said, was far too small for the number of people who came during the break-time, especially in the evenings. Since all other canteens were

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A RARE DISTINCTION

MR J.P.D. TATA, one of the elected members who served as Secretary of the LRC during the first year of the two-year term of the present Committee, was elected Chairman for the rest of the term. Mr J.N. Mogrelia was elected Secretary.

As per the constitution of the LRC, posts of Chairman and Secretary are held alternately by the representatives of employees and the management.

Mr Tata thus achieves a rare distinction of having held both the posts of Secretary and Chairman in a single term of the LRC. Only two other elected members—Mr P.A. Menon (1956-58) and Mr K.L. Krishnan (1966-68)—had achieved this distinction before.



Mr S.K. Nanda, Chief Personnel Manager, speaking at the 'Appraising Managerial Performance' Seminar at Santa Cruz, before Mr N.H. Dastur, Dy Managing Director (C), inaugurated the Seminar. Mr H.S. Bawa, Executive Director of Advanced Management Services, who conducted the Seminar, is in the centre.

PERFORMANCE APPRAISAL

Key to fostering team spirit

PERFORMANCE appraisal should be a continuous process and not an exercise to be indulged in at the end of the year, said Mr N.H. Dastur, Deputy Managing Director (Commercial) in Santa Cruz on September 4, 1975. He was inaugurating a two-day seminar on "Appraising Managerial Performance."

The seminar which was conducted by Mr Harbans S. Bawa, Executive Director of Advanced Management Services, was attended by 23 senior executives. It was the third seminar in the series organised by our Personnel Department, the first having been held in April 1969 and the second in March 1974.

Mr Dastur deplored the tendency among some managers of merely "copying the previous reports". This, he said, was essentially due to the fact that the managers did not devote sufficient time in assessing the performance of their subordinates.

"We must stop the system of informing staff only what is wrong with them", he said. "What we must do is to tell them both their strengths and weaknesses. I would even go so far as to say that stress should be laid more on strengths rather than on weaknesses. Otherwise, how can a manager build up team spirit amongst his staff?"

Mr Dastur suggested that the managers should call the staff and discuss their shortcomings with them. If they know that the manager is just and fair, there would be fewer

problems in accepting merit as a criteria for promotions.

Earlier, Mr S.K. Nanda, Chief Personnel Manager, in his introductory speech emphasised the importance of performance appraisal and said that the purpose of the system was three-fold—first, it gives information on performance of each staff; secondly, it motivates people to do better; and thirdly, it helps in the development of people by making them aware of their shortcomings so that they can improve their skills, knowledge and outlook in future.

"At present we rely on the appraisal system for promotions", said Mr Nanda. "We must try to use the system for developing people".

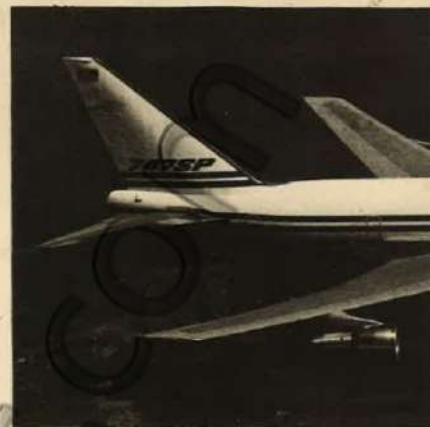
Mr Bawa started off by discussing the various qualities that an executive must possess. Among the qualities he placed job knowledge first. According to him, an executive should be aware of Corporate policies and should have the ability to accept managerial responsibilities, skill in communication, leadership and decision making. In addition, he should also know rules and regulations and have the ability to plan, organise and control. Not only this, but he must be able to delegate responsibility to his subordinates so as to facilitate their development as managers.

Turning to the main theme of the seminar, Mr Bawa first cautioned against the common errors of mana-

(Continued on page 7)

Some of the senior executives of the Corporation who attended the Seminar.





STATE OF THE

High cost of fuel leads to negative growth

THE 1974-75 economic recession has become the most severe in the post-war period, as a result of a combination of factors. Along with the pressures of inflation and the disruptive effects of the huge rise in oil prices, restrictive fiscal and monetary policies, necessary to combat the accelerating international cost price spiral and to deal with the difficult balance of payments positions, have also taken effect. World economic growth slowed to less than two per cent in 1974, far below the growth rates of over five per cent experienced in the past two years.

