29.0 OBJECTIVES

In this Unit we are undertaking the case study of Air India, an international airline and an undertaking of the Government of India. After going through this Unit you would be able to know about:

- the nature of its organisation, organisational structure and fleet strength,
- its performance over a period of last five years,
- areas of its operations and routes network,
- the efforts made by Air-India for promoting tourism, and
- its achievements in attracting foreign tourists to India.

29.1 INTRODUCTION

Air-India is a small airline compared to other international airlines like British Airways and Delta etc. Still it is one of the biggest foreign exchange earners for India.

We have included its case study for the tourism course from the point of view of:

- familiarising you with the functioning of an international airline,
- providing you an idea about the potential and capacity of an airline in promoting tourism,

Keeping in view the above objectives we will study different aspects of Air-India in this Unit.

First we will discuss the organisation, structure and the fleet strength of Air-India. We will glance through its performance over a period of last five years. The latest figures we propose to study pertain to the financial year 1992-93. At this stage we will not go into a critical evaluation of its performance vis-a-vis other international airlines. We also provide the details about its areas of operations and the routes covered.

The Unit also discusses Air-India’s efforts in promoting tourism in India in detail. Finally, the achievements of Air-India in the field of tourism promotion and foreign exchange earnings have also been dealt with.
29.2 ORGANISATION

Air India is a statutory corporation which came into existence with the enactment of the Air Corporations Act on 1st August 1963 when the entire air transport industry in India was nationalised.

Prior to nationalisation, scheduled air transport came into being on 15th October, 1932 as TATA Airlines established by J.R.D. Tata. This was subsequently converted into a public limited company on 29th July 1946 and renamed Air India. On 8th March 1948 it was incorporated as Air India International with 49% Government participation. The Air Corporation Act was amended on 8th June, 1962 when the suffix ‘International’ was dropped to read the airline’s name AIR-INDIA. The corporation was specially constituted to cater to international markets and has been working in that direction till date.

In pursuance of the government of India’s policies towards economic liberalisation and privatisation of public sector, a bill has been introduced in the Parliament (in May 1992) to repeal the Air Corporations Act, 1953 as a consequence of which Air-India is bound to lose its statutory status. Meanwhile, a company has been registered under the Companies Act, 1956 named Air-India Limited in New Delhi which proposes to take over the functions of Air-India consequent upon the repeal of the Air Corporations Act, 1953.

29.2.1 Organisational Structure

Being a statutory corporation, Air-India submits an yearly report of its activities to the Parliament through the Ministry of Civil Aviation. It enjoys functional autonomy and its management is through a Chairman and Managing Director (CMD) who works under a Board of Directors. The Board is re-constituted every two years by the Government. The Board of Directors is the highest governing body of Air-India. Chairman cum Managing Director (CMD) is the Chief executive of the corporation.

The corporation has its headquarter in Bombay. Bombay headquarter has a big establishment with well defined divisions and departments. All the policy matters are decided at the headquarter level and executed through field and branch offices. The field stations and branch offices are spread in a large number of cities in India and abroad. Under the Managing Director there are the Deputy Managing Director and a host of Directors looking after various functions and departments. Chart-I represents the organisational structure.

The important functions of a few departments are:

i) Operations Department is responsible for flight operations and also looks after navigational problems, training and licensing of air crew.

ii) Engineering Department takes care of maintenance, repair and overhaul of aircrafts. It also manufactures simple equipments required for the aircraft.

iii) Commercial Department looks after the revenue, sales, promotion, publicity, advertising and public relations.

iv) The Personnel Department is responsible for recruitments, training and maintaining records of staff.

v) The Stores and Purchase Department takes care of all the purchases and maintenance of the stores.

vi) Tourism Division is a separate cell to promote tourism.
Besides the above there are a number of other departments like finance & accounts, planning and quality enhancement, vigilance and security, and civil works and properties. Their functions are evident by their names.

