

**REPORT
Of
EXPERT COMMITTEE
ON
HR ISSUES OF MERGED AIR
INDIA**



**Submitted to
Ministry of Civil Aviation, New Delhi**

31ST JANUARY, 2012

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“In service jurisprudence, integration is a complicated administrative problem where, in doing broad justice to many, some bruises to a few cannot be ruled out. Some play in the joints, even some wobbling, must be left to government without fussy forensic monitoring “All life, including administrative life, involves experiments, trial and error, but within the leading strings of fundamental rights and absent unconstitutional excesses”.

-Justice V.R Krishna Iyer

PREFACE

The task of suggesting ways and means of harmonisation and rationalisation of the huge work force of the merged entity i.e Air India has been assigned to the committee headed by me. We found it a challenging task as even after more than 4 years, the merger was mostly on paper in so far as the integration of manpower was concerned. We could realise a deep sense of frustration and mistrust amongst the employees of two merged entities. In the initial stages, a lot of apprehensions were expressed by the employees, particularly about the scope and efficacy of such a committee in resolving issues relating to their services. However, as soon as they realised that the Committee has been set up by the Ministry of Civil Aviation and not by the Management of Air India, they had self assurance of the impartiality and independence of the committee. A sense of confidence was visible in the deliberations held by the Committee. At the same time it generated lot of enthusiasm and hope across the spectrum of employees. This made our work somewhat more challenging, as matching the expectations of almost 30,000 employees, reeling under the financial crisis of the company, has been the most difficult part of our job.

The committee has tried to study and evaluate various problems, some of them historical and some of them legal in nature so as to come up with holistic solutions based on the principal of fairness and equality.

The committee has made such recommendations which may serve as a guideline and benchmark for future growth of the Company in the profitable direction. The committee is conscious of the present financial

crisis being faced by the company with the presence of stiff competition in the aviation sector both from domestic as well as foreign airlines. A sincere effort, therefore, has been made to formulate our recommendations by taking into account various guidelines issued by the Govt. for its Central Public Sector Enterprises. The Committee has also considered it necessary to recommend that in order to remain in the competitive field, Air India will have to be in line with the International /National market/aviation industry benchmarks.

We hope that the report will serve as a reference point and a convenient tool in resolving long pending issues relating to human resources arising out of integration of manpower of the erstwhile two airline companies.

D.M. DHARMADHIKARI
(FORMER JUDGE, SUPREME COURT OF INDIA)
CHAIRMAN OF THE COMMITTEE

New Delhi,
31st January, 2012

ACKNOWLEDGEMENTS

Constitution of the committee to make recommendations on issues related to harmonization and rationalisation of integration of two erstwhile airlines viz. Indian Airlines & Air India into the merged entity i.e. NACIL now Air India has generated active involvement of stakeholders and many of them have enthusiastically forwarded their suggestions/viewpoints through written /oral presentations, letters and Emails. The committee is thankful to all the organisations, the staff, unions/Associations and the individuals who came forward to share their perspectives and extended full cooperation to the committee in completing its onerous task.

2. The Committee would like to place on record assistance and cooperation extended by the Ministry of Civil Aviation as also Management of Air India.
3. The Committee highly appreciates the efficient assistance provided by Shri B. R. Chawla and Shri Govind Prasad Dubey at all stages of the working of the Committee including logistical assistance.

New Delhi
31st January, 2012

MEMBERS OF THE COMMITTEE

(TO BE PUBLISHED IN PART II SECTION 3-A OF THE GAZETTE OF INDIA)

GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
AI SECTION

RAJIV GANDHI BHAWAN,
SAFDARJUNG AIRPORT
NEW DELHI, THE 11TH MAY, 2011

NOTIFICATION

No. AV.18016/03/2011-AI to address various IR issues including pay/wage rationalization and restructuring etc. in respect of Air India, it has been decided to constitute a committee under the chairmanship of former judge supreme court of India with the following members: -

- | | |
|--|------------------|
| 1. JUSTICE D.M. DHARMADHIKARI
(FORMER JUDGE, SUPREME COURT
OF INDIA) | CHAIRMAN |
| 2. PROF. RAVINDRA H. DHOLAKIA | MEMBER |
| 3. MR. RAJESHWAR DAYAL | MEMBER |
| 4. MR. SYED NASIR ALI,
DIRECTOR, MINISTRY OF CIVIL AVIATION | MEMBER SECRETARY |
2. The terms of reference of the committee are as under:-
- (a) To examine the principles of integration across various cadres and determination of level and seniority.
 - (b) To examine the principles of pay/wage rationalization and restructuring between all the employees of the erstwhile airlines.
 - (c) To examine and suggest harmonized working conditions of various categories of employees of erstwhile airlines depending upon the requirements.
 - (d) To examine the above (a), (b) and (c) in the light of the cost neutrality principle.
 - (e) To examine the principles governing the structure of pensionary schemes, death-cum-retirement gratuities and other terminal benefits having financial implication.

(f) To examine and make recommendations with respect to the general principle parameters of the different productivity linked incentive schemes and bring them in line with airline practices.

(g) Any other related matter that would be referred to the committee

3. The committee will have its headquarters at Safdarjung airport and would interact with management, unions/associations, third parties and other stakeholders relevant to the study and submit its report within six months to the ministry of civil aviation.

(Prashant Sukul)
Joint Secretary to the Government of India

The manager,
Government of India Press
Mayapuri,
New Delhi (with Hindi version)

No. AV.18016/03/2011-AI Dated 11.05.2011

Copy to: -

1. Justice D.M. Dharmadhikari, (Former Judge, Supreme Court of India), Bakul, 1169, Wright Town, Opposite Ashta Medical, Jabalpur- 482-002 (Madhya Pradesh).
2. Prof. Ravindra H. Dholakia, Professor of Economics, Indian Institute of Management, Vastrapur, Ahmedabad -380 015
3. Shri Rajeshwar Dayal, 2/118, Sunder Vihar, New Delhi.
4. Shri Arvind Jadhav, Chairman & Managing Director, Air India Limited, Air India Building, Nariman Point, Mumbai.
5. NIC, Ministry of Civil Aviation with the request to upload the notification on the website.

(Prashant Sukul)
Joint Secretary to the Government of India

EXECUTIVE SUMMARY OF RECOMMENDATIONS

1. Cut-off date

In the pragmatic compulsion of the situation and the functional importance of the classes merged, it seems fair and reasonable that cut-off date should be taken to be 1.4.2007 when the legal merger took place. The promotions on either side made before merger cannot be reviewed in terms of the merger scheme and have to be given due consideration in the integration of services

The Committee has decided to take 1.4.2007 as the cut-off-date on which a formal and legal merger of the two companies took place on grant of approval of Government of India under the provisions of the Companies Act. Even though the actual integration of service has been delayed, it should take effect retrospectively from the due date 1.4.2007 but without any financial implications on the company from retrospective date. The concerned employees of the two merged companies have to be considered with their respective positions as they existed on 1.4.2007

For no fault on the part of the employees, on merger of AI and IA, actual integration remained pending since the legal merger made on 1.4.2007. We, therefore, consider it fit to take a cut-off date as 1.4.2007 and undertake the exercise of level mapping, seniority and career progression on that basis except that the benefit of pay fixation would accrue prospectively.

The Committee feels that the merged company i.e. New Air India should have fixed pay scales as per DPE guidelines w.e.f. 1.4.2007 when the new enterprise was created after merger. As this was not done on the due date, the committee would recommend that DPE pay scales should apply to the new merged company from

1.4.2007 but the financial implication would not be retrospective from 1.4.2007 but would be prospective from the date the recommendation of the committee is formally accepted for implementation by the Government. [See para 3.9 - 3.19]

2 Level- mapping:

In the two erstwhile organizations, there were comparable hierarchy of posts. The very object of merger has been to integrate the services and utilize the manpower of the two organizations in the merged company for the optimum benefit of the company. As the posts in the operation, maintenance and on executive side in the two companies were as per their respective requirements when they were functioning independently, in the merged company, there has to be a fresh exercise for determining the number of posts at various levels as per the requirements and a fresh setup with revised hierarchy of posts for the merged entity, needs to be worked out by the management on an urgent basis to avoid overstaffing and waste of manpower. It may not be out of context here to mention that while considering the merger it was desired by the government that a comparative assessment of manpower of the merged entity specifically the top management vis-à-vis a comparable international airline needed to be undertaken. However, since this exercise has so far not been undertaken, it is recommended that it be done without further delay.

Taking help from the suggestions made by Accenture and the Management and the consequent response of the Associations/Unions of employees, we recommend the level mapping as given in charts under Annexure C to this report. [See para 3.20]

3. Inter-se Seniority:

In our opinion, on integration of posts of AI and IA, in merged Air India, in fixing *inter-se* seniority, a member having longer period of service in either AI or IA has to be placed above the member in the same grade having lesser period of service. This principle of fixation of *inter-se* seniority based on length of service in IA or AI shall be applied from the date of acquiring qualification or license wherever it is a mandatory requirement for career progression.

However, in the case of pilots and engineers, it is suggested that both pilots and engineers as also technicians under them should be given line seniority based on wide and narrow body of aircraft for which they are trained and licensed.

However, for members of the cabin crew, one common seniority, pay structure and career progression can be provided. It is suggested that cabin crew of both wide body and narrow body aircraft may be imparted requisite training in a time-bound manner so as to enable their cross utilization in a manner to provide equal opportunity and emoluments to all. [See para 3.22-3.23]

4. Promotion and career progression:

We suggest that all promotions hereinafter would be vacancy based on the basis of seniority with due regard to merit and through a selection procedure in which there would be a well defined selection panel comprising of equal number of in-service members and outside independent experts. In the case of division of opinions, in matter of a particular selection, the independent members would have a casting vote and their opinion would prevail. We are also of the opinion that there should be no age bar put on promotion, as it is a factor not within the control of the concerned employee.

To balance the promotional chances in the merged entity and to provide chances of promotions on equal footing to both AI and IA members, we recommend that for a period of two years, for available vacancies, quota be fixed for a particular post in proportion to the eligible members of erstwhile IA and AI. After fixing quota, rotational system can also be adopted, for example if for available vacancies in a year, member of erstwhile AI got promotion, for the next available vacancy in the succeeding year, the available eligible member of IA would be considered for selection to that post. The Quota-Rota system in this way would provide equal chances of promotion to members of both IA and AI. With regard to grant of promotional avenues and equal chances of promotion to members of erstwhile IA and AI, in our opinion, all employees, three stages below the promotional post may be clubbed and made eligible for promotion to bring them within the zone of consideration for promotion on the basis of merit-cum-seniority. This is found necessary as promotions on the side of both IA and AI remained pending or were delayed in anticipation of the actual merger of services of the two erstwhile companies.

We, therefore, recommend that every selection committee should comprise equal number of insiders, and outside independent subject experts who should have a final say in the event of difference of opinion with regard to a particular selection between the members of the Selection Committee.

[See para 3.24 & 3.63-3.66]

Ministry's direction:

Dharamadhikari Committee's recommendations of considering employees 3 stages below for promotional purpose is not practical, instead, zone of consideration can be expanded with 3 times the number of vacancies. Rota-quota system as recommended by Dharmadhikari Committee also needs a look by the Management for its practicability in implementation. This can be viewed by the Implementation Committee. Also casting vote by outside experts in the DPC is not practical.

5. PLI :

PLI scheme for pilots of IAL, introduced in 1993, was extended to other categories of employees between May 1994 and March 1998. The fact remains that huge amounts are being paid as PLI to different categories of staff without appropriate linkage to operational and financial performance of the company, at a time when the entity can ill afford such payments.

On some loosely defined criteria under settlements and agreements reached between the Management and the Workers, PLI at a fixed percentage of pay was given to everyone connected with fitment and maintenance of air craft, the pilots, the crew members down to the Technicians and Mechanics and up to the Executives, in violation of the DPE guidelines. It seems to the committee that as pay structure of staff of the two companies had to be in accordance with DPE guidelines, the concept of PLI and its implementation for certain categories of employees, having direct connection with the maintenance and flying of planes, was resorted to as a device to

circumvent DPE guidelines. We are, therefore, of the opinion that payment of PLI which is devoid of any rationale cannot be allowed to continue. We are given to understand in the course of our deliberations with Associations of Engineers and Technicians that PLI did work as an incentive to keep up the productivity and efficiency of the staff. The committee is, therefore, of the view that if PLI in the present form is to be discontinued, there should be some other incentive like Productivity / Profit Related Pay (PRP) to maintain the efficient working of employees.

It is recommended that the management should take the MOU targets based ratings that in turn depends on the industry average performance/achievements of the previous year as the benchmark for the current year for each of the Key Performance Indicators (KPIs) like Yield, Aircraft Utilisation, Passenger Load Factor (PLF), On Time Performance (OTP) and Revenue Achievement to measure performance for the purpose of grant of Productivity / Profit Related Pay (PRP).

[See para 3.45-3.52]

6. Issues related to Pilots Executive Pilots: under reference to the Union cabinet.

[See para 3.27-3.43 & 3.44]

7. Issues related to Aircraft Engineers: under reference to the Union cabinet.

[See para 3.67-3.69]

Ministry's direction:

Total emoluments to be paid to license categories like pilots, engineers (and cabin crew) would be much higher than the prescribed DPE pay scales and allowances. Hence, it would be proper to approach the Union Cabinet for its dispensation as allowance like flying allowance, licence allowance etc. would fall beyond the scope of DPE guidelines. Therefore, even though level mapping and fixation of pay scales and inter-se seniority exercise may be started immediately but its factual implementation would be done only after the approval of the deviations from DPE guidelines to be obtained from Union Cabinet”.

8. Other incentives:

As the committee has recommended doing away with PLI in the present form, to keep up the efficiency and morale of the staff, we recommend a performance related incentive based strictly on a well formulated objective assessment criteria to be evolved by the management with the help of experts so that those who are rated and found exceptionally efficient and punctual and have contributed to overall profitability of the airline are incentivised. This incentive could be in the form of benefits like the grant of maximum of two extensions of one year on contractual basis each beyond the existing age of retirement of 58 years. However, this incentive shall be made available up to a maximum of 10 % of the existing strength of employees in each grade. Besides this, additional free passages subject to availability of seats, posting at foreign destinations and posting at a destination of choice may also be considered as incentive.

For a transparent and objective evaluation of the performance level of the concerned employee/s, a committee of odd number of

members may be constituted representing the Management and the Employees along with an independent subject expert.

[See para 3.61-3.62]

9. **REVISED FREE PASSAGE POLICY:**

A very important modification in the Free Passage Policy is required in the case of definition of “Family Members”. Currently, there are widely different definitions of Family Members considered in Ex-IA and Ex-AI. As of now, the family is defined to mean “Self, Spouse, children, parents, son-in-law, daughter-in-law, brothers and sisters.” This definition of family is not restricted to dependent blood relations alone and is not in consonance with the definition of family in CCS Rules and PSUs. The definition of family for the sake of uniformity and demand of economy should be restricted to close blood relations who are dependent on the employees. The definition of family as contained in the Civil Service Regulation and CCS (LTC) Rules should be adopted.

As far as the free passages are concerned, the Committee recommends adoption of a scheme similar to the widely used LTC Scheme for PSUs and Government Service. Considering the special nature of AI, the Committee recommends Home Travel Concession for Self and Family once every year; LTC once in every two years anywhere in the country (All India LTC); and LTC (Foreign) once every three years anywhere in the world where AI is flying on confirmed basis. Entitlement of the class of travel would be as existing on date would be applicable. During HTC and LTC, the employees can avail encashment of 10 days leave annually, available in their account. This encashment of 10 days leave would be in addition to the encashment of leave available at the time of

retirement. This encashment of 10 days should be limited to once in a year only. The Management can decide about creation of block years for claim of LTC (All India) and LTC (Foreign).

[See 3.82-3.83]

Ministry's direction:

Free passage facility is a facility available to the airlines industry and is prevalent worldwide. Hence it can not be abolished altogether. However, it needs rationalisation as presently free passage facility is infinite and also the scope of definition of the 'family' needs revisit. Further, the definition of family has to be reasonable and in consonance with definition of family as per the government rules. Implementation committee is accordingly directed to decide about the free passage norms on the basis of industry's standard. There is no need to refer the matter back to government.

10. VOLUNTARY RETIREMENT SCHEME:

We recommend that necessary steps be taken to reduce the man power per air-craft to bring it in conformity with the prevailing market conditions and the aviation norms. It is important for a PSU like Air India to formulate a **Voluntary Retirement Scheme(VRS)** for its employees so that excess man-power does not unduly increase the wage bill and depress productivity. The Committee recommends a viable **VRS** to all categories of employees with a sizable proportion of the benefits being made available in the form of ESOP (Employees Stock Option Plan). In view of severe financial constraints, Air India Management may approach Government of India to support a viable VRS Scheme and also seek urgent decisions facilitating the implementation of the ESOP option (including

valuing all tangible assets of the company within and outside the country, listing of the company in the stock market, allocating a fraction of total shares for the purpose, etc.) for such Voluntary Retirees and also the regular employees in lieu of arrears payable to them. This can be an attractive option for about 7000 employees who are in the zone of retirement in the next five years. It also has the potential to increase the sense of belongingness, ownership, commitment and dedication of existing employees to strengthen the Company. Even the DPE Guidelines support ESOP option to be given to the employees.

[See para 3.87]

11. Additional source of revenue:

The Committee recommends developing Central Training Establishment at Hyderabad as a separate business unit to impart training facilities to third parties also. This may generate additional income for the Company. Similarly the MRO units and Hangars can provide service to outsiders at competitive rates to increase their rate of utilization and revenues.

[See para 3.84-3.86]

12. Fiscal measures:

It is recommended that the management may resort to postponing certain percentages of revised emoluments till the company gets EBIDTA positive, cash costs positive and operational profit. The bench mark for crossing such mile stones has already been mentioned in the TAP/FRP under consideration of the Government.

[See para 3.59- 3.60]

13. Casual/contract workers:

Loaders, members of sanitary staff, contract/casual labourers, the members of the menial staff in manual jobs also were heard by us by inviting them through their Associations. The Committee finds that conditions of service of casuals or contract labourers, who are paid on daily basis but are continued in service for more than 5 to 10 years need a sympathetic consideration by the management. In the opinion of the Committee, the services of such employees deserve to be regularized against existing/future vacancies.

[See para 3.73]

Ministerial Committee's Observation and Approved by the Ministry.

“Dharmadhikari Committee's recommendations with regard to regularisation of service of casual/contract workers against existing/future vacancies may not be practically possible. It also contradicts the general approach of the Report. However, they can be given preference against available vacancies only”.

14.MEDICAL FACILITIES:

On the availability of the medical facilities, the Committee finds that the disparities exist between IA and AI on the quantum and quality of medical facility. This disparity has to come to an end. For all employees of newly formed company on merger, medical facilities on equal basis under a well prepared medical scheme should be provided. Government or Private Hospitals in the vicinity where the retirees live should be approved for medical reimbursement. The quantum of reimbursement and the quality of medical facility should be provided on the basis of the rank of the officer in which he retires.