For IATA International Scheduled Services the financial year 1974-75 produced an operating result of -0.3 per cent, the second worst in history. The downswing from a 4.2 per cent operating result in 1973-74, which represented the highest result for IATA scheduled services since 1969, was mainly due to the increasingly high cost of jet fuel and to the effects of the worldwide recession on traffic development. Due to a time lag between incurred cost increases and effective fare and rate adjustments, revenue picked up at a slower rate than costs increased. Increases in low class passenger yields on virtually all routes were outpaced by the corresponding unit operating cost escalation.

The situation is expected to improve slightly this year with an operating result estimated at 2.5 per cent. This result, however, is still

far from producing a reasonable and sufficient return to allow for interest expenses and a net profit after deduction of tax. In order to achieve a rate of return on investment of 11.4 per cent, considered reasonable for 1975-76 by the IATA Cost Committee, revenues still fall short by almost 10 per cent.

Unit operating cost

A six-year breakdown of unit operating cost items per Available Tonne Kilometre, representing world averages for IATA international passenger aircraft operations, shows that unit cost went up by 23 per cent in 1974-75 over 1973-74 compared to very low average annual increases in the period 1970-73. Unit cost is estimated to increase this year at a more moderate rate of five per cent per annum, reflecting intensive industry belt-tightening efforts.

Figures from the IATA fuel monitoring programme show that international aviation fuel prices have stabilised during 1974, averaging 40.6 U.S. cents per gallon in July. These price levels represent a 225 per cent increase over the fuel prices of some 12.5 U.S. cents in early 1973. While subsequent fuel price increases into 1975 were more in line with general cost increases, future price levels will be greatly influenced by the impact of oil price deregulation in the United States, and price developments re-

sulting from the forthcoming meeting of OPEC in Vienna.

While it is mainly the rise in fuel prices that has affected the unit cost level of 1974-75, it is noteworthy that most labour intensive cost items, such as maintenance and overhaul, cabin attendants, passenger services and administration costs, are estimated to rise faster than the average total unit cost. The same is true for landing fees and en route charges, particularly in Europe, where Eurocontrol nations have decided on an accelerating cost recovery policy on en route charges.

Interest expenses in 1975-76 over 1974-75 are expected to grow at double the previous year's rate of increase. The sudden 'jump' in interest expenses is attributable to higher interest rates and airlines' increasing loan requirements. Airlines' net working capital decreased by almost 60 per cent in 1974-75 against 1973-74 due to an enormous drain in cash flows and increasing current liabilities.

Careful attention will need to be paid to airlines medium and long-term investment policies particularly aircraft procurement - until the deferred effects of the fuel and general economic crisis have been absorbed. It is improbable that this can be achieved by self-financing alone. Loans will therefore play an even more dominant role in both the airlines short-term cash flow and medium-term investment policies than in the past.

High

Passenger Traffic: For the first time the industry national passenger traffic. The 5.2 per cent increase in 1974 was offset by an 11 per cent

The result of the IATA carriers reflect international scheduled passenger kilometres in Accompanying this poor scheduled result was a passenger traffic reflecting the weak tourist mar

Although passenger volume on IATA scheduled services reached a record 317 million passengers in 1974 over the previous year, the lowest growth rate in carriers performed 58,830 tonne kilometres, only capacity increased by 1.6 per cent to 114,379 million tonne kilometres was only 1.5 points better than

Air Cargo: International air cargo was not immune to the increase in cargo tonne kilometres performed international scheduled services was significant experienced over the previous two years. This is influenced by the fact that the North Atlantic, where scheduled cargo traffic, showed but a seven per cent increase. Over the past three years little change has been seen in national air cargo carried on all cargo services, such services. On a route basis, however, this is across the mid-Atlantic and within the Far East, Pacific.

Airmail: Airmail tonne kilometres decreased over services in 1974 by 1.7 per cent. Figures for the decline in airmail traffic in a period when these results reflect the combined impact of both activity and consumer reaction to postage rate increases.

Capacity: In 1974, IATA carriers exercised a tight control on the unilateral grounding of less than government approved bilateral capacity agreements. Available capacity increased by four per cent, capacity actually decreased by one per cent. Passenger load factors increased by 0.2 points (by 2.9 points (to 58.0 per cent) for domestic services and 0.2 points (to 58.0 per cent) for international services.