### 29.2.2 Fleet Size and Aircraft Utilisation

At the time of nationalisation, Air-India’s fleet comprised of 4 constellation aircrafts which had a seating capacity of 60. These aircrafts operated on international sectors. Today, Air-India’s fleet comprises of 23 aircrafts, an all jet fleet. (The numbers keep changing with new aircrafts purchased). See Table - 1.

#### Table 1: Air India Fleet Position and Salient Features

<table>
<thead>
<tr>
<th>Aircraft Type</th>
<th>Nos.</th>
<th>First Aircraft arrive on</th>
<th>Range (in Kms) (full load)</th>
<th>Seating Capacity</th>
<th>Cargo Capacity</th>
<th>Total Payload</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boeing-747 (Jumbos)</td>
<td>9</td>
<td>18.01.1971</td>
<td>9,600</td>
<td>F 16 C 40 Y 338</td>
<td>15,600</td>
<td>54,000</td>
</tr>
<tr>
<td>Boeing-747 (Combis)</td>
<td>2</td>
<td>23.10.1988</td>
<td>10,006</td>
<td>F 16 C 40 Y 227</td>
<td>42,100</td>
<td>68,000</td>
</tr>
<tr>
<td>Airbus A-300</td>
<td>3</td>
<td>11.08.1982</td>
<td>5,200</td>
<td>C 22 Y 216</td>
<td>8,900</td>
<td>31,600</td>
</tr>
<tr>
<td>Airbus A-310</td>
<td>8</td>
<td>20.04.1986</td>
<td>7,041</td>
<td>C 25 Y 181</td>
<td>8,400</td>
<td>28,700</td>
</tr>
<tr>
<td>Boeing-747 (DASH 400)</td>
<td>1</td>
<td>15.08.1993</td>
<td>14,800</td>
<td>F 16 C 42 Y 359</td>
<td>36,000</td>
<td>62,000</td>
</tr>
</tbody>
</table>

* in Kilograms
F – First Class
C – Club Class
Y – Economy Class

**Fleet Utilisation:** Air-India’s fleet utilisation is comparable with other airlines the world over. However, prior to nationalisation, Air-India’s fleet utilisation was very poor (1000 hours per year as against the world average of 2000 hours). The type-wise aircraft utilisation for the years-1991-92 and 1992-93 is given in Table-2.

#### Table 2.

<table>
<thead>
<tr>
<th>Aircraft type</th>
<th>1992-93</th>
<th>1991-92</th>
<th>Change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>B747-200</td>
<td>8.84</td>
<td>9.52</td>
<td>(7.1)</td>
</tr>
<tr>
<td>B747-300 (Combi)</td>
<td>9.23</td>
<td>9.38</td>
<td>(1.6)</td>
</tr>
<tr>
<td>Airbus A300B4</td>
<td>9.07</td>
<td>6.42</td>
<td>41.3</td>
</tr>
<tr>
<td>Airbus A310</td>
<td>9.96</td>
<td>9.48</td>
<td>5.1</td>
</tr>
<tr>
<td>Weighted Average</td>
<td>9.33</td>
<td>9.16</td>
<td>1.8</td>
</tr>
</tbody>
</table>

The aircraft utilisation for the period April 1992 to February 1993 showed an improvement of 5.7%. However, due to grounding of large capacity on account of IFEA agitation commencing from February 27, 1993 onwards, there was only a marginal improvement in the utilisation of the fleet as compared to the last year.

### 29.3 AREAS OF OPERATIONS: ROUTES NETWORK

The first scheduled air service was started in India on 15th October, 1932 when TATA Airlines operated a small, single engine DE Havilland and Puss Moth service from Karachi to Bombay via Ahmedabad and extended to Madras via Bellary once a week.
At the time of nationalisation, Air-India operated four weekly services on India/UK route and three services fort-nightly on India/Nairobi route with L-749 Constellation aircraft having a seating capacity of 50.

Since then Air-India has introduced new routes, opened new on-line and off-line stations (Sales offices) in its network with bigger and faster aircrafts. The frequency of operations was progressively stepped up in the course of time. As on date (31st March, 1993) Air-India has 40 on-line stations and 61 off-line stations and 22 sales representations. (At nationalisation, it had 12 on-line stations and 4 off-line sales offices).