[See para 3.79]

15. PROVIDENT FUND & GRATUITY:

The Committee recommends that all members of the AI and IA who now are employees of new Air India falling within the definition of 'employee' under the payment of Gratuity Act should be given Gratuity in accordance with the provisions of that Act, Provident fund in accordance with the provisions of Employees Provident Fund Act and all should be covered by group/policy insurance under an Insurance Scheme, so that after retirement, in old age, they may get financial support.

[See para 3.77]

15. Post retirement Passage facility.

The grievance of the retirees was that the free passage facility with a condition of availability of seat many times makes a scheduled journey impossible and puts them in a very uncertain predicament. Instead of the present conditional free passage facility, the Committee recommends that the retirees should be given the privilege of confirm booking at 50% of the lowest fare.

[see para 3.80]

17. Corporate Management Cadre

Presently, there are a number of posts in the executive cadre which has been occupied by management graduate i.e., qualified MBAs. In erstwhile Air India it has been recognized as a separate cadre known as Corporate Management Cadre. However, there is no definite career progression charts for them as a result there promotions are not linked to vacancies in the departments to which they belong. This has created dissimilarities in the promotional avenues of similar placed qualified persons across various departments. The Committee recognizes the importance of corporate

management cadre and recommends that their promotion should be in conformity with laid down principles of seniority based on the length of the service. If in the current scenario a person having lesser number of years promoted over person having longer number of years of service, in that case the general principle of seniority being protected vis-à-vis a junior getting promotion shall be followed. As is followed in the Government in such cases, the salary of the senior shall be protected to the extent of the salary drawn by his junior. The management may give proforma promotion to the persons having longer length of service from the date his junior gets the promotion.

[See para 3.74]

18. Pay-Fixation

The pay in the revised DPE pay-scales for all employees except flying staff should be fixed at 1.1.2012 in a way where the Cost to the Company (CTC) remains the same. The existing CTC as on 1.1.2012 in the case of any employee is given by the basic salary + variable DA + House Rent Allowance (HRA) + Provident Fund contribution by the Company + all regular allowances + PLI. We call these gross emoluments and represent it by CTC. Keeping this amount the same for each individual employee except the flying staff, we derive the basic pay of the employee in the revised DPE pay scale, say RBP as—

$$\text{RBP} = \text{CTC} / 2.5226$$

where 2.5226 is derived as basic pay (1.0) + HRA (0.3) + PF contribution of the company (on basic pay and variable DA) (0.1566) + variable DA (0.566) + all other allowances restricted to 50% of basic pay as per DPE guidelines (0.5 at maximum).

In cases where a junior employee in the given scale after all adjustments of level mapping and inter-se seniority is found to be drawing higher basic pay than the senior employee, the RBP of the senior employee would be placed at par with the junior employee.

For the flying staff, since they are fixed within the DPE scales along with other regular employees of the company but receive special flying related allowances, their case has to be considered separately..... (*after approval of the Cabinet*).

[See para 3.56 - 3.58]

19. **Productivity/profit Related Pay for future**

The Committee recommends payment of PRP as a part of the total allowances admissible under DPE guidelines with the overall cap of 50% of the revised basic pay [RBP] for arriving at emoluments in future. The Committee recommends putting aside 30 percentage points as fixed allowances not related to PRP and the remaining 20 percentage points based on PRP for all categories of employees. This component of allowances in terms of PRP should be determined annually based on the achievement of MOU target based rating.

[See para 3.60]

20. **Monitoring Mechanism**

The Committee recommends instituting a time bound monitoring mechanism and process associating representatives of management of equal ranks from both e/w airlines, Ministry of Civil Aviation and outside experts to oversee completion, within a reasonable period, of merger and integration process on both operational and human resource.

[See para 3.89]

CHAPTER-1

INDIAN AIRLINES AND AIR INDIA MERGER RELATED ISSUES

- 1.1 Air services in India began in October 1932 under the Aviation Department of Tata Sons Ltd, which was succeeded by Tata Airlines. This was subsequently renamed in July 1946 as Air India Ltd., and incorporated as Air India International Ltd., in March 1948.
- 1.2 The Central Legislature brought into force the Air Corporation Act 1953 w.e.f. 28.5.1953. The Preamble of the Act mentions the aim and object of constituting the Government Corporation in the name of Indian Air lines [IA] and Air India International [AI]. The preamble reads as under-

“An Act to provide for the establishment of Air Corporation, to facilitate the execution by the air Corporation of undertakings belonging to certain existing Air companies and generally to make further and better provisions for the operation of air transport service”. Section 7 of the Act of 1953 mentions the functions of the Corporation. The section reads “Subject to the rules, if any, made by the Central Government in this behalf, it shall be the function of each of the Corporations to provide safe, efficient, adequate, economically and properly coordinated air transport service, whether National or International or both and the Corporations shall so exercise their powers as to secure that the Air Transport Services are developed to the best advantage and, in particular, so exercise those powers as to secure that the services are provided at reasonable charges”.

- 1.3 The Act of 1953 provided for framing of regulations including prescribing terms and conditions of services of officers and other employees of the Corporation. Government owned airlines dominated the Indian aviation industry till the mid 1990's, when, as part of the liberalised sky policy, the Government of India ended the monopoly of AI and IA in air transport services, and allowed private operators to provide air transport services.
- 1.4 The Air Corporation Act of 1953 was repealed by the Air Corporation (Transfer of undertakings and repeal) Act 1994. The object of the repeal Act is mentioned in its Preamble which reads as under:- *“An Act to provide for the transfer and vesting of the undertakings of Indian Airlines and Air India respectively to and in the companies formed and as Indian Airlines Ltd. And Air India Ltd and for matters connected therewith or incidental thereto and also to repeal the Air Corporation Act, 1953”*. Section 4 of the Repeal Act provides for general effect of vesting of undertakings in the companies.
- 1.5 Thus, as a result of the Repeal Act, the erstwhile statutory corporation constituted under the Act of 1953 stood vested in the newly formed two companies Indian Airlines and Air India Ltd. Section 8 of the Repeal Act, which protects the conditions of service of all officers and employees of the erstwhile corporations, reads as under:- *“Section 8(1)- Every officer or other employee of a corporation (except a Director of the Board, Chairman, Managing Director or any other person entitled to manage the whole or a substantial part of the*

business and affairs of the corporation) serving in its employment immediately before the appointed day, shall, in so far as such officer or other employee is employed in connection with the undertaking which has vested in a company by virtue of this Act, become, as from the appointed day an officer or other employee, as the case may be, of the company in which the undertaking has vested and shall hold his office or service therein by the same tenure, at the same remuneration upon the same terms and conditions, with the same obligations and with the same rights and privileges as to leave, passage, Insurance, superannuation scheme, provident fund, other funds, retirement, pension, gratuity and other benefits as he would have held under that corporation if its undertaking had not vested in the company and shall continue to do so as an officer or other employee, as the case may be, of the company or until the expiry of a period of six months from the appointed day if such officer or other employee opts not to be the officer or other employee of the company within such period”

- 1.6 Some time between the years 2006-07, the government took a decision to amalgamate two government companies Indian Airlines and Air India Ltd. The rationale for the amalgamation scheme as stated in the scheme itself reads as under:-

“The declining market, operating and financial performance posed serious threat to future survival of the two airlines on a stand-alone basis. It was felt that in an increasingly consolidating global aviation environment, where

‘critical mass/size’ is a key success factor, combining the two state owned airlines into a single merged entity would better equip them to survive and prosper amidst fierce global and domestic competition as it would provide an opportunity to leverage combined assets and capital better and build a stronger sustainable business. It was also felt that the amalgamation would:-

** Enable optimal utilization of existing resources through improvement in load factors and yields on commonly serviced routes as well as deploy ‘freed up’ aircraft capacity on alternate route.*

** Provide an opportunity to leverage skilled and experienced manpower available with both the companies to the optimal potential.*

** Provide an integrated international/domestic footprint which would significantly enhance customer proposition and allow easy entry into one of the three global airline alliances.*

** Provide an opportunity to fully leverage strong assets, capabilities and infrastructure.*

** Potential to launch high growth and profitability businesses (Ground Handling Services, Maintenance Repair and Overhaul etc.)”.*

1.7 Keeping in view the above, the merger of Air India and Indian Airlines was cleared by the Government on 1 March 2007. Consequent to the Cabinet clearance, National Aviation Company of India Limited (NACIL) was incorporated under the Companies Act, 1956 on 30 March 2007 with its

Registered Office at Airlines House, 113 Gurudwara Rakabganj Road, New Delhi and Corporate Office at the Air India Building, Nariman Point, Mumbai 400 021. The Ministry of Corporate Affairs, Government of India vide Order dated 22 August 2007 approved the Scheme of Amalgamation of Air India Limited and Indian Airlines Limited with the National Aviation Company of India Limited under Section 391-394 of the Companies Act and on filing the Order with the Registrar of Companies, New Delhi the merger became effective from 27 August 2007, with an appointed date of 1 April 2007 and both the erstwhile entities viz. Air India Limited and Indian Airlines Limited stood dissolved without being wound up.

1.8 The Indian aviation environment has changed significantly over the last few years with rapid increase in demand for domestic and international air services. Expansion of capacity of current Airlines players (domestic, private and global) as well as the entry of new players has helped meet this demand and at the same time significantly altered the competitive landscape. Rising fuel price and shortage of skilled man power is expected to put further pressure on all current Airlines operators. It is with the above mentioned objective, the two government companies were proposed to be merged to form a new government company in the name of National Aviation Company of India Limited. The newly formed National Aviation Company of India Limited on the merger of erstwhile IA and AI was renamed in Nov 2010 as Air India Limited under the administrative control of the Ministry of Civil Aviation.

1.9 In the Annual Report 2007-08 of the new Air India Limited, a company formed after merger of AI and IA, the need for amalgamation was said to have been necessitated due to the fact that both AI and IA were operating in a largely protected environment. They were faced with fierce competition from domestic, private and global Airlines companies. Market share had declined substantially for both Airlines. Significant increase in competitive activities had eroded historical advantage of both carriers as leading international carriers had increased coverage and frequency to major cities in India and domestic carriers also significantly ramped up operation. The Annual Report of 2007-08 further elaborated in detail, the object of amalgamation of AI and IA as under:-

“On amalgamation of erstwhile IA and AI, the main problem arose of increased integration of services of employees of erstwhile two government companies. When the scheme of amalgamation was considered by the Government of India for approval in accordance with Companies Act, the employees strongly objected to the amalgamation or the merger of the two companies on the ground that their service conditions would be adversely affected. At the time of seeking approval of the amalgamation scheme on behalf of the companies, an assurance was given that “manpower of both the Airlines would be integrated gradually in a calibrated approach and broad principles. Manpower integration would be as under:

- i. There will be no retrenchment and all employees will continue in the merged company.*

- ii. *All legitimate rights of the employees will be protected.*
- iii. *The issue regarding determination of inter-se seniority, compensation etc. would be addressed on the basis of transparent and objective criteria as per law”.*

1.10 On behalf of the two erstwhile companies, it was proposed that for proper and just integration of service of the employees of two companies, a grievance Redressal mechanism would be set up.

1.11 The amalgamation scheme was approved by the Central Government on the conditions that the new company formed after merger shall within 30 days from the date of enforcement of the scheme, set up a Three Tier Grievance Redressal Machinery to address employees' grievances. The main object of the scheme of amalgamation which received approval of Government of India was that the scheme proposed to bring about a rationalization of infrastructure of resources already available with the two transferor companies, improving operational and financial performance.

1.12 When the employees objected to the amalgamation scheme on the apprehension of change of their service conditions to their detriment, an assurance was given by the erstwhile two companies that “terms and conditions of service of the employees in the transferred company shall not be less favourable to the terms and conditions available to them to the transferor company”. This assurance was accepted by the Government of India and it was found that there is adequate protection with regard to service condition of the employees and if they are different in the new set up from the bench mark, it would not be detrimental to their existing position. It was

further mentioned that *“the rest would depend upon the new set up arrangements which as per the scheme would be as per the laws of the land and the arrangements can be set up fair and equitable”*. It was further observed:- *“it is equally possible that when better use of facilities of wider part for expansion and growth, there may be an increase in opportunity for the employees.*

- 1.13 On the claim of the employees that their service conditions in their respective employment with their erstwhile companies should not change, the Government of India in approving the amalgamation scheme stated as under:-

“There cannot be any guarantee that service condition remain unchanged irrespective of the duties/responsibilities provided these are not to the detriment to the conditions assured to the employees. Under such an approach, even improvement in service condition is precluded. The significant part of the objection is even more intriguing. It is possible that the merger may bring to give different stream of employees from the transferor company, yet as they became employees of the transferee company, it would be appropriate to review and recast the rules of employees on the basis of their qualification and achievements in the best interest of the company and its stake holders. In fact, this is one of the major advantages available to the company through the process of energetic growth afforded by merger and amalgamation. The end result has to be a package that meets the commitments given in the scheme within the frame work of law and allows harnessing

the protective potential of the company and its employees through innovation in the new environment.”

1.14 In the decision granting approval of the scheme it was said
“with effect from the appointed date and upon the scheme becoming effective, any and all employees employed in connection with the working of the transferor companies as on the effective date shall become employees of the transferee company employed without any breach or interruption of service and subject to the provisions of the scheme, on the terms and conditions not less favourable than those applicable to them as on effective date. The transferee company may alter, modify, and change the conditions of service of the employees any time after the effective date in accordance with the provisions of the applicable law.”

1.15 In the amalgamation scheme, to protect the interest of the employees with their service condition not to be varied to their disadvantage, it was further agreed as under:-

“The transferee company undertakes to continue to abide by any agreement, settlement entered into with any recognized labour union/employees and also applicable awards of Tribunal/Arbitrator by the transferor company.”

1.16 The merger of erstwhile Air India and Indian Airlines formally and legally took place with effect from the appointed date 1.4.2007 after the Govt. of India approved the merger under the provisions of the Companies Act. The actual merger and integration of services of the employees of two erstwhile companies has not taken place till this date resulting in frustration and demoralization of the employees of the merged

entity. There were frequent agitations and strikes leading to disruption of air services. It is in the above back ground that the Ministry of Aviation decided to set up a committee for making recommendations on the issues mentioned in the terms of reference with the following composition:

Justice D.M. Dharmadhikari (Fr. Judge Supreme Court of India)	Chairman
Professor Ravindra H. Dholakia	Member
Shri Rajeshwar Dayal	Member
Shri Syed Nasir Ali	Member-Secretary

CHAPTER-2

METHODOLOGY ADOPTED BY THE COMMITTEE.

2.1 The Terms of Reference necessitated the Committee to involve all the stakeholders viz. the employees, management and the Government in its deliberation. To this end the Committee interacted with the employees of various classes and grades of the two merged companies, the Management, the officers of Department of Public Enterprises, the officials of Aviation Ministry, DGCA and various Associations/Unions representing the Pilots, Crews, Engineers, Technicians, Commercial Staff and Ground Handling staff besides Federation of Indian Airlines, International Air Transport Association and experts in the aviation industry. To begin with, the Committee invited employees, their unions and staff associations, to send their views on the subject in writing by 2nd June 2011 which was further extended up to 17th June 2011 to enable more time for submission of representations. The response was overwhelming. The Committee received 56 written representations from Unions/Associations and 457 written representations from individuals/Groups. It was decided to hold meetings with the office bearers of the unions/associations to obtain their views in writing and orally on the merger related issues. Meetings were held in various parts of the country to facilitate employees posted at different destinations to enable them to present their views personally before the Committee. Issues raised therein are summarised at **Annexure – A.**

2.2 The Committee held formal meetings in Mumbai, New Delhi, Ahmedabad, Hyderabad, Jabalpur and Goa, the details of which are at **Annexure B** . The Committee had its Secretariat at 2nd Floor, Air India Reservation Building, Safdarjung Airport, New Delhi. During

these hearings and thereafter, a large number of representations with documents were handed over to the Committee. The Committee also had field visits of several establishments in different parts of the country like the Central Training Establishment at Hyderabad, Jet shops, Hangars both at Mumbai and New Delhi and IOCC, T-3 Terminal of IGIA to get a first hand impression about the functioning and the conditions of service of various categories of employees. During these visits, the Committee also interacted with a large number of employees working in various fields. The main stakeholder in the Air Service business being passengers, the Committee took stock of the public opinion expressed jointly, individually and through the media.

CHAPTER-3

DELIBERATIONS ON TERMS OF REFERENCE AND RECOMMENDATIONS.

- 3.1. The Committee was deliberating on the subject and hearing the concerned and affected parties, it came to the notice of the committee that the new merged company is passing through severe financial crisis. To stay in the competitive air-service sector, the Air India decided to discard its old air crafts and purchase new air crafts, for which finance was arranged by obtaining loan from banks and financial institutions. The loans were also taken towards meeting the cost of Working Capital. It seems that because of the delay in effecting actual merger of the two companies and movement towards the liberalised sky policy introduced by the government, the profits of the company dwindled. The Company at times was unable to service the debts of the financial institutions in time. Many profit earning routes were shared with private airlines. The company in its annual accounts has shown losses for the last 4-5 years. One of the terms of reference to be answered by the Committee is ‘to suggest merger of services of the two erstwhile companies not only on a fair and legal basis but also on cost neutrality principle’.
- 3.2. The Committee is not called upon to suggest ways and means for tiding over the current severe financial crisis. That problem has to be resolved by the management of the new merged company and the government in the Aviation Ministry. The Committee has to focus only on the terms of references made to the Committee on integration of services of employees of the two erstwhile companies. The ‘cost neutrality principle’ is understood by the committee to mean that the

services of the two merged companies have to be integrated and reorganized in a manner as not to unduly:

- i) Increase the over all cost of operating the airline; or
- ii) Reduce net earnings of the airline.

3.3 The Committee has, therefore, kept in view all the aspects like the financial capacity of the Company, national and international practices and the aspirations of the employees while ensuring that every rupee spent on wages should translate into growth and stability of the Company.

3.4 It is in the above historical and factual back ground that the committee after hearing the concerned parties answers the following terms of reference:

- A To examine the principles of integration across various cadres and determination of level and seniority.
- B. To examine the principles of Pay/wage rationalization and restructuring between all the employees of the erstwhile airlines.
- C. To examine and suggest harmonized working conditions of various categories of employees of erstwhile airlines depending upon the requirements.
- D. To examine the above A, B and C, in the light of the cost neutrality principle.
- E. To examine the principles governing the structure of pensionary scheme, death-cum-retirement gratuities and other terminal benefits having financial implication.
- F. To examine and make recommendations with respect to the general principle parameters of the different Productivity Linked Incentive Schemes and bring them in line with airline practices.
- G. Any other related matter that would be referred to the Committee.