While scheduled seat kilometres offered a 1.7 per cent increase, the replacement of older equipment core seats per aircraft increased to 147 as opposed to 145 in the average number of seats per aircraft. Aircraft on order as of the end of 1974 total 770 aircraft, of which 287 are wide-bodied 120 thousand million seat kilometres per annum delivery in 1975.

Turning point in fortunes of tourism

1974 was a turning point in the fortunes of tourism and the airlines. Significant changes in the economic environment of international travel and tourism by air have occurred. These changes include recent cost increases for both air transport and tourism services and facilities. General inflation and significant price increases in many essential commodities have led to a decline in real discretionary income, and this has resulted in reduced demand for pleasure travel.

Considering the economic difficulties experienced in many major air traffic generating countries, international tourist traffic volume has held up remarkably well. According to the most recent World Tourism Organi-

zation estimates, there were 209 million international tourist arrivals in 1974 compared to 215 million in 1973, a decline of almost 3%. A proportionally greater decrease in tourist expenditures, some 5% to 10%, was however experienced.

During 1974 it was apparent that some types of international tourist travel have shown remarkable stability despite the rapid price increases and reduced disposable incomes in many market segments. However, the overall decline in international tourist volume occurred at a time when massive capacity expansion took place in air transport and accommodation in many key tourist destination regions. This has accentuated the problem of balancing the supply

and demand factors in the overall tourist market. Recovery of tourist traffic hinges largely on the success of governments in major traffic generating countries in restoring a healthy economic environment and encouraging stable political conditions.

All sectors involved in tourism have a role to play if the full potential of this industry is to materialize. Close cooperation and collaboration is required at national, regional and international levels in the form of constructive interaction between national tourist organisations, the airlines, other branches of the tourist industry, and qualified consumer bodies.

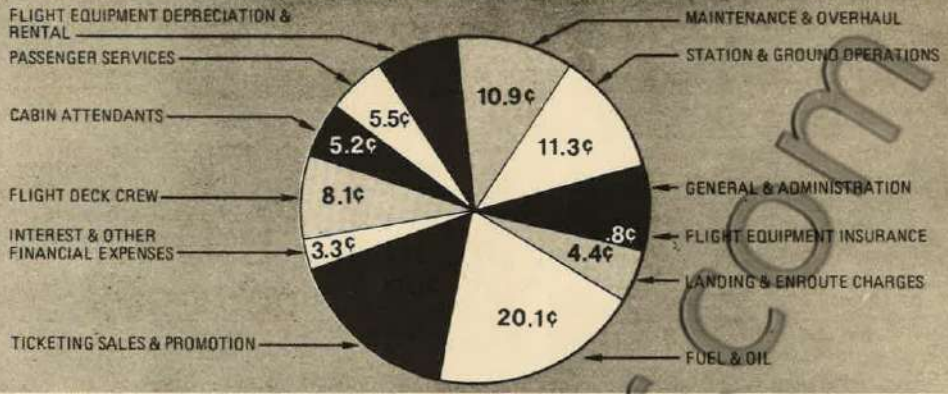
COSTS AND REVENUES IATA SCHEDULED INTERNATIONAL SERVICES¹



1. Totals for 37 carriers combination and all-cargo services representing more than 90% of total IATA scheduled international capacity.
2. Revenue requirements reflect a reasonable return element allowing for interest and financial expenses, a net profit and tax at this profit level.



THE AIRLINE COST DOLLAR - WHERE IT WAS SPENT IATA International Scheduled Passenger Services 1974/75



THE AIRLINE INDUSTRY

Flights

has experienced a zero growth in total inter-
ease in world international scheduled passenger
decrease in charter passenger traffic.

this world pattern. As a group, their 1974
creased by only 4.1 per cent to 218,400 million.
11 per cent decrease in international charter
ket.

cheduled domestic and international services
this represented but a four per cent increase
IATA's history. During the year IATA
4.8 per cent higher than last year, while the
million ATKms. Consequently weight load factor
last year.

ne to the recessionary climate of 1974. The 11 per
cent (9,975 million tonne kilometres) on IATA
ly below the 18 per cent annual increase
per cent growth, however, was strongly
rich represents roughly one-third of IATA
cent increase in cargo tonne kilometres.
seen in the proportion of scheduled inter-
in 1974 roughly 40 per cent was carried on
aries considerably from less than 10 per cent
to some 77 per cent on the north and mid-Pacific.

international and domestic IATA scheduled
world scheduled airlines indicated a three per
mail carriage rates have not been increased.
the downturn in international economic
increases.