At present Air India has an extended network of air-routes linking all six continents of the globe:

i) India/North America

ii) India/Europe

iii) India/East and South East Asia

iv) India/Gulf/Middle East/Africa

Here it is to be noted that the international airlines and routes require agreements between various governments.

The international air transport market is well regulated through the protections guaranteed by governments. Except for a few countries like Singapore and the Netherlands who have nothing to offer in their home market, governments of all countries are practising protectionist policies in matters of air transport. Thus, commercial flights into and out of any country are strictly regulated through bilateral agreements between the respective governments. This system is known as “Bilateralism”. Thus, the various airlines compete within the agreed quota. If, for some reasons, a country is not in a position to realise its share of traffic due to non-operation, royalty agreements replace to Bilaterals. Thus, the frequency of operation including the type of aircraft is determined by Bilateral agreements between governments, besides other considerations.

Commercial Co-operation Agreements: There are three types of agreements for commercial co-operation among the airlines. They are:

i) Pool Agreements: These are co-operation agreements between two national airlines, operating on the same routes. This agreement involves sharing of revenues with a ceiling on transfer of funds in settlement of the accounts.

ii) Commercial Agreements: This covers unilateral operations by one partner for which compensation is payable to the non-operating partner, and

iii) Joint Venture Agreements: Under these agreements, one partner provides the equipment and operates the services which are marketed under a joint flight number. Profits are shared subject to a minimum guaranteed return to the non-operating partner.

The changes in environment in which an airline operates directly influences the nature and of agreements it enters into with other carriers. In the early years, pool agreements predominated for Air-India. Later, when there was a sudden and marked spurt of interest in India by foreign airlines, commercial agreements were predominant because Air-India reciprocally did not have either interest or the capacity to operate to the home countries of these airlines. In the recent years, joint service agreements are popular. Air-India has at present 29 agreements covering all the three types mentioned above.

In the year 1992-93 it entered into certain new agreements. New Air Services Agreements were concluded during the year with Israel and Ukraine. Talks were also held with Russia and the Scandinavian countries of Denmark, Norway and Sweden on the texts of fresh Air Services Agreement. Apart from this, the bilateral opportunities available under the agreements with Bangladesh, Bulgaria, Romania, UK and Uzbekistan were enhanced at the intergovernmental discussions. Agreements were also reached at airline level with Emirates and Gulf Air to recommend increases in the bilateral entitlements. New commercial agreements were concluded with Tarom and Balkan Bulgarian Airlines and some of the terms and conditions of
the existing arrangements with Swissair, Emirates and Royal Jordanian were re-negotiated. The validity of the existing agreements with Yemania, Air Mauritius and Gulf Air was extended. In addition, discussions were held with Malaysian Airlines and Ethiopian Airlines as part of the ongoing process of reviewing the relevant arrangements.

Discussions were held at Government level with Germany, Singapore and Thailand and at the airline level with Kenya Airways and Saudia to consider various issues related to the operation of air services.

### Check Your Progress 1

1) Explain the significances of the recent Bill in relation to Air India passed by the Parliament.

2) What is meant by 'Bilateralism'?

3) Name the different types of agreements for commercial co-operation among the airlines.

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### 29.4 SCHEDULING OF FLIGHTS AND OPERATIONS

In the considerations enumerated above, Air-India's schedules are based on:

i) Traffic growth, and

ii) Optimum utilization of fleet and crew.

While formulating the route pattern for each service and in selecting the days of operation of services on different routes, prime consideration is given to traffic to and fro India as also the traffic across the Atlantic (which is Air-India’s main gateway) and other connecting traffic in the order of priority. Other important considerations in formulating Air-India’s schedules are:

**Stability of Time-Table:** This is in order to maintain the existing days of operation and route pattern and super-impose additional services, if any, depending upon technical, operational and/or commercial requirements.
Reasonable spread of services through different stations keeping in view requirements of individual stations.

Passenger preference for certain arrival and departure hours.