- 3.5 The settled legal principle in service jurisprudence is that when there is a merger of two or more establishments, the integration of service of the employees of the merged establishments must be determined on some rational principle. Before undertaking the actual exercise of level mapping or equation of posts/hierarchies in two companies, the committee went into the examination of methods adopted for recruitment in the two companies at various levels. The Committee has found that the methods of recruitment at the entry level do not differ much excepting that in Air India, for Air Crafts Engineer, the minimum qualification prescribed is Matriculation or 10+2 with Science group whereas in Indian Airlines, it was Matriculation or 10+2 without insisting on science group. This difference in prescribed essential educational qualification is not of much importance when for discharging duties of air craft engineers or technician, a licence, after successful completion of training for a particular air craft, is required to be obtained from DGCA in accordance with the Aircraft Rules 1937 framed under Aircraft Act 1934.
- 3.6 On behalf of all the employees of various categories, in their representations submitted through their Unions and Associations, much emphasis has been laid on the terms of the Merger Scheme approved by the government. It is submitted that some of the employees of the erstwhile companies had opposed the merger. In approving the merger scheme, the undertaking given by the company has been recorded which states that in the new formed company after merger, no employee would be 'worse off'. The Committee feels that this undertaking given by the management has to be understood in the context of legal merger. The merger is allowed on a promise that

the employees would not be 'worse off' from their present position. If this undertaking is to mean that in no event there can be any restructuring, rationalisation like level mapping and revised channel of career progression and changes suitable in other conditions of services of the employees of the merged companies, the very process of integration of two services would become an impossibility. The Committee in undertaking the exercise of integration of two e/w companies has to ensure that no employee, as a member of the new company, suffers any disadvantage with regard to his present status. Some variation in service conditions is a necessity and compulsion of any integration process. The Committee is aware that mergers often prove to be traumatic for the employees. The organizational culture plays an important role in the post merger scenario as the organizational culture; managerial styles and structures in the two organizations differ widely and may not be compatible with each other. Although the two erstwhile airlines had similar charter of functions and were under the same administrative Ministry they had different managements all along and had followed distinctly different personnel policies in that there were different pay scales, designations, recruitment procedures, promotion and career growth aspects. Further the rules and guidelines laid down by the Department of Public Enterprises (DPE) for all the public sector enterprises particularly in the matter of salary structure and PLI were not followed by these airlines. This made the task of integration of two structurally incompatible organizations with about 33000 employees and having wide variations with hardly any meeting ground very onerous, more so, with the raised aspirations in the employees of the two airlines on account of assurances given at the time of the merger that no one would be 'worse off' on account of the

merger. This assurance had been misconstrued by the employees to mean differently by different groups, as was evident during various interactions with the employees. In a situation of this kind, grievances of injustice by way of comparison one way or the other is inevitable despite overall improved service conditions. The Supreme Court in the case of merger of Vayudoot with Indian Airlines [Appeal (Civil) 1269 of 2000] observed – *“It is possible that by reason of such a merger, the chance of promotion of some employees may be adversely affected or some others may benefit in consequence. But this cannot be ground for seeking aside merger which is essentially a political decision.”*

- 3.7 The employees not only need to abandon their own culture, values and beliefs but also have to accept the culture of the other merging organizations. Merger of two organizations also lead to adopting good practices prevailing in the two organizations. In fact, in-breeding gives way to cross fertilization of ideas and practices so very necessary for growth and meeting competitive challenges. Mergers also lead to changes in their well defined career paths and future opportunities and here it is imperative that the employees in the interest of making the merger successful adopt a policy of give and take and view merger in their long term interest.
- 3.8 The Committee has proceeded with the job keeping in view the terms of merger. In balancing the rights and equities with regard to the existing service conditions of the employees of two merged companies, best possible effort has been made to accommodate the claims and expectations of the employees on the two sides.

3.9 **Cut-off date for level mapping or equation of post**

The Committee has decided to take 1.4.2007 as the cut-off-date on which a formal and legal merger of the two companies took place on grant of approval of Government of India under the provisions of the Companies Act and though actual merger is yet to fructify.

3.10. In the course of hearing, on behalf of erstwhile Indian Airlines, it was pointed out that soon after the policy decision of the government to merge the two companies was made public, in erstwhile Air India, time bound promotions were hastily made. This has resulted in all-time advantage to Air India employees over Indian Airlines employees in the company formed on merger. It is pointed out that Air India had a time-bound promotion policy for the Executives which did not exist on the side of Indian Airlines who could earn promotions only against available vacancies and through a selection process. The suggestion on behalf of Indian Airlines is that the committee should either ignore such time bound promotions on Air India side, which took place on the public announcement of merger **or** fix cut-off date on which the decision of merger by the government was publicly announced.

3.11. It is true that the cut-off date for integration of services of a merged entity can be fixed which can be prior to or after the date of merger to balance the rights and claims of service conditions of employees of two merged entities. It is open for the committee to fix the cut-off date either to be the date of public announcement of policy of government to effect merger or the date on which the legal merger took place in accordance with the provisions of the Companies Act.

- 3.12. The Committee is inclined to accept the clarification offered on behalf of Executives of erstwhile Air India that before the passing of an order of formal merger under Companies Act with effect from the appointed date i.e. 1.4.2007, certain employees of erstwhile Air India had become due for time bound promotion and it would have been unjust if their promotions would have been with-held awaiting the formal order of merger. It is not the case on the side of Indian Airlines that the promotions were kept on hold on their side awaiting merger. It is true that in the period intervening the appointed date of merger i.e. 1.4.2007 and the date of setting up of this Committee, some vacancies existed and the selection process had commenced but for some reason which has not been fully explained by the management, regular promotions for the existing vacancies did not take place, probably because the process of actual integration of service had commenced and is still in process before this committee.
- 3.13. In the pragmatic compulsion of the situation and the functional importance of the classes merged, it seems fair and reasonable that cut-off date should be taken to be 1.4.2007 when the legal merger took place. The promotions on either side made before merger cannot be reviewed in terms of the merger scheme and have to be given due consideration in the integration of services.
- 3.14. When the Committee had started its deliberations on the terms of reference as notified, the long awaited process of selection for existing vacancies was recommenced and the Air India Executives objecting to the same approached us through a delegation complaining that without awaiting the report of the committee on integration, the management is accelerating the selection process to

make material changes in present status and service conditions of certain employees.

3.15. The Indian Airlines Executives Associations also approached us through a separate delegation saying that the on-going process of selection for promotion should be allowed to be completed as time bound promotions given to erstwhile Air India employees before merger has already adversely affected the chances of promotion of erstwhile Indian Airlines employees in the merged company.

3.16. Keeping in view the rival contentions of the parties, the committee thought it fit to direct the management to keep on hold the selection process for promotion for the existing vacancies until formal integration of services takes place and the committee has formally made its recommendations. Despite the above mentioned developments and contentious issues, the committee feels that the cut-off date could be 1.4.2007 i.e. the date of formal and legal merger. Even though the actual integration of service has been delayed, it should take effect retrospectively from the due date 1.4.2007 but without any financial implications on the company from retrospective date. The concerned employees of the two merged companies have to be considered with their respective positions as they existed on 1.4.2007. A different cut-off date could have been taken, which may be anterior or posterior to the date of legal merger i.e. 1.4.2007, but according to us, there is no justification to give it retrospective effect prior to the appointed date 1.4.2007.

3.17. In the case of merger of erstwhile Vayudoot with erstwhile Indian Airlines the legal question of fixation of cut-off date, to be prior to or after actual merger, had arisen. The Supreme Court in the decision reported in AIR 2007 SC 2747 rejected the cut-off date to be in the

year 1994 when the Vayudoot employees were assigned duties in a newly constituted separate department of the merged entity named as 'Short Haul Operation Department (SHOD)'. The claim to fix cut off date in the year 1998 when the decision was taken to merge the SHOD employees into the main stream of Indian Airlines was accepted. The cut-off date taken was the date when a scheme was prepared for absorption of SHOD employees into Indian Airlines. The cut-off date therefore was taken as 10.3.1998.

- 3.18. For no fault on the part of the employees on merger of AI and IA, actual integration remained pending since the legal merger made on 1.4.2007. We therefore, consider it fit to take a cut-off date as 1.4.2007 and undertake the exercise of level mapping, seniority and career progression on that basis except that the benefit of pay fixation would accrue prospectively.
- 3.19. We are aware that despite legal merger with effective date 1.4.2007, actual merger particularly with regard to Human Resources has remained pending all these years. In the mean time, erstwhile AI and erstwhile IA had been following their own different selection procedures. As a result of the same, regardless of inter-se seniority, promotions have been made on the side of AI and IA and in our opinion it could be most unjust to undo them after such a long period. We would, therefore, recommend that on fixation of inter-se seniority on the basis of cut-off date 1.4.2007, a internal committee be set up to re-examine the promotions already made after 1.4.2007 both on the side of AI and IA and if on the basis of inter-se seniority, any employee belonging to either erstwhile company has suffered in promotion, he would be granted proforma promotion with reference to his junior after assessing his suitability, so that the senior is not put

to disadvantage vis-à-vis his junior. This exercise should be completed as far as possible, within a period of 3 months. The proforma promotion if any, recommended by the Committee will have financial implication only from the date of the monetary benefit accruing to his junior.

3.20. **LEVEL MAPPING OR EQUATION OF POSTS:-**

In determining equation of posts following well settled factors have been borne in mind (a) The nature and duties of the posts; (b) The responsibilities and powers exercised by the officers holding the posts; (c) The nature of his functions and responsibilities to be discharged; (d) The minimum qualification if any, prescribed for the post and (e) Salary of the post. Integration of cadres of merged organization necessarily involves categorization, placement and fitment. The integration of cadre can be horizontal or vertical. The horizontal integration involves the integration of different cadres of employees enjoying more or less similar ranks, status and pay. Vertical integration involves equalizing a cadre of higher grade with lower grade e.g., upgrading the post. Since nomenclature of posts, chances of promotion and pay to some extent were different in AI and IA, we have mainly adopted the method of horizontal integration but only in respect of few posts, thought fit to resort to vertical integration as well where the pay, duties and responsibilities of the two comparable posts were more or less similar and there were not much difference in pay scale but only designations differed. An attempt has been made in Level Mapping to give better designation and better scale of pay available to a particular post in any one of the two organizations. In this respect assistance was taken from the professional consultant Accenture engaged by the company and the

Level Mapping proposed by the Management. Taking help from the suggestions made by Accenture and the Management and the consequent response of the Associations/Unions of employees, we propose the level mapping as given in charts under Annexure-C to this report.

3.21. **HEIRARCHY OF POSTS**

In the two erstwhile organizations, there were comparable hierarchy of posts. The very object of merger has been to integrate the services and utilize the manpower of the two organizations in the merged entity for the optimum benefit of the company. As the posts in the operation, maintenance and on executive side in the two companies were as per their respective requirements when they were functioning independently, in the merged company, there has to be a fresh exercise for determining the number of posts at various levels as per the requirements and a fresh setup with revised hierarchy of posts for the merged entity, needs to be worked out by the management on an urgent basis to avoid overstaffing and wastage of manpower. It may not be out of context here to mention that while considering the merger it has been desired by the government that a comparative assessment of manpower of the merged entity specifically the top management vis-à-vis a comparable international airline need to be undertaken.

3.22. **SENIORITY:-**

The normal principal of computation of seniority is on the basis of length of service in a particular post or grade, but as methods of recruitment and chances of promotion in AI and IA materially differed, in our opinion, basis of fixing inter-se seniority of employees of IA and AI on equated posts can be their total length of

service in their respective organizations. We have taken note of the fact that Indian Airlines was a much older organization whereas Air India came into the existence much later when international flights increased. In Indian Airlines, the promotions on executive posts took place only against available vacancies through a selection procedure whereas Air India adopted the policy of time bound promotions on majority of posts in executive cadre. The time bound promotions earned by members of AI and with the fact that some promotions had taken place just before the formal notification of merger would create imbalance in fixation of inter-se seniority on a particular grade particularly if members of IA are not given seniority on the basis of their total length of service. This would result in their suffering in career growth for the remaining period of their service. In our opinion, on integration of posts of AI and IA, in merged Air India, in fixing *inter-se* seniority, a member having longer period of service in either AI or IA has to be placed above the member in the same grade having lesser period of service. However, in the case of licensed category this principle of fixation of *inter-se* seniority based on length of service in IA or AI shall be applied from the date of acquiring qualification or license wherever it is a mandatory requirement for career progression.

3.23. **SENIORITY OF PILOTS & ENGINEERS:**

Pilots and Engineers working on the Aircrafts constitute a distinct class requiring fixation of their seniority on a principle different from other employees and members of the staff. The Pilots and Engineers are licensed employees. They can fly / repair and certify fitness of the aircraft only on the basis of the requisite license obtained by them under the rules and regulations framed under

Aircraft Act. In our interaction with the management and Pilots and Engineers, it was suggested that mingling of pilots and engineers of AI and IA for fixing seniority only based on length of service would create complications in their career progression. Pilots and engineers, in relation to the craft for which they are trained, have a line seniority and career progression based on the same. After examining the implications of preparing a common seniority of Ex. AI and Ex-IA pilots and Ex. AI and Ex. IA Engineers and Technicians, we have formed an opinion that keeping in view the peculiar nature of their service conditions and their career progression, it would be best suited to these section of the employees to maintain their separate seniority in relation to the aircraft for which they are trained and have obtained licenses with only condition added to their service that cross utilization of pilots and engineers from one aircraft to another aircraft would be open on obtaining requisite license under the DGCA Rules. We therefore, suggest that both pilots and engineers as also technicians under them should be given line seniority based on wide and narrow body of aircraft for which they are trained and licensed.

3.24. **PROMOTION POLICY:**

Pre-merger and post merger policy of promotion on the side of AI and IA had been different. For certain posts, AI had adopted the policy of time-bound promotion with age bar for promotion. On the side of IA promotions could be earned only through a selection procedure through a duly constituted committee. This difference in the promotion policy resulted in speedier career growth on the side of AI and slower career growth on the side of IA as the chances of promotion and number of vacancies also differed substantially. IA

being mainly operating domestic carrier had a larger work force compared to AI which was operating internationally for limited number of routes. It is necessary that in the merged AI, there should be one uniform and fair policy of promotion. We therefore, suggest that all promotions hereinafter would be on the basis of seniority with due regard to merit and through a selection procedure in which there would be a well defined selection panel comprising of equal number of in-service members and outside independent experts. In the case of division of opinions, in matter of a particular selection, the independent members would have a casting vote and their opinion would prevail. We are also of the opinion that there should be no age bar put on promotion, as it is a factor not within the control of the concerned employee.

3.25. **CABIN CREW (in-flight services)** :

We are informed that presently after merger, cabin crew working on wide body carrying different pay and allowances could not be clubbed for In-flight service with cabin crew of narrow body. That is a constraint where under it is not possible to mix the cabin crew staff of two different categories. This creates day-to-day working problems. We do not find any reason why cabin crew (In-flight service staff) of both ex-AI and ex-IA cannot constitute one uniform class for utilization by the management on the exigencies of the situation. For members of the cabin crew, one common seniority, pay structure and career progression can be provided. Cabin Crew, are outside the cockpit staff. They are not licensed members of the staff but are sufficiently trained. Their duties are very important in the sense that they have direct interaction with the travelling passengers and are expected to provide safety, comfort and a sense of

satisfaction to the passengers. Their efficient work and performance indirectly adds to the revenue. We are informed that cabin crew staff trained for one aircraft, after requisite minimum training, can be utilized for other aircraft of wide or narrow body. It is suggested that cabin crew of both wide body and narrow body aircraft may be imparted requisite training in a time-bound manner so as to enable their cross utilization in a manner to provide equal opportunity and emoluments to all.

3.26. **PAY STRUCTURE:-**

After presentation made by officials of Department of Public Enterprises, the committee has viewed with great concern the violation of DPE guidelines by both IA and AI. The DPE guidelines are very clear that increase in pay and allowances due to pay revision beyond the prescribed limit can only be permitted if the concerned Public Enterprise can afford such a pay revision and only fixed percentage of profit can be distributed through salary or pay. The Management and the officials of the Aviation Ministry found it difficult to support payment of flying and lay over allowances for fixed hours of flying to AI Pilots and for the actual hours of flying to IA pilots in view of severe financial crunch and slippage of even minimum operational performance.

3.27. **Pilots Issues:**

Pilots of Indian Airlines are mainly flying aircrafts within the country excepting few destinations in Asian and Gulf countries. They are also required to obtain pilot licence/type rating for the narrow and/or wide body of air craft on which they are deployed.

3.28. The Committee after hearing the Pilots through their Associations viz. Indian Pilots Guild (IPG) of the erstwhile Air India and Indian

Commercial Pilots Association (ICPA) of the erstwhile Indian Airlines side respectively have come to the conclusion that all pilots in new Air India Company formed after merger should constitute one cadre and should be treated equally for the purpose of pay, allowances, privileges and perks. As Air India was flying internationally with wide body air crafts and Indian Airlines was flying domestically and partly internationally with narrow and sometimes wide body air crafts, the Committee feels that flying allowances and lay-over allowances of pilots inter-se and crew inter-se flying to international destinations have to be similar per day by destinations as per the *UN applicable rates (Ministry has decided that it should as per Government of India prescribed rate and not the UN rate.)*. In the opinion of the Committee it would be advisable to maintain two streams on the basis of wide-body aircrafts and narrow body aircrafts operation. This has become necessary because pilots are required to be trained and licensed for a particular aircraft of narrow and/or wide body and have to be specially trained for international routes. There has to be one pay structure comprising salary and allowances for pilots on wide body going internationally and for pilots on narrow or wide body flying domestically. In the new company on merger these two divisions based on narrow and wide body aircrafts should be put in place and pilots and members of crew as a class should constitute one cadre to be allowed to work and earn remuneration on principle of 'equal pay for equal work'. The pilots and crew working domestically should have an opportunity to fly internationally and *vice-versa*, of course with equal opportunity to obtain requisite training and licence. For the career growth of pilots of both flying domestically or internationally, there has to be an

opportunity for a pilot of one division to switch over to another division on obtaining prescribed training and statutory licence.

3.29. The new Air India had to face frequent strikes mainly from the Pilots of erstwhile Indian Airlines who claimed parity in pay and allowances with the pilots in erstwhile Air India. Their argument before the committee was that as Indian Airlines also operate on certain international routes in Asian and Gulf regions, there cannot be disparity in the rate of flying allowance and lay-over allowance paid to pilots and cabin crew flying internationally. The Committee has found sufficient force in the submission made on behalf of erstwhile Indian Airlines pilots particularly for those who are also flying internationally and have to stay out of India over-night or for a few days.

3.30. In the course of hearing, the Associations of the Executives and the Aircraft Engineers highlighted the fact that the very high salary package given to pilots/cabin crews is unjustified as the Aircraft Engineers and members of Ground Staff including the Commercial staff equally contribute to the profitability of the Company. The Executives and Engineers were very critical and objected to the undue high flying allowance and layover allowance given to the pilots. It is demonstrated that in the component of pay package of pilots, allowances contribute a major component much higher than their fixed salary. As per the Annual Report of the Ministry of Civil Aviation for the year 2009-10, there are 2120 employees, (mainly pilots, executives and engineers) whose salary exceeds more than Rs. 2 lakhs per month or Rs. 24 lakhs annually. These figures exclude several fixed allowances which may have been treated as “reimbursements.”