After control over capacity. This was largely
fuel efficient aircraft and the implementation of
its in certain markets. International scheduled
cent in 1974, while domestic scheduled seating
th the growth in scheduled traffic, 1974
to 55.6 per cent) for international services and
vices. Weight load factors exhibited a virtually

AVIATION FUEL PRICES
IATA Carriers International Services
US\$/GALLON



Achievements and frustrations

The current state of the air
transport industry reflects the mix-
ture of achievements and frustrations
of the past decade. On the one hand
the improvement in service to the
public, the expansion of the world
air transport network and the con-
sequent economic benefits to na-
tions. Until this year there has
been a continual dynamic growth in
passenger, cargo and airmail traffic
moving at constantly diminishing
fares and rates. There has also
been a gradual increase in the fre-
quency of operations between an ex-
panding number of city pairs and a
material upgrading of equipment used
for the travelling and shipping pub-
lic. This has meant major improve-
ments in the speed and reliability of
air transport and in the quality of
the product.

On the other hand the industry
has been operating during this pe-
riod in an environment of unrelenting
pressures. Armed aggression against
world aviation, the erosion of the
regulatory framework, the energy and
economic crises and many others
have all been faced against a back-
drop of a continually worsening
industry economic situation. This
has been characterised by rapid
cost escalation, a constant build-up
of capacity at a faster rate than de-
mand, and an increasing tendency
to malpractice. On top of all this
there has been in the past year the
agency commission issue causing
additional complications.

Fortunately there is evidence
of an increasing concern in govern-
ments and within the industry that
if this developmental pattern con-
tinues the concept of a stable global
air transport network built on the
Chicago oriented bilateral net-
work will be jeopardised. Already in
today's economic situation there is
an indication of a trend of unilater-
alism or regionalism when truly in-
ternational solutions are necessary
to resolve the difficult issues facing
the industry.

Take-off

At the beginning of what hope-
fully will prove to be a new take-off
for the international economy and
air transport, and recognising the
crises and errors of the past, it is
important that a blueprint is es-
tablished for the sound development
of civil aviation in the decade
ahead. Such a blueprint can only be
achieved through cooperative action
of governments, air carriers and
other enterprises involved with
civil air transport development. It
should include the following impor-
tant aspects:

- * The regulatory framework within which international civil aviation is operated must be updated.
- * National civil aviation policies must be harmonised on the basis of clearly defined objectives re-

lated to the needs of the market
place and of the industry. Such
policies must be consistent with
international recommendations
agreed within ICAO.

- * There must be a more systematic approach to capacity development.
- * There must be a critical review by the industry of existing fare and rate concepts for passengers, cargo and airmail in the light of agreed commercial guidelines.
- * There must be increased self-discipline in regard to compliance with resolutions, and support for industry programmes, recently announced by the Executive Committee designed to eradicate malpractice.
- * There must be action by the industry in the immediate-term to achieve an acceptable compromise solution on agency commission levels, and in the longer term there must be a rationalisation of the carrier-agency relationship taking into account the legitimate requirements of both parties.
- * There must be a concerted effort to control air transport costs.

The implementation of such a blueprint is a massive undertaking. Yet it is an essential one if international civil aviation is to continue its development into the next decade in a progressive fashion.

The outlook: Gradual recovery forecast

The first step towards a gradual
economic recovery among the de-
veloped nations are currently fore-
cast for the last half of 1975 and the
first part of 1976. The speed of the
recovery is likely to be only mode-
rate, and a return to growth rates
experienced in the late 1960's and
early 1970's is questionable.

With the slow rate of economic
recovery foreseen and the high in-
flation and unemployment levels ex-
pected, real disposable incomes
will improve slowly. In this econo-
mic climate, consumer and business
confidence will improve only gradu-
ally and precautionary savings will
likely remain at a high proportion of
personal income. Thus, expecta-
tions are for a slow recovery in
discretionary consumption, a key
element in air travel demand.

While it is apparent that the gra-
dual turn-about in the world econo-
mic situation will have a positive

effect on air transport demand, the
immediate-term outlook does not
point to a return to the traffic growth
rates of the past. Past patterns of
traffic development bear little re-
levance to conditions of today and
tomorrow. The economic recovery
will be slow and we are likely to
see traffic growth more closely re-
lated to economic growth than has
been experienced in the past decade.
Preliminary 1975 results for the
North Atlantic point to a seven per
cent decrease in scheduled passen-
ger traffic - in effect a continua-
tion of the traffic results of 1974.
The more long-term traffic growth
prospects are dependent on not only
economic conditions but also on
industry factors such as fare and
rate levels, and on the extent to
which the industry is able to adapt
a difficult and rapidly changing
conditions.