Co-ordination of time-table with foreign carriers operating through India to avoid tender operations through common points on same day with pool partners. This is done to allocate rightful share of traffic between two countries for non-pool partners and for connecting traffic with other foreign carriers.

Fare structure is also one of the considerations.

Scheduling constraints like curfew on night operations at certain points, assigning the right type of equipments according to payload availability, requirements of maintenance and overhaul and crew duty time limitations.

Congestion problem at airports also require schedules to be coordinated with airport/government authorities.

Regularity of Operations: On-time performance is a very important aspect in assessing the quality of service of a scheduled airline. Thus, Air-India maintains a strict control on delays to flights. Delays are investigated by a senior-level committee. The Air Corporations Act requires reporting to the Government of India delays beyond two hours considering the long-haul nature of Air-India's flights like involving about 22 hours on a typical Bombay-New York flight. The on-time performance regularity of Air-India is 90%.

Delays in airlines operations occur mainly due to:
- engineering defects, interruptions in support services like catering, traffic, ground services,
- security and government formalities, and
- weather conditions.

Delays, major defects and other incidents are mandatorily investigated in-depth in co-ordination with the Director General of Civil Aviation, Government of India. The latest technology and statistical methods of quality control are applied to ensure reliability and safety of aircraft thereby maintaining the fleet of airplanes at an optimum reliability and performance level. Air-India is also approved by the United States and Japan Civil Aviation authorities as a foreign repair station for Boeing-747 aircraft, engines and accessories.

Productivity

Air-India has a work force of about 18000 employees. It has recorded a productivity of 1,30,400 ATKM (Available Tonne Kilometer) per employee as on 31.3.1993 as against 19,700 ATKM per employee at nationalisation when the work force was of 4000 employees. The staff cost, in terms of total operating cost is only 21%. The following graph will give an idea about the capacity utilisation of Air-India.
Route Wise Profile: The route-wise profile is as follows:

i) India/North America

Services to USA and to Canada accounted for 32.6% of the total capacity provided by Air-India on its scheduled services. Air-India operated a daily B747-200 service to USA and a twice-weekly B747-200 service to Canada. The passenger traffic on this route was maintained despite the reduction in seat capacity of 2.3% largely due to the cancellation of all USA/Canada flights in the month of March 1993 due to the industrial dispute. This was primarily on account of improvement in passenger load factor by 1.6 percentage points from 67.8% to 69.4%.

ii) India/Europe

Air-India’s operations to UK, Continental Europe and Russia accounted for 20.4% of the total capacity. The capacity deployment declined by 5.1% over the previous year owing to cancellation of flights on account of IFEA agitation. However, passenger traffic declined by only 2.6% pushing up the passenger load factor on this route to 60.2%.

iii) India/East and South East Asia

This route group covers Air-India’s operations to Japan, Thailand, Hong Kong, Singapore and Dhaka. The twice-weekly A310-300 terminator services to Bangkok were withdrawn in Winter 1992. A310-300 services were introduced twice a week on the India/Dhaka route.
Passenger seat capacity increased by 13.8% whereas passenger traffic went up by 12.5% resulting in a slight decline in passenger load factor from 62.3% to 62%.

iv) India/Gulf/Middle East/Africa

On this route group, the most profitable in the system and accounting for 30.0% of Air India’s scheduled capacity, Air-India increased passenger capacity by 7.2%. Air-India achieved a substantial increase of 12.8% in passenger traffic on this route and the passenger load factor increased from 61.6% to 64.8%.

29.5 CAPITAL, FINANCE AND PROFITS

Air-India International was incorporated as a joint stock company in 1948 with an authorized share capital of Rs. 7 crores and a paid-up capital of Rs. 2 crores, the Government of India’s share being 49%. Since nationalisation, the Government has provided Air-India with an equity capital of Rs. 79.47 crores and a loan capital of Rs. 74.36 crores. Air-India pays to the Government interest at the rate of 12% on the loan capital. A dividend of 20% on equity capital for the year 1991-92 was also paid by Air-India to the Government. As compared to the annual revenue of Rs. 2583 crores, Air-India’s capital base at Rs. 153.83 crores is very low. Air-India has, till recently, ploughed back Rs. 897 crores into the business and its Net Asset Value (NAV) as on date is Rs. 1195 crores.