- 3.31. The officers of the Department of Public Enterprises (DPE) in their presentation before us said that the DPE Guidelines are very clear that revised pay scales, allowances and other perks can be permitted to be given to the employees of a Public Enterprise only if it is a profit earning concern. According to DPE, both the erstwhile Airlines have violated the DPE guidelines by resorting to increase of allowances and thus indirectly hiking the pay of the pilots and other employees.
- 3.32. The Management on their side stated that to survive in the competitive air service sector, more so, when there is liberalised sky policy adopted by the government, it has become necessary to retain the pilots by increasing their allowances and stop them from being allured by private airlines.
- 3.33. Whatever might have been the compulsions of the management, it could be argued that amongst the entire work force of the new company, the pilots should not be treated as a privileged class with structure of pay and allowances *disproportionately* high in comparison to the Engineering Staff, the Commercial Staff and the staff working on the ground. At the same time, the hazardous highly skilled working condition of the pilots and members of the crew have to be given due weight in fixing their pay package. In the course of our interaction with the pilots and members of the crew, we came to know high sense of responsibility with which they have to discharge their duties in the air, the mental and physical tension involved in their work and the health hazards faced by them as a result of long flying hours. The stress and strain with constant alertness required in their work justify compensatory pay package to them higher than other members of the staff working on the ground. We are also told

that pilots and members of international flights had to be familiar with the international aviation culture. The pilots and crew members flying internationally are required to be specially trained for landing and taking off at the international airports. Sudden change in climatic conditions adversely affects their physical and mental health. The peculiar nature of their work and duties justifies higher pay and allowances to them compared to other staff working on the ground. The pilots have to abide by their licensing conditions and also aviation rules in the matter of actual flying hours and the lay-off period particularly with reference to mandatory Flying Duty Time Limitation (FDTL) and Flying Time Limitation (FTL) regulations. This distinguishes their nature of work, duties and responsibilities from other members of staff working on the ground.

- 3.34. The pilots and members of the in-flight service are presently being paid in addition to pay, flying allowances and lay over allowances and various other kinds of allowances which together constitute component of emoluments much higher than the salary paid to them for the post they hold. As we have observed, going strictly by the DPE Guidelines, salary cannot be paid in the garb of allowances to hike it above the prescribed limit, more so, when the company is continuously suffering losses, as is apparent from their past profit and loss accounts. It is possible to suggest revised DPE Pay Scales to be paid to the pilots and members of in-flight service. As the work of pilots and members of cabin crew is distinguishable from the work of other employees and taking into consideration the existing international industrial bench mark in the aviation sector, an effort has been made by the Committee to look into industry norms both domestic and international with regard to total emoluments being

paid to the pilots both Commander as well as First Officer Category. It has been observed that Commander/ First Officer of Air India in both domestic and international sector are getting exorbitantly higher total emoluments as compared to their counterpart in domestic airlines and comparable international airlines. The Committee while accepting the necessity to give the Pilots reasonably comparable emoluments, at the same time, it should not be way ahead of the current market rates or the industry norms.

3.35. So far as, the lay over allowance is concerned, it has to be in the nature of reimbursable amount for the actual cost incurred for stay, food and out of pocket expenses while on duty. The suggestion of the Committee is that either Air India should arrange at all destinations, stay and food arrangements at the cost directly borne by the company or whatever cost is incurred on these heads would be reimbursed on presentation of bills by the concerned member of the staff. So far as lay-over allowance is concerned, presently it is given at a fixed rate of US\$ 1600-US\$ 2050 to the pilots on monthly basis. The concept of lay-over allowance is similar to daily allowance available to Government/PSUs. It is suggested that lay-over allowance should be paid on actual expenditure incurred basis and limited to the prescribed index for each city/country. For this purpose, **prescribed rates by United Nation** can be taken as the ceiling rate. ***(Ministry has decided that it should be as per Government of India prescribed rate and not the UN rate)***. This new arrangement is also necessary so that allowances are not treated as part of salary for the purpose of taxation under the Income Tax Act.

3.36. It has been brought to the notice of the Committee that scheduling of duties for pilots and cabin crew is currently done by Pilots

themselves. This is not followed anywhere in the aviation industry as it may lead to favouritism, malpractices and conflict of interest. Therefore, the Committee is of the view that the scheduling and deployment of pilots and crew should be made by software programming available in the market to the extent possible and with minimum human intervention and under no circumstances by the pilot themselves.

3.37. It has also come to the notice of the Committee that the industry currently is running short of qualified Commanders. In order to make up for the deficit, Air India is resorting to hiring expat pilots. This is not a desirable practice as it stunted the growth of home grown pilots resulting into stagnation in the career progression of co-pilots. Therefore, it is recommended that the pilots beyond the age of 58 years should be utilized for imparting training and grooming available co-pilots in order to graduate them to Commander Category and increase their supply by about 100 per year. The Committee envisages that this by itself would result in overcoming the shortages of qualified pilots in commander category in due course of time and the company would get younger and more committed pilots.

3.38. Pilots are one of the most important components of an airline industry. In the current domestic and international scenario, there is an acute shortage of type-rated pilots under Commander Category whereas co-pilots are available easily in the market. As a result of the shortage of Commander Category, there is a scope for allurements by the rival airlines/competitors. As a result, erstwhile Air India and Indian Airlines has also resorted in the past to enhance their emoluments by way of initiatives like PLI, Late Hour Allowances and other related allowances, so much so that PLI/other

allowances constitute almost 75% of the total emoluments which works out to be 300% of the basic pay. On an average, erstwhile Indian Airlines pilots, under Commander Category, gets around Rs.5 to 6 lakhs per month and erstwhile Air India pilots gets on an average Rs.7.5 to 9 lakhs per month exclusive of Lay-over allowance etc. Till recently, pilots of the erstwhile Indian Airlines were getting allowances on actual flying hours whereas Air India pilots were getting flying allowances at a guaranteed fixed 80 hours. However, recently, Management has entered into an agreement with the pilots of the erstwhile Indian Airlines giving them minimum guarantee of 72 flying hours as an interim measure, subject to the recommendation to be made by the Committee in this regard. Various allowances available to the pilots of erstwhile Indian Airline and Air India are as under: -

ERSTWHILE INDIAN AIRLINES

S.No	Allowance(PM)	Remarks
1	Flying Allowance	Earlier Indian Airlines Pilots were given flying allowance as per actual flying. However, recently under an interim agreement of guaranteed 72 hours flying allowance is being given. The rate per hour ranges from Rs.2064-2704 for First Officer, Rs.2984-4088 for Captain and Rs.4470-5270 for Commanders and extra flying allowance @ 150% of the applicable rate to A-320 Pilots operating on Hub and Spoke Flights.
2	Production allowance (fixed PLI)	It is given on fixed basis for each year of service and varies from Rs.16795-22565 for First Officer, Rs.27135-40455 for Captain and Rs.46085-72765 for Commander.
3	Experience allowance	It is given to the Commander at a minimum of Rs.5000/- and maximum of Rs.12000/-.
4	Type allowance	It is given for a particular type rating at a fixed rate of Rs.4320/- for FO and Captain and Rs.5770/- for Commander.
5	A-320-Family Allowance	It is given to all the pilots at the rate of Rs.2300/- to FO, 6200/- to Captain and 10500/- to Commander.

6	Lay-over allowance	It is given to all the pilots at the rate of Rs.1600/- to FO/Captain and 2200/- to Commander for a minimum of 8 hours of stay in a hotel per night basis.
7	FDTL Extension Allowance	It is given to all the pilots at the rate of 150% of applicable flying allowance rate for the extended period.
8	SOD Flying Allowance	It is given to all the pilots at the rate of 65% of the applicable rate of flying allowance for SOD Travel for positioning.
9	Reimburse-ment	Reimbursement of meal/incidental expenses on international flight @\$ 60-75 per day.
10	Additional landing allowance	It is given for undertaking four landings in a duty cycle.

On an average, Pilots flying narrow body aircrafts are getting following total emoluments.

1. First Officer- Rs. 1,88,000 – 2,81,000/-*
2. Captain.- Rs.2,63,000- 4,17,000/-*
3. Commander- Rs.3,95,000- 5,67,000/-*

** The emoluments does not include Staff on Duty (SOD) Travel Allowance, Lay over allowance, FDTL Extension allowance, Additional Flying Allowance for Hub and Spoke and Extra Landing, High Altitude Allowance and reimbursement on international flights etc.*

ERSTWHILE AIR INDIA

S.No	Allowance	Remarks
1	Flying Allowance	Air India pilots are given a minimum guaranteed 80 hours of flying allowance.
2	Layover subsistence allowance	A fixed amount net of taxes of \$ 2050 for Captains and \$ 1430 for Co-pilots is given.
3	CAT-III allowance	Co-Pilots Rs. 3000/month, Captain Rs. 5000 pm.

On an average, Pilots flying wide-body aircrafts are getting following total emoluments.

1. Co-pilot- Rs.2,10,000– 4,55,000/-*

2. Sr. Captain - Rs.5,95,000- 8,72,000/-*

** The emoluments do not include transit check allowance; Lay over Subsistence allowance, CAT-III allowance and other benefits like PF and Gratuity.*

Executive pilots are getting following emoluments:

1 ED Level	Rs.6,15,000 – 8,90,000/-*
2. GM Level	Rs.6,10,000 – 8,85,000/-*
3. Addl. GM Level	Rs.6,00,000 – 8,80,000/-*
4. Jt. GM Level	Rs.6,00,000 – 8,77,000/-*

** The emoluments do not include transit check allowance; Lay-over Subsistence allowance, CAT-III allowance and other benefits like PF and Gratuity.*

The Committee has made an attempt to study practices being followed by domestic as well as foreign airlines and allowances available to the pilot category. Some of the international airlines are giving following allowances to their pilots.

DELTA AIRLINES

S.No	Pay	Rate	Remarks
1	Flying Pay	Captain @ \$199-208 for B-777 and \$ 143 – 161 for A-320 CoPilots -\$52-142 for B-777 and \$ 52-110 for A-320.	The Pay packet are given on hourly rates and it is calculated on a minimum guaranteed flying hours at 65 hours per month to line pilots and 70 hours to reserved pilots.
2	Per Diem rates	Domestic-\$ 2/hr. International- \$ 2.5/hr.	This allowance is similar to daily allowance or lay-over subsistence allowance and is paid on actual lay over time.
3	Inter national Over-ride pay	\$ 6/hr.- Captain \$ 6/hr.- Co-pilot	This incentive is given for long haul flights where different time zones have to be encountered.

CONTINENTAL AIRLINES

S.No	Pay	Rate	Remarks
1	Flying Pay	Captain @\$180-193 for B-777 \$ 156-169 B-737 CoPilots -\$31-132 for B-777 \$31 – 116 For B-737	The Pay packet are given on hourly rates and it is calculated on a minimum guaranteed flying hours at 72 hours per month to line pilots and 76 hours to reserved pilots.
2	Per Diem rates	Domestic-\$ 1.85/hr. International- \$ 2.05/hr.	This allowance is similar to daily allowance or layover subsistence allowance and is paid on actual lay over time.
3	International Over-ride pay	NA	This incentive is given for long haul flights where different time zones have to be encountered.

UNITED AIRLINES

S.No	Pay	Rate	Remarks
1	Flying Pay	Captain @\$177-189 for B-777 and \$ 122 – 137 for A-320 CoPilots -\$32-129 for B-777 and \$ 32-93 for A- 320.	The Pay packet are given on hourly rates and it is calculated on a minimum guaranteed flying hours at 65 hours per month to line pilots and 70 hours to reserved pilots.
2	Per Diem rates	Domestic-\$ 2/hr. International- \$ 2.15/hr.	This allowance is similar to daily allowance or lay-over subsistence allowance and is paid on actual lay over time.
3	International Over-ride pay	NA	This incentive is given for long haul flights where different time zones have to be encountered.

AMERICAN AIRLINES

S.No	Pay	Rate	Remarks
1	Flying Pay	Captain @\$189-205 for B-777 and \$ 153 – 166 for B-737 CoPilots -\$95-139 for B-777 and \$ 77-113 for B-737.	The Pay packet are given on hourly rates and it is calculated on a minimum guaranteed flying hours at 65 hours per month to line pilots and 70 hours to reserved pilots.

2	Per Diem rates	Domestic-\$ 1.80/hr. International- \$ 2/hr.	This allowance is similar to daily allowance or lay-over subsistence allowance and is paid on actual lay over time.
3	Inter national Over-ride pay	NA	This incentive is given for long haul flights where different time zones have to be encountered.

Source : Professional Pilot resources from [www.willflyfor](http://www.willflyfor.com) food.com

So far as the domestic aviation markets/sector are concerned airlines like Jet Airways, Kingfisher Airlines and Indigo Airlines are giving following allowances to their pilots.

KINGFISHER AIRLINES

S.No	Allowance	Remarks
1	Flying Allowance	KF pilots are given a minimum guaranteed 70 hours of flying allowance @ 3200/hr. For additional flying beyond 70 hrs. Addl. Flying allowance @ 2500 per block hr. and beyond 85 hrs. @ 4000 per block hr. are given to the Captain and Rs.600 per block hours is given to Co-Pilot.
2	Special Allowance	Special allowance in lieu of layover allowance at a fixed rate of Rs.69750/- p.m. is given to the Captain and Rs.20750/- to Co-Pilots are given.

On an average, Pilots flying narrow body aircrafts are getting following total emoluments inclusive of all allowances.

1. Co-pilot- Rs.2,14,000– 2,53,000/-
2. Sr. Captain - Rs.4,45,000- 5,00,000/-

Total emoluments being paid to the pilots, both under Commander Category and the Co-pilot category in the international and domestic market along with Air India are as under: -

(Figures in lakhs of Rupees)

Airline	Captain	Co-pilots/FO	Remarks
Air India (narrow-body)	3.95*-5.67*	Co-Pilots: 2.63*-4.17* FO:1.88-2.81	*See the note below the table
Air India (Wide-body)	5.95*-8.72*	2.10*-4.55*	Executive Pilots: ED:6.15*-8.90* GM:6.01*-8.85* Addl.GM:6.00*- 8.80* Jt.GM:6.08-8.77* *See the note below the table
Kingfisher (Narrow- body)	4.55	2.14	
Kingfisher (Wide-Body)	4.97	2.53	
Jet Airways (Narrow- Body)	4.49	2.29	
Jet Airways (Wide-Body)	5.09	2.90	
Indigo Airlines	4.25	2.80	

Source: Market Source

* The emoluments does not include SOD Travel Allowance, Lay over allowance, FDTL Extension allowance, Additional Flying Allowance for Hub and Spoke and Extra Landing, High Altitude Allowance and reimbursement on international flights etc.

3.39. There is a need to rationalize various allowances being available to the pilots of erstwhile Air India and Indian Airlines. Although, it has been felt by the Committee that giving a pay scale, under overall emoluments to the pilot category should be strictly under the DPE

guidelines but considering the comparable International and Domestic bench marks on the total emoluments being available to the pilot category, it may not be commercially practicable and feasible to restrict overall emoluments under the DPE limits as it might lead to exodus to other competitors. Therefore, a rationalized view needs to be taken on the basis of prevalent standards available in domestic and international market. An exception is required with regard to essential technical category of the employees, particularly pilots. As mentioned above, average emoluments to the pilot category in the domestic market and the international market needs to be taken into account while determining total emoluments to be paid to the pilot category. Basic salary plus applicable allowances under DPE will constitute one part of the total emoluments being available to the pilots. However, in order to compensate them vis-à-vis their counterpart in the aviation market, it has been felt necessary to determine an allowance to be linked strictly to overall productivity / profitability of the Company. In this process, the Committee has gone into details of the existing formula of the PLI being followed by the Company. Currently, erstwhile Indian Airlines and Air India are following different parameters for determining PLIs to different category of employees. The Committee has decided to recommend common parameters for the pilots of the merged Company and such allowances are to be linked to overall productivity/profitability. In this regard, the Committee has felt the need to recommend allowances for domestic and international operations as per the industrial practices. Based on the current practices being followed by the Company, the Committee recommends the following:

- A - **to be referred to Union Cabinet**
- B - **to be referred to Union Cabinet**

- C - *to be referred to Union Cabinet*
 D - *to be referred to Union Cabinet*
 3.41- 3.44 - *to be referred to Union Cabinet*

3.45 **PERFORMANCE LINKED INCENTIVE (PLI) -**

Both IA and AI have been giving PLI to its employees. We tried to understand PLI formula as to whether it is Performance Linked Incentive or Productivity Linked Incentive. The HR Department of the Company could not give satisfactory answer. We were also told that the subject of fixation of criterion of PLI was entrusted for guidance to a Committee known as Muthukrishnan Committee. We formally asked the management and also the present Chairman/Managing Director, to provide us a copy of the report of the said committee set up on PLI. The committee is informed that although the PLI committee held deliberations for a long period of more than 4 years but because of the death of the then Chairman of the said Committee, it remained inconclusive and no final and formal report is available with the management.

- 3.46 It seems that on some loosely defined criteria under settlements and agreements reached between the Management and the Workers, PLI, at fixed percentage of pay was given to every one connected with fitment and maintenance of air craft, the pilots, the crew members down to the Technicians and Mechanics and up to the Executives, in violation of the DPE guidelines.
- 3.47 On behalf of Department of Public Enterprises, the decision of the two Managements of the two merged companies to give PLI was severely criticized stating it violates with impunity the DPE guidelines which are binding on all Public Enterprises including the Government Companies i.e. AI and IA and the present newly formed company Air India formed on merger. It seems to the committee that as pay structure

of staff of the two companies was to be in accordance with DPE guidelines, the concept of PLI and its implementation for certain category of employees, having direct connection with the maintenance and flying of planes, was resorted to as a device to circumvent DPE guidelines.

3.48 **CAG'S AUDIT REPORT.**

PLI Scheme for pilots of IAL, introduced in 1993, was extended to other categories of employees between May 1994 and March 1998. In the CAG's Audit Report- Union Government (Commercial) of 2004, It has been pointed out that the pre-determined performance levels (for disbursement of PLI) were less than the average performance achieved by the workmen prior to introduction of the PLI scheme. Pegging the base level for incentive payment below the average performance level amounted to rewarding the employees for less than average achievement. Deficiencies in the PLI scheme (revised in February 2005) were again highlighted in the CAG's Audit Report- Union Government (Commercial) of 2008.

3.49 A comparison of the profit/loss of IA, the overall load factor and PLI during 2004-10 revealed that an increasing trend in losses and static/decreasing Overall Load Factor was contrasted by enormous increases in PLI.