An assessment of the outlook
for IATA international scheduled

passenger traffic to 1980 was under-
taken by an ad hoc IATA airline
group early this year. These fore-
casts were based on several major
assumptions, including that fares
will remain unchanged in constant
or real terms, and worldwide econo-
mic activity will gradually recover
in the years following 1975. The
results indicated that total IATA
passenger traffic can be expected
to grow at an average annual rate
of 7.8 per cent over the next five
years - a fairly strong growth, but
considerably lower than the histori-
cal growth rate of 15 per cent. The
forecasts also show that European
and North Atlantic routes will grow
at a lower than average rate due to
the greater maturity of these markets.
In contrast, developing markets such
as Europe-Middle East and the South
Atlantic are expected to have the
highest average growth rates during
the 1975-1980 period of 13 per cent
and 12 per cent respectively.

LONDON DIARY

By Trevor Turner

As we write Winter fast approaches. We in the UK were certainly lucky this year with one of the best Summers for a long time. Such good weather, which is so rare here, always brings problems and the farmers and gardeners fought a constant battle to save their crops, plants and trees. In London in the parks the gardeners, according to press reports, were watering day and night to try and maintain trees planted ten or more years ago. Surprisingly enough the doctors were rushed off their feet by people complaining about dry throats, Summer colds, tiredness and lethargy. All of this is ironical when we consider that for years we complained about miserable Summers and then when we get a good one there are just as many grumbles.

Our good wishes went to Mr M.A. S. Dalal, RD-UK, for his recent spell in hospital. We were pleased to learn that his operation was successful and he certainly looked fully recovered when he came back to Bond Street earlier than originally anticipated.

Congratulations

Our congratulations to Michael Quinton from Sales who got engaged to Joan Waters. Joan, for many years secretary to the RD-UK, is the daughter of the late Col. Waters, at one time Principal of our Training College, and the niece of Jimmy Waters in Stores LHR.

Our Hockey Team led by Philip Kenny comprising of a lot of his Airport colleagues went on a short tour to Jamaica. They played four matches against the Jamaica National Hockey team, one of which they won and three they lost. The other match was a mixed hockey match with the Jamaica National Team and the Jamaica National Women's Team. There was a lot of press and TV coverage for the entire tour.

Our cabin crew were once again busy working a Concorde flight. As a matter of interest, we gave a pedometer to our hostess Nergis Meerza. On arrival in the Middle East she found she had walked two miles whilst on duty in the cabin. If you work it out, it comes to one mile for each thousand flying miles. Many will remember a similar exercise on one of our 747s to New York some years ago when the mileage clocked up by our hostess was considerably more.

Mr 'Epi' D'Abreo together with his colleagues who assembled in the Wing Hangar at London Airport to wish him every happiness in his retirement.

The Concorde endurance programme has now been completed. During this period it made 128 flights covering 325,000 statute miles and carried 6,500 passengers. All the flights from here were to the Middle East, India, the Far East and Australia and across the North Atlantic to Gander in Newfoundland. We understand that when Concorde is flying at Mach 2, the wings are so hot that you can boil eggs on them. Another interesting thought is that when it is at 55,000 feet, it is colder over the Equator than it is over the Pole (if you want to know why, we will tell you!)

We said farewell to Mr T.P. Narayan, Regional Maintenance Manager, London, who is returning to Bombay after his tour here. He and his wife are taking quite a bit of leave in the UK before taking up his new appointment. A number of us gathered to bid them farewell and presentations were made to him by the RD-UK and members of the staff. Despite a very warm evening it was a convivial occasion and our good wishes go to Mr and Mrs Narayan for a happy return to India.

Hostess Nergis Meerza with the pedometer. On arrival in the Middle East aboard the Concorde, she had walked two miles in the cabin.



At a farewell party to Mr T.P. Narayan, Regional Maintenance Manager, who is returning to India, are seen (L to R) Mr Narayan, Mrs Narayan and Mr M.A. S. Dalal, RD-UK.

A hearty welcome to Virendra Bhagat, our new Regional Maintenance Manager, and we hope that he and his family will enjoy their UK stay.

Another farewell was for Mr 'Epi' D'Abreo, Stores Officer, who joined us in Bombay in 1948 and in London in 1962. He retired this September after 27 years service. A number of his colleagues took the opportunity to bid him farewell in the Wing Hangar and Mr Farmer presented the farewell gifts from all his colleagues.

Revenue figures are a constant source of anxiety these days, but it is not for the want of trying by all concerned. However, the Tourist figures from the UK for the first half of 1975 are very encouraging being the largest from any single country showing an increase of 11.7 per cent over the same period in 1974.

We all heard with regret of the death of our colleague Narinder Manglani from Accounts, Bond Street, who had a sudden heart attack one weekend, and our sympathies went to his wife and two daughters.

Some time ago I travelled on the Piccadilly Line, which is a section of London's Underground used by millions of people daily and indeed by a lot of our staff. The particular carriage in which I was travelling had a carpet and despite various enquiries I have not found anyone else who experienced such luxury and my comments were also received with a certain amount of derision and queries as to whether I was on my way home from the office or a party.



'Studs' Terkel and Mrs Terkel travelled on our service from London to New York recently. Mr Terkel is the celebrated US novelist and broadcaster who was visiting London to launch his latest book. They are seen here with our hostess Sonja Purushotham.

My curiosity has now been settled by a press mention this week to say that London Transport intend to continue this experiment and are going to carpet six more coaches on the Piccadilly Line, so no doubt in the near future some of our colleagues 'on the way to the office (and may be also from a party) may find themselves travelling in such style. May be the Piccadilly Line may eventually be renamed - 'The Wall to Wall Line'.





In the fifth Air-India/Indian Airlines Joint Table Tennis tournament held in Bangalore between September 3 and 7, 1975, Mr G.D. Kadam from our Engineering Department won the Veterans Singles title by defeating Mr D.A. Torpe from Indian Airlines Personnel Department. With this single exception, Air-India teams lost all other events. Our Men's team lost to Indian Airlines, Delhi, and Women's team lost to IA, Calcutta. Our team consisted of the following: Mr S.S. Sawant Desai, Mr N.J. Hegde, Mr S. Banerjee, Mr P.B. Meherjee, Mr A.K. Pevekar, Mrs N.V. Gandhi, Mrs V.V. Kadam, Mrs R.M. Paranjape and Mr Kadam.

Airport Managers Meet (Continued from page 1)

to Boeing 747 flights. He agreed that there were causes which were beyond the control of Airport Managers, like the security checks, for instance. Nevertheless, it was important to examine every single reason for a delay to see whether it cannot be eliminated.

Mr Dastur emphasised that if there was greater self-discipline amongst the airport staff, delays could be minimised and consequential inconvenience to passengers avoided. He wanted the Airport Managers to review sequence of events after every flight to pinpoint possible bottlenecks.

Mr Dastur said that once procedures have been adopted and found to be practical and workable, without any adverse comments from staff in the field, they should be adhered to by everyone concerned. "If you did this, you would have my full personal support".

The problem of overbooking was fairly up at the top of the agenda. Although it is an industry-wide problem which has its origins in airlines' desire to insure themselves against last minute cancellations, it sometimes creates awkward situation when the Airport Manager has to face irate passengers who have been offloaded. The Airport Managers naturally wanted the overbooking to be severely limited.

The problem is compounded by Agents who issue confirmed tickets to passengers without first ascertaining if seats are available.

Many of the problems of airport handling arise because of the short ground time available and multitude of tasks to be performed within that time. It was therefore important for all stations to ensure that all routine messages such as seats occupied and work-sheets should be promptly sent. In the absence of these messages, seat allocation and ordering meals became difficult. The common complaints were duplication of seats and shortage of vegetarian meals.

It was also suggested that the cabin crew should not permit passengers to occupy seats other than those allocated to them, except on the understanding that they may have to vacate the seats at the next station.

The Airport Managers at enroute stations complained that the originating stations allocated all the "window seats" to their passengers with the result groups or families boarding aircraft at enroute stations were not able to sit together. Why not allot blocks of seats, rather than permitting passengers free choice of seats?

These Airport Managers also pointed out that the present system of putting all first class and CIP (Commercially Important Passengers) baggage into a separate container was creating difficulties for them. Sometimes for a single piece of baggage, they have to search the whole container. They would prefer to have the baggage for a particular destination into one container. The suggestion is to be considered by the Headquarters Division.