Profit/(loss) and PLI of IAL/NACIL (narrow body)

Year	Profit/Loss (Rs. In crores)	Overall load factor %	Total PLI (Rs. In crores)
2004-05	66	69.1	438
2005-06	50	71.6	473
2006-07	-240	73.1	534

2007-08	-1124	70.0	679
2008-09	-2962	63.0	685
2009-10	-2774	66.4	750

AI had a separate PLI structure- introduced in May 1996 for technical cadre employees and subsequently extended for other employees. As in the case of IA, the base performance prior to introduction of PLI is summarised below:

Average Performance prior to PLI and Base Performance Level for Payment of PLI in respect of AI/NACIL (wide body)

Parameter	Base performance level for payment under PLI	Performance Level for 100% PLI Payment	Average Performance Prior to PLI
On time performance	56%	80%	66%
Revenue per Available Tonne Kilometer (in Rs.)	10.93	11.69	11.17
Passenger carried per employee (in numbers)	22.90	26.40	24.13
Equipment Serviceability	84.25%	89.50%	87.28%
Dispatch Reliability	96.01%	97.5%	96.63%
Aircraft availability	65.47%	78.84%	73.36%

3.50 Although an internal committee of AI (constituted in August 2008 to work out modalities for implementation of reduction of PLI/Allowance) had recommended (September 2009) reduction ranging from 25 to 50 percent (yielding Rs.600 crores annually), this

was yet to be implemented. PLI continued to be paid, irrespective of the poor financial performance of the AI. In response (February 2011) the Management stated that when revision of pay scales effective from January 1997 was being considered, it was assessed that any modification to existing PLI schemes may result in industrial unrest. Further, AI had already taken steps by carrying out an extensive examination to link PLI and perks with productivity and align them with work performance, as also to evolve Key Performance indicators (KPI) and Balanced Score Card approach for assessing the performance and accountability of individuals to decide upon incentives and bonus. The Committee understands that a comprehensive Turn- Around Plan (TAP)/ Financial Restructuring Plan (FRP) has already been under consideration of the government. Therefore, it is imperative that any incentive has to be in alignment with the Key Performance Indicators, as mentioned in the TAP/FRP. It is recommended that the management should take industry average performance/achievements of the previous year as the benchmark for the current year for each of the KPIs like Yield, Aircraft Utilisation, Passenger Load Factor (PLF), On Time Performance (OTP) and Revenue Achievement to measure performance for the purpose of grant of Performance Related Pay (PRP).

3.51 The Ministry referred to the legacy union agreements as an important factor standing in the way of any meaningful rationalisation of cost and service related matters. The lack of rationalisation and resultant non-harmonisation of wage related issues had a negative bearing on the efficiency and productivity of the airline as a whole. These facts were submitted before the CCEA, which directed that AI may be advised to carry out an exercise for wage rationalisation. Accordingly, Air India

was instructed to initiate action for wage rationalisation in consultation with various unions/associations. The fact remains that huge amounts are being paid as PLI to different categories of staff without appropriate linkage to operational and financial performance, at a time when the entity can ill afford such payments.

3.52 We are therefore, of the opinion that payment of PLI which is devoid of any rationale cannot be allowed to continue. We are given to understand in the course of our deliberations with Associations of Engineers and Technicians that PLI did work as an incentive to keep up the proficiency and efficiency of the staff. The committee is therefore, of the view that if PLI in the present form is to be discontinued but there should be some other incentive to maintain the efficient working of employees particularly engaged in air craft maintenance department and the other ground staff cooperating in safe and punctual flying of air crafts.

3.53 **Pay Scales**

Both the erstwhile Airlines had not been following the pay scales and other perks laid down by the Government for its Public enterprises. This is the primary reason for variations in the pay scales in these two Airlines, which grew over a period of time. The Committee sees no reason for deviating from the norms laid down by the Department of Public Enterprises [DPE] for all its Public enterprises including Air India.

3.54 Unfortunately, both erstwhile IA and erstwhile AI had disregarded the DPE guidelines and although none of them were profit earning enterprises, higher pay package was given in the garb of allowances. It has been brought before the Committee that pay scales were equivalent in 1990 and thereafter during revisions made in 1992 and 1997;

different pay scales were given for similar levels/grades in the two airlines. Further, new levels were introduced which were not in conformity with the DPE guidelines. Given the changes in designations and deviations in the pay scales over the last few years, the merger of the two erstwhile airlines affords an opportunity to bring in new set of scales in conformity with DPE guidelines.

3.55 The DPE has, vide its OM dated 26th November 2008 laid down the revised pay scales applicable all the Central Public sector enterprises [CPSE] with effect from 01.01.2007. The Committee sees no justification for Air India in not following the pay/perks made applicable to other CPSEs. Since the merger took place with effect from 01.04.2007, these revised pay scales should normally be made applicable. However, these pay scales and other benefits have been made applicable to only those CPSEs which are profitable and the impact of such a revision should not result in more than 20% dip in the profit before tax for the year 2007-08. CPSEs which cannot afford to pay the full package may either implement the revised package partly or may do so subsequently provided the dip in profit is not more than 20%. It may well be argued that both the erstwhile Airlines were not profitable and hence the revised pay structure should not be made applicable. In this regard reference may be made to the Ministry of Corporate Affairs, Government of India vide Order dated 22 August 2007 approving the Scheme of Amalgamation of Air India Limited and Indian Airlines Limited with the National Aviation Company of India Limited whereby with the merger becoming effective Air India Limited and Indian Airlines Limited stood dissolved without being wound up. Thus reference to the non profitability of the erstwhile companies prior to 01.04.2007 is not relevant. As Air India comes into

being as a new CPSE with effect from 01.04.2007, the Committee feels profitability as a necessary precondition for giving effect to the revised pay package vide DPE OM dated 26th November 2008 is not applicable to the merged company. We therefore recommend that Air India be made entitled to the DPE pay package. The setting up of the Committee has aroused great expectations in the minds of the employees and it may perhaps not been possible for our recommendations to match those high hopes. Financial constraints of Air India have operated as a major limiting factor in making recommendations on pay and allowances, benefits and perquisites that would have been commensurate with the demands of the employees. Our attempt has been to provide maximum level playing field to the employees consequent upon the merger of the two airlines keeping the resource constraints in view. We hope that the employees will appreciate the difficulty of our task in the present climate of fiscal health of the airline and historical diversity in pay, perks, promotional principles, etc.

3.56 The Committee recommends that DPE pay scales should apply to the new merged company from 1.1.2012 but the financial implication would not be retrospective but would be prospective from the date the recommendation of the committee is formally accepted for implementation by the Government.

Pay fixation formula.

The fixation of pay in the revised DPE pay-scales for all employees except flying staff should be fixed at 1.1.2012 in a way where the Cost to the Company (CTC) remains the same. The existing CTC as on 1.1.2012 in the case of any employee is given by the basic salary+ variable DA + House Rent Allowance (HRA) +

Provident Fund contribution by the Company + all regular allowances + PLI. We call these gross emoluments and represent it by CTC. Keeping this amount the same for each individual employee except the flying staff, we derive the basic pay of the employee in the revised DPE pay scale, say RBP as—

$$\text{RBP} = \text{CTC} / 2.5226$$

where 2.5226 is derived as basic pay (1.0) + HRA (0.3) + PF contribution of the company (on basic pay and variable DA) (0.1566) + variable DA (0.566) + all other allowances restricted to 50% of basic pay as per DPE guidelines (0.5 at maximum).

3.57 The revised pay package would now consist of the revised basic pay [RBP], allowances like House Rent/ Leased Accommodation, variable DA and other allowances/ perquisites like medical facility, free passages, telephone reimbursement, entertainment allowance, driver's salary, petrol allowance, uniform maintenance, educational allowance and similar allowances monetised as per Income Tax Rules or as per the Cost to the Company (CTC) basis, which should not exceed 50% of the revised basic pay as per DPE Guidelines.

3.58 In cases where a junior employee in the given scale after all adjustments of level mapping and inter-se seniority is found to be drawing higher basic pay than the senior employee, the RBP of the senior employee would be placed at par with the junior employee. Similarly, in such cases where the junior has been promoted to a higher grade between 1.4.2007 to 1.1.2012, the case of the senior would be considered for grant of proforma promotion after assessing his suitability in terms of required eligibility for promotion. This is necessary so as not to deprive the senior of his/her rightful dues with reference to his/her junior in status and pay.

For the flying and engineering staff, their pay will also be fixed within the DPE scales along with other regular employees of the company. However, as they receive special flying/engineering related allowances, their case has been considered separately..... *(to be referred to Union Cabinet).*

3.59 The Committee is conscious of the fact that the company currently is running through a severe financial crunch. At current rate, the company is posting a loss of over Rs. 7000 crores per annum and a revenue deficit of almost Rs.22 crores on per day basis. This will make any further financial burden on the company unsustainable and unbearable. Therefore, it is recommended that the management may resort to granting annual increment of @ 1 % on the revised basic pay till the company gets EBIDTA (Earning Before Interest, Taxes, Depreciations and Amortization) positive; grant of annual increment @2% after it gets cash costs positive; and grant of increment @ 3% after it achieves operational profit. The bench mark for crossing such mile stones has already been mentioned in the TAP/FRP (Turn Around Plan/ Financial Restructuring Plan) under consideration of the Committee set up by the Government for the above purposes.

3.60 The Committee recommends payment of PRP as a part of the total allowances admissible under DPE guidelines with the overall cap of 50% of the revised basic pay [RBP] for arriving at emoluments in future. The Committee recommends putting aside 30 percentage points as fixed allowances not related to PRP and the remaining 20 percentage points based on PRP for all categories of employees. This component of allowances in terms of PRP should be determined annually based on the achievement of MOU target based rating.

3.61 **Incentive:**

As the committee has recommended doing away with PLI in the present form, to keep up the efficiency and morale of the staff, we recommend a performance related incentive based strictly on a well formulated objective assessment criteria to be evolved by the management with the help of experts so that those who are rated and found exceptionally efficient and punctual and have contributed to overall profitability of the airline are incentivised. This incentive could be in the form of benefits like the grant of maximum of two extensions of one year on contractual basis each beyond the existing age of retirement of 58 years. However, this incentive shall be made available up to a maximum of 10 % of the existing strength of employees in each grade. Besides this, additional free passages subject to availability of seats, posting at foreign destinations and posting at a destination of choice may also be considered as incentive.

3.62 For a transparent and objective evaluation of the performance level of the concerned employee/s, a committee of odd number of members may be constituted representing the Management and the Employees along with an independent subject expert.

3.63 **CAREER PROGRESSION :**

With regard to the career progression, we have been supplied in the chart-form information regarding existing hierarchy of posts in AI and IA. We therefore, propose for hierarchy of posts career progression as indicated in the **ANNEXURE-D** to this report.

3.64 With regard to grant of promotional avenues and equal chances of promotion to members of erstwhile IA and AI, in our opinion, all employees, three stages below the promotional post may be clubbed

and made eligible for promotion to bring them within the zone of consideration for promotion on the basis of merit-cum-seniority. This is found necessary as promotions on the side of both IA and AI remained pending or were delayed in anticipation of the actual merger of services of the two erstwhile companies.

3.65 In both the companies hitherto promotions were made through a selection or promotion committee comprising senior officials of the management. In the course of our hearing, there were allegations of pick and choose or favouritism said to have been shown by the members of the selection committee of the two managements. We, therefore, recommend that every selection committee should comprise equal number of outside independent subject experts who should have a final say in the event of difference of opinion with regard to a particular selection between the members of the Selection Committee.

3.66 **QUOTA-ROTA RULE-**

We have taken note of the fact that in erstwhile AI for majority of posts, policy was of time bound promotion. As a result, employees of AI although smaller in number, got early promotion on time bound basis. On the other side in IA, promotions were available vacancy based and through a selection procedure. Therefore, members of IA had to wait for a longer period to earn promotion. To balance the promotional chances in the merged entity and to provide chances of promotions on equal footing to both AI and IA members, we recommend that for a period of two years, for available vacancies, quota be fixed for a particular post in proportion to the eligible members of erstwhile IA and AI. After fixing quota, rotational system can also be adopted, for example if for available vacancies in a year, member of erstwhile AI got promotion, for the next available vacancy

in the succeeding year, the available eligible member of IA would be considered for selection to that post. The quota-rota system in this way would provide equal chances of promotion to members of both IA and AI.

Ministry's direction:

Dharamadhikari Committee's recommendations of considering employees 3 stages below for promotional purpose is not practical, instead, zone of consideration can be expanded with 3 times the number of vacancies. Rota-quota system as recommended by Dharmadhikari Committee also needs a look by the Management for its practicability in implementation. This can be viewed by the Implementation Committee. Also casting vote by outside experts in the DPC is not practical.

3.67 Aircraft Engineers and Aircraft Technicians/ Service Engineers.

In their presentations before us by Air craft Engineers as one group and Air Craft Technicians/Service Engineers as the other group, we were informed that both the categories of employees are engaged on the job of air craft maintenance and repairs to make air craft worthy of flying. On behalf of Air craft Technicians/Service Engineers it is stated that they also work on the air craft for which they are trained and possess licence for certification of fitness of air craft after repairs and/or maintenance. Thus they discharge similar duties and responsibilities with Air Craft Engineers but Technicians/Service Engineers are paid less pay and PLI compared to Air Craft Engineers. Their demand is that this disparity in pay should be stopped.

3.68 The members of the Committee visited the Air Craft Maintenance shops and Hangars at Mumbai, Delhi and Goa and had interaction both

with Air Craft Engineers and Technicians/service Engineers. The Committee also looked into the method of certification of fitness of the Air Craft in accordance with Air Craft Rules and Civil Aviation Requirements (CAR) issued by DGCA. The Committee finds that Air Craft Engineers and Technicians/Service Engineers both work on the air craft for which they are trained and have to certify under their signatures the fitness of the various parts and components of the air craft before it is made available for flying to the pilot. On the certificate in the prescribed form both have to sign. The duties and responsibilities of Air Craft Engineers and Technicians prima-facie appear to be similar but there is a qualitative difference in their certification. Air Craft Engineer is more qualified and better skilled to certify air worthiness of the craft than the Technicians/Service Engineers who certify a repair made or a job done. The nature of their duties; responsibilities and qualitative difference in their skill justifies ranking them differently. Air Craft Engineer is certainly a post of higher responsibility and duty than of the Technician/Service Engineer. The Air Craft Engineer has primarily to diagnose the snag or any deficiency/malfunctioning in the system, whereas, the Technician/Service Engineer/ Inspector have to follow the diagnoses already made. Overall responsibility, therefore, rests with the Air Craft Engineers. Therefore, claim made by Technicians/Service Engineers/Inspectors for parity in pay and status with Air Craft Engineers is almost like saying that in operation theatre of Hospital, other medical men and nurses assisting the surgeon should be paid salary at par with surgeon because all members of surgical team are involved in the surgical operation. The claim of parity in pay and status raised by Air Craft Technicians/Service Engineers with Air Craft Engineers, therefore, does not seem worthy of acceptance.

3.69 It has been brought to the notice of the Committee that the Air Craft Engineers are entitled to the grant of License Allowance up to a maximum of 6 types of Aircrafts. Further, such license allowance is also currently being paid in respect of such Aircraft which are not in service in Air India. The Committee, therefore, recommends that License Allowance should be restricted to those Aircrafts which are in-service (and not phased out) in Air India.

3.70 **FLIGHT DISPATCHERS**

The flight dispatchers through their Associations in IA and AI made written and oral submissions. According to them, the nature of their work is preparing route plan and provide with necessary inputs to pilots before take off. The claim of flight dispatchers is that their expertise and work is comparable to pilots with the only difference that the pilots actually fly the plane while the flight dispatchers have to prepare the route plan, study the climatic conditions and instruct the pilots for safe flying. On this aspect, we have heard the pilots. We also sought opinion of the independent experts in the field of aviation and the management. The pilots have to undergo an intensive training at high cost for flying a particular air craft. They have to obtain licence under the Air Craft Rules from DGCA. This makes the work and expertise of pilots materially different from the work and expertise of the flight dispatchers who do not fly and only make the route planning and study the climatic conditions on the proposed route for imparting necessary information to pilots. The flight dispatchers, therefore, cannot claim any parity in pay and allowances with the pilots.

3.71 **COMMERCIAL STAFF**

The Commercial Staff on ground are the interactive face of the airline and are directly responsible for convenience and comfort of the

passengers and therefore have a direct bearing on the profitability of the company. They should be given special increments as incentive linked to profits and sales if they adopt passenger friendly practices and bring more revenue to the company. For Air India to survive in the competitive air services, it has to become passenger-friendly. Safety, punctuality and comfort are prime considerations for an efficient air transport service.

3.72 GROUND HANDLING STAFF

In the opinion of the Committee, the entire work of ground handling in future should be entrusted to outside agencies on contract basis. It should be done after the members of the present Ground Handling staff retire or are willing to serve in the private agency or absorbed on other suitable posts in the newly formed company. It has been informed by the Management that a decision with regard to hiving off the ground handling activities has already been taken and a Cabinet Note in this regard is already in the offing.

3.73 Loaders, members of sanitary staff, contract/casual labourers, the members of the menial staff in manual jobs also were heard by us by inviting them through their Associations. The Committee finds that conditions of service of casuals or contract labourers, who are paid on daily basis but are continued in service for more than 5 to 10 years, need a sympathetic consideration by the management. In the opinion of the Committee, the services of such employees deserve to be regularized against existing/future vacancies.

Ministerial Committee's Observation and Approved by the Ministry.

“Dharmadhikari Committee's recommendations with regard to regularisation of service of casual/contract workers against existing/future vacancies may not be practically possible. It also

contradicts the general approach of the Report. However, they can be given preference against available vacancies only”.

3.74 CORPORATE MANAGEMENT CADRE

Presently, there are a number of posts in the executive cadre which has been occupied by management graduate i.e., qualified MBAs. In erstwhile Air India it has been recognized as a separate cadre known as Corporate Management Cadre. However, there is no definite career progression charts for them as a result their promotions are not linked to vacancies in the departments to which they belong. This has created dissimilarities in the promotional avenues of similar placed qualified persons across various departments. The Committee recognizes the importance of corporate management cadre and recommends that their promotion should be in conformity with laid down principles of seniority based on the length of the service. If in the current scenario a person having lesser number of years promoted over person having longer number of years of service, in that case the general principle of seniority being protected vis-à-vis a junior getting promotion shall be followed. As is followed in the Government in such cases, the salary of the senior shall be protected to the extent of the salary drawn by his junior. The management may give proforma promotion to the persons having longer length of service from the date his junior gets the promotion.

3.75 SOLITARY POSTS

The Committee visited Central Training Establishment at Hyderabad where pilots and crew are trained. We watched the training courses and also saw the working of the Simulators presently used for training at Hyderabad & Mumbai. The members of the staff working in the training institutes, in the hostels as also Engineers and Pilots working

on Simulators met us and raised their grievances. According to them as they are working on isolated posts, they have no chances of promotions in the general stream. Air Craft Engineers working on Simulators are technically qualified and have long experience with some having educational qualification from IIT. They complained that they are on the verge of retirement but have not been able to earn single promotion.

3.76 The suggestion of the Committee is that the Pilots, Engineers and other members of the staff working in the Training Institutes and on Simulators should be considered along with the Engineers and Pilots working in the main stream and should be considered on equal footing for promotion to higher posts and may be that they are allowed to continue to work on the same post because of the special training and experience gained by them on those solitary posts.

3.77 POST RETIRAL BENEFITS

Directive Principles of State Policy contained in Constitution require every Public Enterprise, which is an organ of the State, to give social security to members in Public Employment and to provide humane working conditions to them. (Art. 38, 39 (d) (c), Art. 41, Art 42, Art 43, 46 and 47).

3.78 All members of the AI and IA who now are employees of new Air India falling within the definition of 'employee' under the payment of Gratuity Act should be given Gratuity in accordance with the provisions of that Act, Provident fund in accordance with the provisions of Employees Provident Fund Act and all should be covered by group/policy insurance under an Insurance Scheme, so that after retirement, in old age, they may get financial support.

3.79 MEDICAL FACILITIES

On the availability of the medical facilities, the Committee finds that the disparities exist between IA and AI on the quantum and quality of medical facility. This disparity has to come to an end. For all employees of newly formed company on merger, medical facilities on equal basis under a well prepared medical scheme should be provided. Government or Private Hospitals in the vicinity where the retirees live should be approved for medical reimbursement. The quantum of reimbursement and the quality of medical facility should be provided on the basis of the rank of the officer in which he retires.

3.80 POST RETIREMENT PRIVILEGES:

We heard pensioners of both IA and AI and also the serving members from both organisations. We are told that every officer up to a rank, after retirement gets a free passage with his spouse and blood relations but only on the condition of availability of seats on the flight which they want to take. The grievance of the retirees was that such a free passage facility with a condition of availability of seat many times makes a scheduled journey impossible and puts them in a very uncertain predicament. Instead of the present conditional free passage facility, the suggestion made is that they should be given the privilege of confirm booking at 50% of the lowest fare. The suggestion appears to be reasonable and should be considered as post retirement privilege of air passage to members of staff up to a particular rank.

3.81 **PASSAGE FACILITIES**

We were surprised to learn that there have been inconsistent and erratic free passage facilities being provided to in-service members of the staff in Ex. AI and Ex. IA. How many free passage can be availed and how many members of the family can accompany the employee are not clearly laid down, resulting in misuse of the passage facility and causing undue strain on the finance of the company. In no government department and public sector undertaking, such a free passage facility for any number of visits or travels is permitted. In our opinion, Free Passage Facilities to the employees and retirees has to be clearly laid down and regulated so that its' misuse is stopped. Such a largesse freely distributed by the company is not desirable particularly when it is facing a severe financial crunch. In the course of our deliberation, we were surprised to learn that even without waiting for our report in the Board Meeting of the Company scheduled on 29.11.2011 agenda item No.14 on revised employees' facilities was put for consideration which was deferred. From the copy of the agenda notes available to us, even the proposed passage facility for in-service employees and retirees seems to be exorbitant and not in tune with the passage facility made available to Government Servants and Employees of other PSUs. It is not even in consonance with other domestic/international airlines. Therefore, we recommend a revised free passage policy as under:

3.82 **REVISED FREE PASSAGE POLICY:**

A very important modification in the Free Passage Policy is required in the case of definition of "Family Members". Currently, there are widely different definitions of Family Members considered in Ex-IA and Ex-AI. As of now, the family is defined to mean "Self, Spouse,

children, parents, son-in-law, daughter-in-law, brothers and sisters.” This definition of family is not restricted to dependent blood relations alone and is not in consonance with the definition of family in CCS Rules and PSUs. The definition of family for sake of uniformity and demand of economy should be restricted to close blood relations who are dependent on the employees. The definition of family as contained in the Civil Service Regulation and CCS (LTC) Rules should be adopted.

3.83 As far as the free passages are concerned, the Committee recommends adoption of a scheme similar to the widely used LTC Scheme for PSUs and Government Service. Considering the special nature of AI, the Committee recommends Home Travel Concession (HTC) for Self and Family once every year; LTC once in every two years any where in the country (All India LTC); and LTC (Foreign) once every three years anywhere in the world where AI is flying on seat available basis. Entitlement of the class of travel would be as existing on date would be applicable. During HTC and LTC, the employees can avail encashment of 10 days leave annually, available in their account. This encashment of 10 days leave would be in addition to the encashment of leave available at the time of retirement. This encashment of 10 days should be limited to once in a year only. The Management can decide about creation of block years for claim of LTC (All India) and LTC (Foreign).

Ministry's direction on on para 3.81,3.82 & 3.83

Free passage facility is a facility available to the airlines industry and is prevalent worldwide. Hence it can not be abolished altogether.

However, it needs rationalisation as presently free passage facility is infinite and also the scope of definition of the 'family' needs revisit. Further, the definition of family has to be reasonable and in consonance with definition of family as per the government rules. Implementation committee is accordingly directed to decide about the free passage norms on the basis of industry's standard. There is no need to refer the matter back to government.

3.84 Proper utilization of assets and infrastructure.

During its visits to important Air Ports and Engineering infrastructure owned by Air India at Delhi, Mumbai and Hyderabad, the committee found that immovable assets worth crores of rupees are lying under-utilized. Similarly, the Engineering infrastructure for repairs and maintenance of air crafts in the Hangars and Work Shops at Mumbai, Delhi and Hyderabad are grossly under-utilized. The Air India has Simulators for training of pilots at Mumbai and Hyderabad. The Hyderabad Simulator is of old design and outmoded. The Engineers at-site, informed the Committee that after purchase of new air crafts, setting up of a technically advanced Simulator is a must for which orders for purchase have been placed long back but the simulator has not been received. The Engineers-at-site also informed that the Simulators available with Air India can be made available for training of pilots of other private, domestic and international airlines. If facilities are provided to others, it will add to the income of Air India. The Committee recommends developing CTE facility at Hyderabad as

a separate business unit to impart training facilities to third parties also. This may generate additional income for the Company.

3.85 The officials of the Ministry have informed the Committee that the government is considering setting up separate corporate entities as subsidiaries of Air India to start MRO and Ground Handling business. The Committee recommends that decisions in this regard should be expedited so that Air India can strategically concentrate on its core business of air transport and attain desired parameters like Aircraft-Manpower ratio. At the same time, the expertise and available infrastructure/man power of Air India can be put to optimal utilization for generating additional revenue by way of attracting third party business.

3.86 **Immovable assets.**

Air India has large number of its own immovable properties in India and abroad at several locations like big office infrastructure at Nariman Point Mumbai, huge accommodations of erstwhile IA and AI at Delhi, a very big chunk of land near the Training Centre at Hyderabad, etc. All these immovable assets have been comprehensively listed along with their book value at the cost as on 31st March 2007. It may be noted that most of these properties have not been put to profitable use so far. It is necessary that all such immovable properties not in use should be put to proper use including sale and lease wherever required to generate revenue and a policy decision with regard to the same is required to be taken at the earliest. In order to facilitate such a profitable use, it is pre-requisite that all these properties should be properly reassessed at current market rate without any delay. It can

lead to a substantial revision of balance sheet and potential resource generation for the Company.

3.87 Some Economy Measures:

Currently, the pilots and members of the crew are provided five star hotel accommodations at the destinations. This heavy cost towards Five Star Hotels can be avoided if the Air India in cooperation with Airport Authority arranges their stay and food at the Airports or in the vicinity where decent arrangements suitable for pilots and members of crew of stay and food can be made at much lower cost. The quality of lodging and boarding should be such as to provide complete comfort and rest to the pilots and members of crew while on duty.

3.88 The Air India is currently passing through severe financial crisis. An economy drive within the organisation with the cooperation of all members of the staff is a necessity. The Committee observed that in the current financial crunch all members of IA and AI have shown realisation and willingness to make some sacrifices in their perks and privileges so that Air India keeps flying and its reputation is restored. The members both of IA and AI also realise that to survive in the highly competitive field they have to improve their performance. It is, therefore, necessary for the management of Air India to identify wasteful expenditures in various departments and in its working to introduce remedial measures and avoid such expenditure. One of the most important expenditures, which has been brought to our notice in our interaction with Management and Unions, has been the over-staffing in terms of man power per air-craft ratio as compared to the domestic as well as international aviation industrial practices in the market. We, therefore, recommend that necessary steps be taken to

reduce the man power per air-craft to bring it in conformity with the prevailing market conditions and the aviation norms. It is important for a PSU like Air India to formulate a **Voluntary Retirement Scheme(VRS)** for its employees so that excess man-power does not unduly increase the wage bill and depress productivity. The Committee recommends a viable **VRS** to all categories of employees with a sizable proportion of the benefits being made available in the form of ESOP (Employees Stock Option Plan). In view of severe financial constraints, Air India Management may approach Government of India to support a viable VRS Scheme and also seek urgent decisions facilitating the implementation of The ESOP option for such Voluntary Retirees and also the regular employees in lieu of arrears payable to them. This can be an attractive option for about 7000 employees who are in the zone of retirement in the next five years. It also has the potential to increase the sense of belongingness, ownership, commitment and dedication of existing employees to strengthen the Company. Even the DPE Guidelines support ESOP option to be given to the employees.

3.89 **Monitoring mechanism**

The Committee recommends instituting a time bound monitoring mechanism and process associating representatives of management of equal ranks from both e/w airlines, Ministry of Civil Aviation and outside experts to oversee completion, within a reasonable period, of merger and integration process on both operational and human resource.

3.90 The Committee has been involved in the work of integration of services of the two merged companies at a very late stage almost 4 years after the legal merger. Because of this delay, already complex issues relating to merger have become more complicated. The employees of both companies are losing patience and were throughout in agitational mode. They resorted to repeated strikes and demonstrations. A few of them even rushed to Courts. In this surcharged atmosphere with severe financial crunch, the Committee has to undertake its task. The Committee in this back ground has tried to adjust rights and equities in the best possible manner. It realises that it is not possible to satisfy every class and every individual on the two sides i.e. AI and IA. Justice Krishna Iyer has observed: “[in the case of T.N. Education Department Ministerial and General Subordinate Service Association V. State of Tamil Nadu (AIR 1980 SC 379)]. *“In service jurisprudence, integration is a complicated administrative problem where, in doing broad justice to many, some bruises to a few cannot be ruled out. Some play in the joints, even some wobbling, must be left to government without fussy forensic monitoring “All life, including administrative life, involves experiments, trial and error, but within the leading strings of fundamental rights and absent unconstitutional excesses”.*

3.91 Presently, Air India is in severe financial crunch due to heavy debts and liabilities. The intermittent strikes by Pilots on their demand of parity in salary and allowances and the ever increasing competition in the air services has badly hit the working of the new Air India. It is reported that even monthly salaries could not be disbursed in time. The Print and Electronic Media have high-lighted the tragic condition of Air India.

3.92 Air India is severely hit by various circumstances like economic recession immediately after merger, increased working capital loans, heavy burden of loan on fleet acquisition, adverse aircraft man-power ratio and below bench-mark performance on key operational and economic index compared to competitors.

3.93 Air India is in turbulence but we do hope that with proper restructuring, planning and integration of its services and with mutual coordination and cooperation between management and staff, it will steer clear and in no event it is going to crash. We wish and hope that with the available resources and high quality expertise, Air India will regain its reputation and place of pride in the competitive air services but only if it makes constant effort to become a first choice of passengers. 'Maharaja' presently may be sick, but with proper planning of finances and human resources, it will soon regain its health and vigour.

NEW DELHI

31st January 2012

(D.M. DHARMADHIKARI)
(FORMER JUDGE SUPREME COURT OF INDIA
CHAIRMAN OF THE COMMITTEE

(RAVINDRA H. DHOLAKIA)
MEMBER

(RAJESHWAR DAYAL)
MEMBER

(SYED NASIR ALI)
MEMBER SECRETARY

ANNEXURE-A**SUMMARY OF VARIOUS WRITTEN REPRESENTATIONS RECEIVED**

Sl. No	Name of Assn/ Union	Salient Issues raised in the representation
1	Indian Commercial Pilots Association(Central Office) Domestic Airport, Mumbai representing Pilots of erstwhile Indian Airlines Ltd.	<ul style="list-style-type: none"> a) Disparities in remunerations offered to the Pilots of erstwhile IA flying narrow body (A 320) & wide body (A 330) Aircrafts and erstwhile AI flying narrow body (B 737) and wide body (B 747 / B 777) Aircrafts viz, higher pay scales, flying allowance paid to IA pilots on actual basis as against AI pilots paid fixed 80 hours irrespective of actual hours flown along with the higher rate per hour paid to AI pilots and higher lay over allowance b) No lay over subsistence, uniform maintenance allowance, RSVM qualification allowance, Transit check allowance, Category II & III allowance, Telephone Call charges are paid to AI pilots but not to IA pilots. c) AI pilots are entitled to highest class while IA pilots are entitled to Y class while travelling on SOD.
2	Indian Pilots' Guild, Transport Building, Old Airport Mumbai representing Pilots of erstwhile Air India	<ul style="list-style-type: none"> a) Not agreeable to the setting up of an expert committee on merger related issues, objection to the terms of reference, reserving right to reject any or all of the recommendations of the expert committee.
3	Air India Officers Assn Central Office: Santa Cruz (E), Mumbai representing General cadre officers (non-technical grade & Executive Cabin Crew	<ul style="list-style-type: none"> a) Integration of officers need to be split into two periods: before 2002 and after 2002 due to change in officer cadre after 2002, b) direct recruit of AI to be treated on par IC, c) exercise to be conducted from 1980 onwards on year to year basis to see how the promotion have proceeded in both the organization, d) <i>Inter-se</i> seniority should be fixed for direct recruits of both organizations.
4	Indian Airlines Officers Association, Mumbai representing General cadre officers of erstwhile IA & flying crew in the IFS Dept	<ul style="list-style-type: none"> a) Merger of employees with reference to scale of pay and not their designations, b) Non-payment of arrears on account of wage revisions from 01.01.97 to 31.07.06 while this was paid to erstwhile AI during 2005, c) working conditions to be uniform on 5 day week pattern, d) find ways and means to enhance the return or contribution towards pension or withdraw from the scheme, e) due to merger time scale and due promotion on stand still enhance backlog promotions to be carried out retrospectively before harmonization,

		<ul style="list-style-type: none"> f) definition of family for entitlement of passage must continue and certain percentage of seats can be allotted on confirmed basis, g) cut of date for seniority should be prospective – date of implementation of the committee report, h) protection of emoluments drawn through various wage revision and PLI scheme, i) other allowance like over stay, holiday / day / weekly off, 5 day week and working hours on Air India pattern, j) officiating arrangement as in erstwhile Air India, k) compassionate appointment rules in IA to be continued in the merged entity, l) retirees after 01.01.07 to be paid gratuity on revised basic pay effective 01.01.07, m) Continue present entitlement on leave passage including on reciprocal basis. Benefit of indefinite passage given to erstwhile AI to continue for IA, n) Any improvement in the retirement benefit should be extended to all employees who have retired. Retirement benefit of 5000 in erstwhile IA to be extended to all, o) Review of PLI and all decisions taking for erstwhile AI to be made applicable for IA.
5	Indian Aircraft Technicians' Association Kolkata Representing Technical service officers of erstwhile IA	<ul style="list-style-type: none"> a) Non-payment of wage arrears from 01.01.97 to 30.06.06, b) revision of PLI due from 01.01.07, c) revision of over time rate with effect from 01.08.06, d) uniform designations, e) senior foreman and chief foreman to be considered for filling up vacancies arising out of 17% of standard force for Manager Service Engineer as one time, f) as career progression in erstwhile AI was time bound consider years of service as criteria for placement and harmonization and one additional promotion for each cadre as one time dispensation, g) effective date of merger 27.08.07, h) higher allowances in equivalent category in erstwhile AI to be made applicable, i) revised pension scheme continue existing parameters for DCRG, terminal benefits to be revised, j) formula for PLI in erstwhile IA to continue, k) 5 day week, executive class travel for SOD / SOL etc. on AI pattern.
6	NACIL Aircraft Inspectors' Association, Gautam Nagar, N. Delhi representing Aircraft Inspectors of erstwhile IA	<ul style="list-style-type: none"> a) Inspectors of erstwhile IA should be equated and placed on par with Aircraft engineers of erstwhile AI for all purposes. b) Career progression should take into account number of year put in service. c) Issue of parity with their counterpart in erstwhile AI.

7	All India Cabin Crew Association, Sahar, Mumbai representing Cabin crew of erstwhile IA	<ul style="list-style-type: none"> a) Stop temporary appointment on contract, b) Harmonize working conditions while protecting pre-merger bilateral agreements, c) career growth and time bound promotion in AI, d) Minimum guaranteed flying allowance equivalent to minimum 80 hours per month, Parity in pay scale allowances (flying, subsistence & others) career progression, working conditions, insurance, medical, transportation etc. at par with erstwhile Air India.
8	Air Corporation Employees Union (Center),Safdarjung Airport, N. Delhi Representing Cabin crew of erstwhile IA	<ul style="list-style-type: none"> a) Wage negotiations and settlement to be reached for a period of 5 years w.e.f. 1.1.2007; b) grant of recognition to ACEU, c) seniority should be determined on the basis of recruitment and promotion rules of Indian Airlines; d) integration of employees of two companies without considering vast difference in promotion scheme would lead to serious implications; e) date of initial appointment should be the principle of determination of seniority; f) working hours of the entire workforce should be the same; g) designation for the same job function should be same, h) concessional passage should also be uniformed, i) settlement arrived at in respect of pension scheme should be accepted and judgment of supreme court honoured, j) scheme of compassionate appointment should be continued and pending cases resolves, k) existing death cum retirement, gratuity and terminal benefits should continue and enhanced upwards; l) Review of PLI scheme should take into account the benefits surrendered by the employees.
9	All India Service Engineers Association, Andheri (E), Mumbai Representing Technical Services Engineers of erstwhile AI	<ul style="list-style-type: none"> a) Workmen should get opportunity to choose union of their choice, b) basic pay to be revised as per DPE, c) shift allowance to be restored to Service Engineer, over time as per Factory Act, d) grade 32 should be open ended as Manager Service Engineer are stagnating, e) PLI arrears should be paid, f) approval / authorization to be issued to Service Engineer as per 1996 policy, g) medical facility as in erstwhile IA, h) pension scheme is similar to Central Govt., i) Existing passage policy of AI & erstwhile IA should be extended.