At present all precious cargo was being carried in the aircraft cabin and the cabin crew were apparently not too happy about the responsibility it imposed upon them. The Airport Managers were not agreeable to the suggestion that all precious cargo from every station should be kept in one bag. They argued that the chances of it being tampered were greater as compared to the present system. However, in view of the fact that there had been a considerable increase in the number of packages containing precious cargo and in diplomatic mail, it was decided to explore the possibility of installing a strong box in the aircraft hold.

Everyone who attended the Conference was convinced that it had helped in highlighting some of the practical problems of the people in the field and this would no doubt help in finding solutions.

Summing up, Mr Dastur again stressed the importance of better co-ordination among stations. He looked forward to improved time-keeping of our flights and fewer handling problems.

Special Authority

Airport Managers have been given a special authority by Mr Dastur to delay flights up to 15 minutes in order to allow passengers to catch a connecting flight. The only condition laid down by him is that the Airport Manager must submit a report to him personally explaining the circumstances.

gers in appraising subordinates which rendered the performance appraisal highly subjective. He pointed out how the Managers were swayed by biases or prejudices against the staff, based on irrelevant considerations like caste, colour, creed, religion and language. He also pointed out how Managers were led to erroneous appraisal in respect of all factors because of the "hallo" effect created on them by a single

Labour Relations Committee

(Continued from page 3)

closed at the time, staff from all over were crowding into this one canteen. The result was that the Maintenance staff for whom the canteen was meant were unable to get even tea during their break. Mr Tata suggested that the main canteen should be kept open during the break periods to avoid the rush at the Hangar Canteen.

Mr S.K. Nanda, Chief Personnel Manager, explained that as far as the main Canteen was concerned, provision of new crockery and cutlery was the first step towards improving the standard, including cleanliness and hygiene. It was planned to make it into a self-service Canteen. The reason they had to close down the main Canteen during break-time was that they would otherwise have to employ extra staff to man the counters in two places. He promised to examine the specific problems in the light of the discussion.

detailed one of his supervisors at Santa Cruz Railway station to take care of the transport arrangements for staff coming late because of the disruption of train schedules.

Mr Dhople, however, was a little unhappy over the long distance that the staff from the Stores and Accounts Departments had to walk from the present transport stop. Mr Nimkar pointed out that because of the way the buildings were situated it was not possible to drive the buses nearer the places of work.

Suggestion

Mr Dhople then raised the question of peons and loaders who had passed the SSC examination and said that they should be allowed to work as clerks in leave vacancies. He said that Mr N.H. Dastur, Dy Managing Director (Commercial), had already accepted the suggestion as far as the Commercial Department was concerned, but other departments were not willing.

Mr Nanda explained that it was not the policy of the Corporation that staff who had passed the SSC examination should be automatically appointed as clerks. If a man works for three months as a clerk, he thinks he has made the grade without having to pass the necessary test. Many of such staff had failed even the simplest possible tests. Mr Nanda added that as far as his department was concerned those who had shown aptitude for doing better jobs were already being given the opportunities. He saw no reason why people should not make efforts to pass the test so that they could be absorbed in regular vacancies.

Mr Nimkar quoted cases from his department where cleaners had become junior operators by learning the necessary skills.

Holiday Home

The question of throwing open the Holiday Home at Lonavala to all categories of staff came up for discussion again. The Committee accepted Mr Nanda's suggestion that in view of the low occupancy rate at the Matheran Holiday Home, which Air-India shares with Indian Airlines, the Holiday Home there could be closed down and instead efforts could be made to set up a new one at Lonavala for all staff. The Panchgani and Mahabaleshwar Holiday Homes would be retained because they were popular amongst staff.

Among the other subjects discussed at the meeting were transport arrangements and filling up of leave vacancies. Mr D.P. Nimkar, Controller, Ground Handling, was complimented for making prompt arrangements to solve the transport problem during monsoon when he had

LRC PERFORMANCE

ABOUT 75 per cent of the recommendations made by the 10th Labour Relations Committee have been accepted and are in the process of being implemented by the Management, according to Mr J.P.D. Tata, Chairman of the Committee. Among these are:

1. Holiday Home at Srinagar.
2. Financial assistance relief to staff who were laid off during the pilots' strike.
3. Amendment of Provident Fund regulations to enable staff to withdraw their contribution for housing purpose.
4. Appointment of a committee for 1st floor Restaurant at the Technical Building.
5. Late attendance due to unavoidable emergencies.
6. Increase in transport frequencies on the Kurla sector for staff leaving in the afternoon.
7. Raising of ceiling for bi-cycle loan which is now Rs.400/-
8. Accident leave/benefits.
9. Recruitment of Sportsmen.
10. To provide canteen facilities to staff at the new office in Calcutta.