10	Indian Airlines Employee Congress, N. Delhi Representing Erstwhile Vayudoot employees merged with the then IA	a) Benefit of merger with effect from 1998 instead of 2006 reg. Vayudoot
11	Air India Employees Union, 5/9, Air Indian Colony, Kalina, Santa Cruz (E) Mumbai representing Technical employees of erstwhile IA & AI	a) Common rules & regulations, common wage structure with effect from 1.1.2007, b) level mapping & seniority integration, promotion policies in the erstwhile airlines differ & need rectification, c) medical benefits at variance & need correction d) passage facility also needs to be evolved, e) pension scheme to be wound up and amount deducted refunded with interest, f) Anomaly in age of superannuation of ground category staff to be removed, etc.
12	Aviation Industry Employees' Guild, Old Airport, Santa Cruz (E), Mumbai representing Technical & non-technical employees of erstwhile AI	a) Integration based on current pay scale will create anomalies, b) seniority should be date of joining in the cadre, c) basic pay in all categories in the same grade and level need to be equated, d) Vayudoot employees in erstwhile IA retained seniority while those who joined AI were placed at the bottom at the category after integration seniority anomalies will be created, e) seniority in IA regions wise/ department wise while in AI seniority is lost even on internal transfer, introduction of new PLI for grade 29
13	Indian Flights Engineers Association, Santa Cruz (E), Mumbai representing Flight Engineers Of AI	a) Wage settlement from January 1997, b) settlement of payments on account of flying allowance, unresolved promotion issues
14	Air India Simulator Maintenance Engg. Assn Operations (Trg), Air India, Old Airport, Mumbai Representing simulator maintenance officers of erstwhile Air India	a) Parity with Aircraft maintenance engineers
15	Air India Air Transport Services Ltd. – Employees Union, Thiruvananthapuram Representing Contractual employees AIATSL	a) Regularization of employees on contract, revision of wage allowances etc. (issues beyond the terms of reference of the committee)
16	Air India Aircraft Engineers' Association, Old Airport, Santacruz (E), Mumbai Representing Aircraft Engineers of erstwhile AI	a) 6 th Pay Commission can be considered for basic/VDA/HRA/CCA, b) AME should be paid Rs. 15, 000/- per license with a maximum of 6 licenses,

		<p>c) kit allowance, shift allowance, mobile allowance, computer allowance, radio telephony allowance, direct reading compass allowance, over time allowance, etc. to be revised,</p> <p>d) disparity between the employees of erstwhile airlines,</p> <p>e) single set of service conditions & rules for SOL / SOD travels, medical benefits, uniforms etc.</p>
17	<p>Indian Flight Despatchers Association Air India Terminal – IIC, CSI Airport, Mumbai representing Flight Despatchers of erstwhile AI</p>	<p>a) While doing level mapping due weight age may be given to NACIL (A) Flight Dispatchers,</p> <p>b) outside consultants and all contractual appointments of retired employees should be discontinued,</p> <p>c) terminal benefits as followed in Navratna PSU / Banks,</p> <p>d) fuel saving done by Flight Dispatch should be consider as one of the key performance indicator in PLI,</p> <p>e) cadre to be headed by GM</p> <p>f) Initial Induction at the level of Dy. Mgr., Augmenting strength of flight dispatcher of LHR & JFK.</p>
18	<p>Air India Engineers Assn. Old Airport, Santacruz (E), Mumbai Representing Non – line Engineers of erstwhile AI</p>	<p>a) Level mapping,</p> <p>b) considering them with AME cadre,</p> <p>c) Promotion policy in Engg. Deptt. to be implemented in operation and ground support department.</p>
19	<p>Airlines Ground Instructors Association, NACIL (I), Central Training Estab. Hyderabad Representing Instructors of erstwhile IA</p>	<p>a) Instructor from Air force background rejected at CTE were inducted as AGM and became senior to instructors selected on merit,</p> <p>b) promote AGIA cadre one level higher before merger to maintain seniority,</p> <p>c) extend back dated promotions in IA,</p> <p>d) equal remuneration of same kind of work,</p> <p>e) revised pension scheme,</p> <p>f) Compassionate appointment scheme to be reintroduced.</p>
20	<p>Aviation Ground Handling Employees Union Sahar, Andheri (E), Mumbai Representing Ground handling employees of the two erstwhile airlines</p>	<p>a) Re-categorization of Aircraft Equipment operator as technical category,</p> <p>b) anomaly in promotional avenue upto grade 25 /30 remained unresolved,</p> <p>c) for inter-se seniority initial joining qualification and progression should be looked into.</p>
21	<p>Airline Radio Officers' & Flight Operations Officers' Assn. Chennai. representing Flight Operation & Ground operations officers of erstwhile Indian Airlines</p>	<p>a) Benefit of stagnation based promotion in erstwhile Air India be extended to IA officers,</p> <p>b) existing vacancies at all levels be filled up before integration,</p> <p>c) common pay package & facilities</p>
22	<p>All India Aircraft Engineers' Association Engineering Complex, Hyderabad Representing Aircraft Engineers of erstwhile Indian Airlines</p>	<p>a) Harmonization & integration with AI,</p> <p>b) pay parity with counterparts in Air India on the basis of DPE guidelines,</p> <p>c) adequate pension</p>

23	Air Corporations SC/ST Employees' Association (Air India)Mumbai representing SC / ST employees of erstwhile Air India	a) Non-implementation of reservation directives, b) seniority of the merged staff keeping in view reservation rules
24	Air Corporations SC / ST Employees Association, Mumbai Representing SC / ST employees of erstwhile Indian Airlines	a) Promotion of SC / ST employees in erstwhile IA behind erstwhile AI, b) promotion with relaxed standards,
25	Air India Retired Employees Association, Safdarjung Airport, N. Delhi Representing retired personnel of erstwhile AI	a) Rationalization of post retirement benefits like passage, medical facilities & payment of arrears
26	All India Airlines Retired Personnel Assn, N. Delhi Representing retired personnel of erstwhile IA	a) Rationalization of post retirement benefits like passage, medical facilities & payment of arrears
27	AI 25 Years Employees' & Retirees' Club, Mumbai representing Retired employees of erstwhile Air India	a) Removal of differences in post retirement benefit, e.g. passage regulation, medical etc.
28	Air India Retired Employees Association, Bangalore Representing retired employees assns of AI	a) Protection of post retirement benefits, rights & privileges
29	Indian Airlines Kamgar Sangathan	a)Regularisation of casual workers

ANNEXURE-B**DETAILS OF THE MEETINGS HELD WITH
UNIONS/ASSOCIATIONS**

Sl.No.	Date of meeting	Meeting held at	Name of Assn/ Unions which participated
1.	05.07.11	New Delhi	a) Indian Commercial Pilots Association[ICPA] b) Indian Pilots Guild[IPG]
2.	18.07.11 19.07.11	Ahmadabad	a) Aviation Industry Employees' Guild [AIEG] b) Air India Employees' Union [AIEU] c) Air Corporation Employees' Union [ACEU]
3.	06.08.11 07.08.11	Mumbai	a)Air India Aircraft Engineering Association. b)Air India Engineers Association. c)Aviation Ground Handling Employees Union d)Air Corporation SC/ST Employees Assn e)Air Corporation SC/ST Employees Assn(AI) f)Indian Aircraft Technicians Association g)All India Service Engineers' Association. h)Air India 25 Years Employees' Retired Club. i)Aviation Industry Employees' Guild for (Technical category)
	16.08.11 17.08.11	New Delhi	a) Indian Flight Dispatchers Association (IFDA) b) All India Airlines Retired Personnel Assn c) Indian Airlines Kamgar Sangathan d) Air India Cabin Crew Association (ACCA) e) Air Corporation Employees' Union f) Indian Airlines Employee Congress
4.	23.08.11 24.08.11	New Delhi	a) Indian Airlines Officers' Association [IAOA] b) Air India Officers' Association [AIOA] c) Airlines Ground Instructors Association [AGIA] d) NACIL Aircraft Inspectors Association [NAIA] e) All India Aircraft Engineers' Association [AIAEA] f) Air India Air Transport Services Limited [AIATSL] g) Airlines Radio Officers' & Flight Operations Officers' Association [ARO & FOOA]

ANNEXURE-C**LEVEL MAPPING CHARTS****GEN. CATG. OFFICERS, FLT OPERATION OFFICERS, GROUND INSTRUCTORS AND THEIR EXECUTIVES**

ERSTWHILE AIR INDIA				ERSTWHILE INDIAN AIRLINES					AIR INDIA LTD.(AS ON 1.4.2007)				
Desn.	Pre-revised pay scales	Existing pay scales	Proposed pay scales	Gr.	Desn.	Exist. Pay scales	Revised pay scales	Proposed pay scales	Gr.	Proposed Desn.	Existing pay scales	Revised pay scales	Proposed pay scales
ED	9500-11500	21200-26000	62000-80000	19A	ED	9500-11500	23750-28550	62000-80000	E-9	ED	9500-11500	23750-28550	62000-80000
GM	8500-10300	20000-24500	51300-73000	18	GM	8500-10300	20500-26500	51300-73000	E-8	GM	8500-10300	20500-26500	51300-73000
DGM	7775-9700	18725-23125	43200-66000	17	DGM	7775-10000	18700-22950	43200-66000	E-7	DGM	7775-10000	18700-22950	43200-66000
AGM	7350-9400	15475-19800	32900-58000	16A	CH. MGR	7550-9675	16750-20700	36600-62000	E-6	Sr.AGM	7550-9675	16750-20700	36600-62000
				16	Sr. MGR.	7350-9400	16050-19990	32900-58000	E-5	AGM	7350-9400	16050-19990	32900-58000
Sr. MGR	7150-8850	15200-19000	29100-54500	15	MGR	7150-8850	15350-19100	29100-54500	E-4	Sr. MGR	7150-8850	15350-19100	29100-54500
MGR	6375-8575	11500-15800	24900-50500	13-14	DY. MGR	6750-8575	12400-16400	24900-50500	E-3	MGR.	6750-8575	12400-16400	24900-50500
DY. MGR	5550-8575	9500-15175	20600-46500	10-12	ASST. MGR	5675-8025	10100-15000	20600-46500	E-2	DY. MGR	5675-8025	10100-15000	20600-46500
ASST. MGR	4975-7550	8550-13600	16400-40500	9A	OFFICER	4975-7550	9000-14300	16400-40500	E-1	ASST. MGR	4975-7550	9000-14300	16400-40500

The AGM of erstwhile AI will be split in the ratio of number of officers in erstwhile IC Chief Manager and IC Senior Manager Grades. The senior AGMs of erstwhile AI corresponding to Chief Manager of erstwhile IA in the ratio will be placed in the new grade of Sr. AGM in new Air India.

AIRCRAFT MAINTENANCE ENGINEERS AND THEIR EXECUTIVES

ERSTWHILE AIR INDIA				ERSTWHILE INDIAN AIRLINES				AIR INDIA LTD(AS ON 1.4.2007)				
GR.	Desn.	Pre-revised pay scales	Existing pay scales	Gr.	Desn.	Revised pay scales	Existing pay scales	Pro-posed Desn.	Pre-revised pay scales	Existing scales	Gr.	Revised Pay Scales 2007
40	ED	9500-11500	21200-26000	19A	ED	9500-11500	23750-28550	ED	9500-11500	23750-28550	E-9	62000-80000
39	GM	8500-10300	20000-24500	18	GM	8500-10300	20500-26500	GM	8500-10300	20500-26500	E-8	51300-73000
38	ADDL. GM	8300-10000	19300-23600									
36	DGM	7775-9700	18725-23125	17	DGM	7775-10000	18700-22950	DY.GM	7775-9700	18700-22950	E-7	43200-66000
				16-A	CH. MGR	7550-9675	16750-20700	SR. MGR	7550-9675	16750-20700	E-6	36600-62000
34	AGM	7350-9400	15475-19450		CH. A/C. ENGR	NEWLY INTRODUCED	16400-20300	CH. A/C. ENGR*	7350-9400	16050-19900	E-5	32900-58000
33	DY. CH. AIR-CRAFT ENGR	7350-9125	15300-19625	16	DY. CH. A/C. ENGR	7350-9400	16050-19900	DY.CH.A/C. ENGR	7150-8850	15350-19100	E-4	29100-54500
32	SR. A/C ENGR.	7150-8850	15200-19000	15	SR. A/C. ENGR	7150-8850	15350-19100	SR. A/C. ENGR	6750-8575	12400-16400	E-3	24900-50500
30	AIR CRAFT ENGR.	6750-8575	12325-16000	13-14	A/C. ENGR	6750-8575	12400-16400	A./C.ENGR	5675-8025	10100-15000	E-2	20600-46500
28	ASSTT. A/C. ENGR.	5675-8025	9600-14150	10-12	DY. A/C. ENGR	Newly introduced	10100-15000	ASSTT A/C. ENGR	4975-7550	9000-14300	E-1	16400-40500
				9-A	ASST. A/C. ENGR	4975-7550	9000-14300					

- Ch. Aircraft Engineer- A pay scale created between two existing pay scales in e/w IA was created to give promotion.

PILOTS AND EXECUTIVES

ERSTWHILE AIR INDIA				ERSTWHILE INDIAN AIRLINES				AIR INDIA LTD (AS ON 1.4.2007)		
Gr	Desgn.	Pre-revised pay scales	Existing pay scales	Gr	Desgn.	Pre-revised pay scales	Existing pay scales	Gr.	Proposed desgn.	Proposed pay scales
40	ED	9500-11500	21200-26000	19A	ED	9500-11500	23750-28550	E-9	ED	62000-80000
39	GM	8500-10300	20000-24500	18	GM	8500-10300	20500-26500	E-8	GM	51300-73000
38	Addl GM*	8300-10000	19300-23600					E-7	DGM	43200-66000
37	Jt GM*	8025-9700	19025-23275							
				17	DGM	7775-10000	18700-22950			
36	Captain	7775-9700	18725-23125					E-6	Commander (Sr. Captain)	36600-62000
				16-A	Commander	7550-9675	16750-20700			
32	Co-Pilot	7150-8850	15200-19000					E-5	Sr. Captain (Captain)	32900-58000
	If done 3 years and 2 months he shall be placed in E-3			15-A	Captain	6950-8575	13600-17500	E-3	Captain (Sr. First Officer)	24900-50500
				13-A	First Officer	6200-8025	12700-15350	E-2	First Officer (CPL)	20600-46500

* The current Jt. GM and Addl. GM will also be fitted in the DGM pay scale but they will carry their current designations till their promotion or retirement.

TECHNICAL OFFICERS

ERSTWHILE AIR INDIA				ERSTWHILE INDIAN AIRLINES				AIR INDIA LTD (AS ON 1.4.2007)		
Gr	Desgn.	Pre-revised pay scales	Existing pay scales	Gr	Desgn.	Pre-revised pay scales	Existing pay scales	Gr.	Proposed desgn.	Proposed pay scales
39	GM	8500-10300	20000-24500	18	GM(SS)	8500-10300	20500-28500	E-8	GM(SS)	51300-73000
38	Addl GM	8300-10000	19300-23600					E-7	DGM(SS)	43200-66000
36	Dy GM	7775-9700	18725-23125	17	DGM (SS)	7775-10000	18700-22950			
				16-A	Ch. Mgr. (SS)	7550-9675	16750-20700	E-6	Sr. AGM (SS)	36600-62000
34	Asstt. GM	7350-9400	15475-19800	16	Sr. Mgr. (SS)	7350-9400	16050-19900	E-5	AGM (CH. ENGR(SS)	32900-56000
33	Dy. Ch. Engr.	7350-9125	15300-19625					E-4	Dy. Ch. Engr.(SS)	29100-54500
32	Sr. Engr.	7150-8850	15200-19000	15	Sr. Engr. (SS)	7150-8850	15350-19100	E-3	Sr. Engr.(SS)	24900-50500
30	Sr. Tech. Officer	6750-8575	12325-16000	13/14	Engr. (SS)	6750-8575	12400-16400	E-2	Engr. (SS)	20600-46500
28	Tech. Officer	5675-8025	9600-14150	10/12	Dy. Engr.(SS)	5675-8025	10100-15000	E-1	Dy. Engr. (SS)	16400-40500

CABIN CREW AND IN-FLIGHT PERSONNEL

AIR INDIA			INDIAN AIRLINES			AIR INDIA		
Gr.	Pay scale	Desn.	Gr.	Pay Scale	Desn.	Desn.	Grade	Proposed Pay Scale
34	7350-9400	AGM Cabin Crew	16	7350-9400	Sr. Mgr. IFS	AGM IFS	E-5	32900-58000
32	7150-8575	Sr. Mgr. Cabin Crew	15	7150-8850	Mgr. IFS	Sr. Mgr. IFS	E-4	29100-54500
29	6375-8575	Mgr. Cabin Crew	13-14	6750-8575	Dy.mgr IFS	Mgr. IFS	E-3	24900-50500
26	5500-8300	Sr. Check Flt Purser Air Hostess/ Cabin Crew	10-12	5675-8025	Asst. Manager	Dy. Mgr. IFS	E-2	20600-46500
25	4975-7880	Add. Sr. Ch. FP/ AH/ CC	9A	4975-7550	IFS Officer	Asstt Mgr. IFS	E-1	16400-40500
18	4780-7150	Ch. FP/ AH/ CC	9	4580-7550	Ch. Cabin Crew	Ch. Cabin Crew	S-7	12500-28000
16	4580-6950	Cabin Crew-II/Filt Purser/ Sr. AH	7-8	4180-6550	Dy Ch. Cabin Crew	Dy Ch. Cabin Crew	S-6	11500-24000
10	4180-5500	Cabin Crew-I/ AH Flt Purser	3-6	3940-5850	Sr.Cabin Crew	Sr.Cabin Crew	S-5	10000-21000
7	3560-4880	Cabin Crew	3-6	3140-4580	Cabin Crew	Cabin Crew	S-2	8500-15000

CLERICAL & ALLIED CATEGORY

AIR INDIA			INDIAN AIRLINES			AIR INDIA		
Gr.	AI Desg.	Pay Scale	Gr. E	IA Desg.	Pay Scale	Gr.	Desgn.	Proposed Pay scales
14	Officer	7250-11700	9	Supdt. (SG)	7850-12100	S-7	Officer	12430-28000
11	Asstt. Officer	7050-11150	7/8	Supdts.	7500-11200	S-6	Asstt. Officer	12180-23500
9	Sr. Supervisor/ Clerk/ Seno/Storekeeper	6750-10600	3/6 Sr.	Assistants (SR.)	7095-10375	S-5	Sr. Supervisor / Clerk/ Steno/ Store- keeper	11820-22000
4	Supervisor/ Clerk/ Steno/ Storekeeper	5550-8225	3/6	Assistants	5720-8200	S-2	Supervisor / Clerk/ Steno/ Store- keeper	9600-16000

OPERATORS

AIR INDIA			INDIAN				AIR INDIA	
Gr.	Pay Scale Pre-revised	Desig.	Gr.	Pay Scale (Pre-revised)	Desig.	Grade	Desig.	Pay Scale
25	4975-7550	Chief A/C Eg. Operator	9A	4975-7550	Apron Supr.	E-0	Apron Supr.	12600-32500
14	4380-6550	Lead A/C. Eq. Operator	9	4380-6950	Chief Operator	S-7	Ch. A/C. Eq. Operator	12430-30000
12	4180-6200	Master A/C. Eq. Operator	7-8	4180-6375	Sr. Operator	S-6	Sr. A/C Eq. Operator	12180-25000
11			3-6	3940-5850	Operator	S-5	A/C. EQ. OPERATOR	11820-20730
8	3630-5850	Sr A/C. operator	1-2	3620-5850	Jr. Operator	S-4	Jr. A/C. EQ. OPERATOR	11140-19000
7	3560-4880	A/C. operator	1-2	3560-4880	Sr. Driver	S-3	Sr. Driver	10500-17500
			1-2	3140	Driver	S-2	Driver	9600-16000

UNSKILLED CATEGORY

AIR INDIA			INDIAN AIRLINES			AIR INDIA		
Gr	AI Desn.	Pay Scale	Grade	IA Desn.	Pay Scale	Grade	Desn.	Revised Pay Scale
				Sr. Ch. Category		S-5	Sr. Ch. Asstt.	11800-22000
8	Ch. Assistant	6380-10630	1 /2 Chief	Ch. Category	6555-10375	S-4	Ch. Asstt.	11140-20000
7	Lead Asstt.	6250-8950	1 /2 Sr. Hd.	Sr. Hd. Category	6420-8725	S-3	Sr. Asstt.	10500-17500
3	Asstt. Level	5550-8225	1 /2 Hd.	Head Category	5720-8200	S-2	Asstt. Level-I	9600-15600
2	Asstt. Level-II	5550-7525	1 /2 Sr.	Sr. Category	5720-7500	S-1	Asstt. Level-II	9600-15000
1	Asstt. Level-III	5200-6850	1 /2	Peon/ helper/ Security Guard/ Safaiwala etc.	5200-6690			

Annexure- D**Career path: Executive cadre***

Air India			Indian		
Grade	Designation	Career Path (Entry Criteria)	Grade	Designation	Career Path (Entry Criteria)
40	Executive Director	Vacancy Based (PC** - 1year), Board Appointments	19A	Executive Director	Vacancy Based (PC - 1year), Board Appointments
39	General Managers	Vacancy Based (PC – 1 Year)	18	General Managers	Vacancy Based (PC – 1 Year)
36	Dy. General Managers	Vacancy Based (PC – 1 Year)	17	Dy. General Managers	Vacancy Based (PC – 1 Year)

- Career Path is similar for the DGM level and above since Career path are similar for the DGM level and above, it is proposed to continue with the same career progression as existing in the erstwhile companies.

*Excludes technical cadres at the DGM level, Jt. GM and Addl. GM levels (discussed later)

**PC = Post Confirmation

Following career path could be considered for executives & managerial cadre (payscale mapping option only)

As-Is Designations & career Path				Proposed Designations & Career Path	
Grade	AI	Grade	AI	Desg.	Career Path (Entry Criteria)
Director	PESB	Director	PESB appointments	Director	PESB appointment
ED	Vacancy Based*	ED	Vacancy Based*	ED	Vacancy based on confirmation
GM	Vacancy Based*	GM	Vacancy Based*	GM	Vacancy based on confirmation
Dy. GM	Vacancy Based*	Dy. GM	Vacancy Based*	Dy. GM	Vacancy based on confirmation
		Chief Mgr.	Vacancy Based*	Sr. AGM	Vacancy based selection subject to minimum of 2 years service at Asstt. GM level
AGM	Vacancy Based*	Sr. Mgr.	Selection based: 3 years & 50% /4 years & no restriction	AGM	3 years fast tract (50% of available candidates) or 4 years subject to suitability#
Sr. Mgr.	Vacancy Based*	Mgr.	Vacancy Based; 2 years of Service	Sr. Mgr.	Vacancy based selection# subject to min of 2 years service at Manager level to determine eligibility
Mgr.	Vacancy Based*	Dy. Mgr.	Selection based: 3 years & 50% or 4 years with no restriction	Mgr.	3 years fast tract (50% of available candidates) or 4 years subject to suitability#
Dy. Mgr.	Direct Recruitment (MBA/CA/IC WA) Vacancy Based*	Asstt. Mgr.	40%Direct Recruitment MBA, 30% promotion from 9A; 30% by selection/7-12 years in Grade 3-9	Dy. Mgr. E-2	40% direct recruits+20% selection from across cadres (suitability cum seniority, professional qualification & written test) + 40% Promotion from Asstt. Manager level of same cadre (Seniority cum suitability, job knowledge written test)
Asstt. Mgr.	Time bound promotion from the immediately below cadre	Officer	Vacancy Based (30% of Cadre Strength 3/6 to 9); 2 years of service	Asstt. Mgr. E-1	Exit: Post confirmation (2 yrs) to be eligible for consideration to Dy. Manager (E-2) Entry: 60% of vacancies of Asstt. Manager level on time bound basis (within cadre-min 5 years at level below and 40% selection (cross cadre and written test)

***Post confirmation 1 year**

The number of years specified are minimum years of service required for consideration. The promotion is on the basis of suitability in the interview.

Operations (Pilots) – Organisational Career Path – Proposed

No. of Stripes	Designation	Entry Criteria
4.0	ED	<ul style="list-style-type: none"> • Vacancy based
4.0	GM	<ul style="list-style-type: none"> • Vacancy based
4.0	DGM	<ul style="list-style-type: none"> • Eligibility – 15 years of service as Pilot plus 3 years in commanders grade
4.0	Commander (Sr. Captain)	<ul style="list-style-type: none"> • 5 years of service as Sr. Captain (Captain)
4.0	Sr. Captain (Captain)	<ul style="list-style-type: none"> • On obtaining PIC endorsement (PIC Training requirement – 2750 hrs (likely to go upto 3000 hrs based on new CAR being made applicable) on Company fleet +25 yrs of age)
3.0	Captain (Sr. First Officer)	<ul style="list-style-type: none"> • 3 years & 2 months + ALTP (In case Pilot does not obtain (Pass) ALTP in the stipulated period he shall loose his seniority)
2.0	First Officer (CPL)	<ul style="list-style-type: none"> • On obtaining type rating endorsement.
	Trainee Pilot	

Proposed Career Path for Aircraft Maint. Engineers & their Executives

Designation	Entry Criteria
ED	Vacancy Based
GM	Vacancy Based + 1 year
Addl GM*	Vacancy Based + 1 year
DGM	Vacancy Based + 1 year
Sr. AGM	Vacancy Based + 2 year
Chief Aircraft Engineer	4 years as Dy. Ch. A/c Engr. + either 4 licences / 1 Licence + equiv. approvals/ Equiv. approvals (30% of cadre strength)
Dy. Chief Aircraft Engineer	5 years as Sr. A/c Engr. + either 3 licences / 1 licence + equiv.approvals/Equiv. Approvals
Sr. Aircraft Engineer	5 years as A/c Engr + either (2 licences /1 licence+ equiv. Approvals/Equiv. approvals)
Aircraft Engineer	On acquiring 1 licences /BAMEL + Equiv. approval
Asstt. Aircraft Engineer	1 year as trainee & on completion of training

Career path for Technical Officers

Existing Designations & Career Path				Proposed Designations & Career Path		
Grade	AI	Grade	IA	Desg.	Grade	Career Path (Entry Criteria)
ED	Vacancy based post confirmation			ED		Vacancy based post confirmation
GM	Vacancy Based* Selection	GM (SS)	Vacancy Based*	GM (SS)	E-8	Vacancy Based + 1 years
Addl. GM	Vacancy Based* Selection			Addl. GM		Vacancy Based + 1 years
Dy. GM	2 years – Vacancy Based* Selection	Dy. GM (SS)	Vacancy Based*	Dy. GM (SS)	E-7	Vacancy Based + 1 years
		Ch. Mgr (SS)	Vacancy Based*	Sr. AGM (SS)	E-6	Vacancy based selection subject to minimum of 2 yrs service at Ch. Engg level
AGM	Vacancy Based* Selection	Sr. AGM (SS)	Selection based subject to vacancy/suitability: 2 yrs	AGM Ch. Engg (SS)	E-5	4 years as Dy. Ch Engg.
Dy. Ch. Engg.	2 years service subject to passing applicable exam + 3 approval	Sr. Engg. (SS)	Selection based subject to vacancy/suitability: 2 yrs	Dy Ch Engg. (SS)	E-4	5 years service subject to passing applicable exam
Sr. Engg.	4 years service subject to passing applicable exam + 1 approval	Engg. (SS)	Confirmation, subject to passing applicable exam	Sr. Engg. (SS)	E-3	5 years service subject to passing applicable exam
Sr. Tech.	2 years service subject to passing applicable exam + 1 approval	Dy Engg. (SS)	2 years service subject to passing applicable exam.	Engg. (SS)	E-2	2 years service subject to passing applicable exam or Direct induction from the open market with 3 years experience
Tech. Officer		Asstt. Engg. (SS)		Asstt. Engg. (SS)		GET/Trainee Training 1 year (if decided to induct in trainee scheme)

The No. of years specified are minimum years of service required to be eligible for consideration. The promotion is on the basis of suitability in the written exam/interview.

* GM from a Tech. Officers/SS stream is eligible to be considered for ED (S&M), MRO. Same career progress as A/c Engg. In the workmen category.

Career Path: Flight Operations

Air India		Indian		Proposed Designations & Career Path	
Desg	Career Path (Entry)	Desg	Career Path (Entry)	Desg.	Career Path (Entry Criteria)*
		GM	Vacancy based (PC-1 yr)	GM E-8	Vacancy based on confirmation
DGM	Vacancy based	DGM	Vacancy based (PC-1 yr)	Dy. GM E-7	Vacancy based on confirmation
		Chief Mgr	Vacancy based (PC-1 yr)	Sr. AGM E-6	Vacancy based selection subject to minimum of 2 yrs service at Asstt. GM level
Asstt. GM FD	Vacancy based	Sr. Mgr	3 years & 50% of eligible candidates / 4 years & 100%	AGM E-5	3 years (50% of available candidates) or 4 yrs subject of suitability
Sr. Mgr FD	Vacancy based Min 8 yrs	Mgr	Vacancy based, 2 years of service	Sr. Mgr E-4	Vacancy based, 2 years of service
Mgr FD	Vacancy based 3 yrs	Dy. Mgr	3 years & satisfactory service record with valid FDA from DGCA	Mgr E-3	3 years (50% of available candidates) or 4 yrs subject of suitability
Dy. Mgr FD	Time bound 5 years	Asstt. Mgr	30% promotion, 30% selection from within subject to obtaining dispatcher approval from DGCA in 3 attempts, 40% direct recruitment	Dy. Mgr E-2	40% Direct Recruits + 40% promotion from Asstt. Mgr level of same cadre (seniority cum suitability, job knowledge written test) + 20% selection from across cadres (suitability cum seniority, professional qualification & written test)*
Asstt. Mgr FD				Asstt. Mgr E-1	Exit: confirmation (2 years) to be eligible for Dy. Mgr Entry: 60% of vacancies of Asstt. Mgr level on time bound basis (within cadre; Min 5 yrs at level below) & 40% selection (cross cadre & written test)*

***For Flight dispatchers a valid FDA from DGCA is also required**

Flight Safety – Proposed Career Progression

Designation	Career Path (Entry Criteria)- Same as general category Officer
GM	Vacancy based on confirmation
Dy. GM	Vacancy based on confirmation
Sr. AGM	Vacancy based selection subject to minimum of 2 years service as Asstt. GM level
AGM	3 years fast track (50% of available candidates) or 4 years subject to suitability
Sr. Mgr	Vacancy based selection subject to min of 2 years service at Manager level to determine eligibility
Mgr	3 years fast track (50% of available candidates) or 4 years subject to suitability
Dy. Mgr	40% direct recruits + 40% promotion from Asstt. Mgr level of same cadre (Seniority cum suitability, job knowledge written test) + 20% selection from across cadres (suitability cum seniority, professional qualification & written test)
Asstt. Mgr	Exit: Post confirmation (2 years) to be eligible for Dy. Mgr. Entry: 60%of vacancies of Asstt. Mgr level on time bound basis (within cadre; Min 5 years at level below) & 40% selection (cross cadre & written test)

This category will follow the career path as for the General category Officers.

Career Path: Ground Instructors

Air India		Indian		Proposed Designations & Career Path	
Desgn.	Career Path (Entry)	Desgn.	Career Path (Entry)	Desg n.	Career Path (Entry Criteria) As proposed for General Category
		GM	Vacancy Based*	GM E-8	Vacancy based on confirmation
DGM	Vacancy based – Selection	DGM	Vacancy Based*	Dy. GM E-7	Vacancy based on confirmation
		Ch. Mgr	Vacancy Based*	Sr. AGM E-6	Vacancy based selection subject to minimum of 2 years service at Asstt. GM level
Asstt. GM	Vacancy based – Selection	Sr. Mgr	Selection based subject to suitability: 3 yrs & 50% / 4 yrs & no restriction	AGM E-5	3 years fast track (50% of available candidates) or 4 yrs subject to suitability
Sr. Mgr	Time bound, subject to vacancy – 3 yrs subject to passing level exam (written & oral)	Mgr	Vacancy based selection subject to min of 2 yrs service at Manager level to determine eligibility	Sr. Mgr. E-4	Selection based subject to suitability: 3 yrs & 50% / 4 yrs & no restriction
Mgr	Time-bound – 3 yrs subject to passing level exam.(written & oral)	Dy. Mgr		Mgr E-3	Vacancy based selection subject to min of 2 yrs service at Manager level to determine eligibility
Dy. Mgr		Asst. Mgr		Dy. Mgr. E-2	Induction would be from open market with Graduation

This Category will follow the career path as for the General category officers.

Cabin Crew (Inflight Services)

Air India (Existing)		Indian (Existing)		Air India (Proposed)		
Desgn	Career Path (Entry)	Desgn	Career Path (Entry)	Desgn	Proposed Pay Scales	Career Path (Entry)
AGM Cabin Crew	Vacancy based (PC-1 yr)	Sr. Mgr IFS	Vacancy based selection sub to min 1 yr in the grade of Mgr	AGM IFS	32900-58000	Vacancy based selection sub to Min 1 yr as Mgr
Sr. Mgr Cabin Crew	Vacancy based (PC-1 yr)	Mgr IFS	Vacancy based Min 2 yrs in the grade of Dy.Mgr	Sr Mgr IFS	29100-54500	Vacancy based selection sub to Min 2 yrs as Dy Mgr
Mgr Cabin Crew	4 yrs in grade/22 yrs airline exp;90%	Dy Mgr IFS	Selection based : 3 yrs and 50% or 4 yrs with no restriction	Mgr IFS	24900-50500	Time-bound 4 yrs of satisfactory service
Sr. Check Flight Purser Air/Hostess/ Cabin Crew	4 yrs in grade/18 yrs airline exp; 90%	Asstt Mgr	Vacancy based – subject to suitability under 50% selection quota & 50% promotion quota	Dy Mgr IFS	20600-46500	Time-bound 4 yrs of satisfactory service
Add. Sr.Ch FP/AH /CC	4 yrs in grade/14 yrs airline exp; 100%	IFS officer	Vacancy based 15% of Ch Cab Crew strength. 2 yrs of service	Asstt Mgr IFS	16400-40500	Time-bound -4 yrs as Ch.Cabin Crew/20 yrs of cumulative satisfactory service
Check FP/Ch. CC/AH	5 yrs in grade/10 yrs airline exp; 100%	Chief Cabin Crew	Time-bound 6 yrs of satisfactory service	Chief Cabin Crew	8250-12975	Time-bound – 5 yrs as Dy.Ch. Cabin Crew/15 yrs of cumulative satisfactory service

Cabin Crew-II/Flt Purser /Sr.AH	5 yrs in grade/5 yrs airline exp; 100%	Dy. Chief Cabin Crew	Time-bound 4 yrs of satisfactory service	Dy. Ch Cabin Crew	7900-12625	Time-bound – 5 yrs as Sr.Cabin Crew/10 yrs cumulative satisfactory service
Cabin Crew-I/Ah Flt. Purser	No promotion policy formed for Cabin Crew at Grade 7	Sr.Cabin Crew	Time-bound 7 yrs of satisfactory service	Sr. Cabin Crew	7375-10375	Time-bound – 5 yrs of satisfactory service as Cabin Crew
		Cabin Crew		Cabin Crew	6575-9275	

Career path for clerical and allied category

As-Is Career path (Entry Criteria)				Proposed Career Path (Entry Criteria)		
AI Desg	Career Path AI	IA Desg	Career Path IA	Grade	Desgn	Career Path
				E-2	Dy. Mgr	50% by selection / 7-12 yrs in Grade 3-9; 50% Direct Recruitment
				E-1	Asst Mgr	Vacancy based (30% of Cadre strength S-1 to S-4); 2 yrs of service
Officer	Time-bound 5 yrs 100% promotability	Supdt. (SG)	Vacancy based; 30% of Cadre strength, min 2 yrs of service	S4	Officer	Vacancy based; 30% of feeder Cadre strength, min 4 yrs of service
Asst. Officer	Time-bound 4 yrs 100%	Supdt.	Time-bound 3 yrs	S3	Asst Officer	Time-bound – 5 years
Sr. Supervisor/Clerk/Steno/Storekeeper	Time-bound 5 yrs 100%	Asstts. (Sr.)	Time-bound 6 yrs.	S2	Sr. Supervisor/Clerk/Steno/Storekeeper	Time-bound – 5 years
Supervisor/Clerk/Steno/Storekeeper		Asstts.		S-1	Supervisor/Clerk/Steno/Storekeeper	

Career path for unskilled category

As-Is Designations & Career Path				Proposed Grade, Designations & Career Path		
AI Desg	AI Career Path	IA Desg	IA Career Path	Grade	Desgn	Career Path (Entry Criteria)
	New level created in recent settlement	Sr. Chief Category	5 yrs as of 1.4.2007	G-5	Chief Assistant	Vacancy based – 20% of feeder cadre strength; 2 yrs of service
Chief Assistant	Time-bound 4 yrs 75% promotability	Chief Category	Vacancy based-30% of cadre strength; 2 yrs of service	G-4	Lead Assistant	Time bound – 5 yrs
Lead Assistant	Time bound – 5 yrs 100% promotability	Sr. Head Category	Time bound 6 yrs	G-3	Assistant (Level 1)	Time-bound – 6 yrs
Assistant (Level-I)	Time bound- 6 yrs 100%	Head Category	Time-bound 6 yrs			
Assistant (Level II)	Time-bound – 7 yrs 100%	Senior Category	Time-bound – 7 yrs.	G-1	Assistant (Level II)	Time bound-9 years
Assistant (Level III)		Peon/ Helpers/ Security/ Guard/ Safaiwala etc.,				

Career path of Operators

Air India		Indian		Proposed Designations & Career Path	
Desgn.	Career Path (Entry)	Desgn.	Career Path (Entry)	Desgn.	Career Path (Entry Criteria)
Chief A/C. Eq. Operator	*Time-bound – 5 yrs 50%	Apron Supervisor	*15% of strength of Chief Operators	Apron Supervisor	15% of strength of Chief Operators
Lead A/C Eq. Operator	*Time-bound – 4 yrs. 70%	Chief Operator	*Time-bound- 2 yrs; 30% of cadre strength	Ch. A/C Eq. Operator	Time-bound – 2 yrs; 30% of cadre strength
Master A/C Eq. Operator	*Time-bound-4 yrs – 100%	Sr. Operator	*Time-bound- 5 yrs.;	Sr. A/C Eq. Operator	Time-bound – 5 years
		Operator	*Time-bound – 4 yrs;	A/C Eq. Operator	Time-bound – 5 years;
Sr. A/C Eq. Operator	*Time-bound – 5 yrs. 100%	Jr. Operator	*Time-bound- 4 yrs;	Jr. A/C. Eq. Operator	Time-bound – 5 years ;
A/C. Eq. Operator		Sr. Driver	*Time-bound- 6 yrs;	Sr. Driver	Time-bound – 6 years;
		Driver		Driver	

***Future vision is to replace natural retrials through outsourcing**