Mr Tata promised to take up the issue of implementing the other recommendations with the management.

Performance Appraisal (Continued from page 3)

favourable trait like impressive personality or attractive manners. Similarly, some Managers fell victim to the error of treading the middle ground by writing non-committal reports.

Still another error that crept in the performance appraisal was due to the tendency of appraisers to habitually write harsh reports or give lenient ratings, irrespective of the actual performance of the

employee. He pointed out that the remedy for all the common pitfalls in assessing individuals was for the appraiser to educate himself and be conscious of his tendency of committing the common errors.

At the end of the seminar, the various syndicates formed from amongst the participants presented their reports on a case study, which was followed by a general discussion.

ACEC Bank moves into new office

THE Air Corporations Employees' Co-operative Bank has moved into its spacious new quarters in the old Customer Service block at Santa Cruz. After the Customer Service office moved out, the place was renovated before the Bank moved in at the end of August 1975.

Well-designed office

After 23 years of 'hardships and difficulties' because of a small office tucked away in one of our old hangar annexes, the Bank now has a well-designed office. The Board of Directors of the Bank have expressed appreciation of the Air-India Management's gesture in offering the new accommodation in their 1974-75 Annual Report, which has just been published.

Better service

Mr S.D. Gawade, President and Mr R.B.S. Kunde, Secretary of the Bank, feel that the Bank will now be able to provide better service to the staff of the two Corporations.



Directors and staff of the ACEC Bank photographed in front of their new office in Santa Cruz.

The Bank has maintained its previous rate of growth in 1974-75. According to the Annual Report, the Bank made a net profit of Rs.3.10 lakhs during the year as compared to Rs 2.64 or 17.28 per cent more than the previous year. The Bank paid a dividend of nine per cent to its shareholders. It proposes to increase the rate of dividend to 12 per cent, if the amendment of the bye

law is approved, the excess over nine per cent will be credited to the share capital of the individual members as required by the Act. The Bank also hopes to pay a higher rate of interest on Cumulative Deposits than the present six per cent.

The share capital of the Bank at the end of 1974-75 was Rs 29.48 lakhs with a total membership of

8,544. The Annual Report expresses satisfaction at the performance of the two branches of the Bank - one at the New Terminal Building and the other in the Air-India Building at Nariman Point.

During the year, the Bank introduced a new scheme of deposits called Cash Certificate Scheme, which offers extremely attractive terms.



Above, Mr K.M. Bhatena, Senior Office Assistant in our Personnel Department retired from Air-India after over 28 years service. At a farewell party given by the staff of the Personnel Department, Mrs Roy Chowdhury is seen making a presentation to Mr Bhatena while Mr Felix Fernandes, Personnel Manager, looks on. Below, Mr Mohammed Ishaq, Senior Aircraft Technician, who retired from the Corporation after 34 years service, is seen speaking at a farewell party given to him by the staff of the Maintenance Division. With him are (L to R) Mr A.S. Karnik, Dy EM, Mr J.D. Billimoria, EM(Maint), and Mr J.M. Malegam, Foreman.

Good-bye Air-India



Two staff of the Transport Division retired recently. They are Mr Bhagwan P. Bhagodia, Sr Asst Transport Supervisor, who retired after 33 years service and Mr P.A. Dias, Cleaner, who retired after 25 years service. At a farewell party given by the staff of the Transport Division Mr K.K. Gadgil, Dy Controller, GHD, is seen garlanding Mr Bhagodia, above, and shaking hands with Mr Dias (L) after making presentations to both of them.



Mr B.P. Baliga, AEM, speaking at a farewell party to Mr A. Sherigar, Head Cleaner in the Production Planning Division (Centre). Mr Sherigar retired after 29 years of service. On his right is Mr E. Vidyasagar, Administrative Officer.



Mr G.P. Naik and Mr Kulntra Poojari from our Personnel Department retired recently. Both had 29 years of service with Air-India. Mr Naik (R) and Mr Poojari are seen with Mr S.K. Nanda, CPM, after the farewell party.



Mr M.R. Suebthongsri Thongtham, who was our Cargo Sales Representative in Bangkok, retired from the Corporation after 10 years service. He was given a farewell dinner by the staff of our Bangkok office.