The following graph shows the operating revenue and operating expenses of Air-India from 1988 to 1993.

During the 40 years since its nationalisation, Air-India has been consistently making profits. Only 4 years (1971-72, 1972-73, 1980-81 and 1987-88) it recorded a net loss. While in the year 1953-54 it earned a revenue of Rs. 2.39 crores and a net profit of Rs. 7 lakhs, during the financial year ending 1993 Air-India’s revenue earnings were Rs. 2583 crores and the net profit Rs. 333.14 crores. Much of last years profits are attributable to the favourable exchange impact on the airline of the Rupee devaluation considering that all the earnings of Air-India are in foreign exchange.

The Financial results for the years 1991-92 and 1992-93 are given in Table 3.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Revenue</td>
<td>2435</td>
<td>1965.18</td>
<td>470.68 24.0</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>2146.28</td>
<td>1802.11</td>
<td>344.17 19.1</td>
</tr>
<tr>
<td>Operating Profit</td>
<td>289.58</td>
<td>163.07</td>
<td>126.51 77.6</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>2583.19</td>
<td>2072.79</td>
<td>510.40 24.6</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>2250.05</td>
<td>1926.90</td>
<td>323.15 16.8</td>
</tr>
<tr>
<td>Net Profit/(Loss)</td>
<td>333.14</td>
<td>145.89</td>
<td>187.25 128.4</td>
</tr>
</tbody>
</table>

29.6 TOURISM PROMOTION

In this Section we will discuss in detail the role of Air-India in the promotion of tourism.

The Air Corporations Act 1953 lays down the functions of the two statutory corporations i.e. Air India and Indian Airlines, the domestic national carrier.

Accordingly the objectives for Air India have been set out. This includes promotion of international tourism to India and to improve the nation's foreign exchange resources. To achieve this objective a Tourism Cell was formed in Air India in 1955. It was subsequently upgraded to a Division in 1981 with its base in New Delhi.

29.6.1 Tourism Division

Tourism Division has a four pronged work programme namely Tourism Promotion, Congresses and Conventions, Adventure Tourism and Corporate Communications. Over the years the Division has played a pivotal role in promoting inbound tourist traffic to India. To facilitate working the Division has four main sections:

i) Tourism
ii) Public Relations
iii) Mountaineering and Trekking, and
iv) Congresses and Conventions.

All these sections aim at promoting tourism to India and thereby additional passengers on Air India. Each section concentrates on specific areas for functional purposes in order to achieve its objectives. This division works in close liaison with the Government of India's Department of Tourism and its Tourist Offices overseas to plan the marketing strategies for promoting tourism to India.
Air-India undertakes a number of activities to attract individual tourists, special interest groups, conventions and congresses, adventure lovers, etc. The whole idea of these exercises is to:

- project India as an attractive tourist destination, and
- how Air-India can make it much more convenient and meaningful.

These activities can be listed under two main categories:

i) **Mainline Activities**

- Participation in major international travel trade shows and meets. Such as ITB (Berlin), WTM (London), JATA (Japan), FITUR (Spain), and EIBTM (Switzerland). At the meets, promotional literature is distributed, audio-visuals are screened, press briefings held, and information is gathered relating to contemporary world tourism trends.

- Sponsoring visits to India of travel agents and writers (FAM trips), thereby increasing awareness of the country’s various attractions for the foreign tourists.

- Arranging Indian cultural events and food festivals and department stores promotions overseas, thus providing foreign countries a taste of India’s rich cultural heritage and culinary range. Goan food and cultural festivals held in Singapore and Malaysia were very popular and several similar events are planned in the coming months.

- Creating awareness and interest overseas of the range of Special Interest activities available in India, like fishing, wildlife and golf etc. Also organising buyer-seller marts involving foreign agents and local tour operators.

- Involvement with the International Congress and Conventions Association (ICCA), to tap the extensive and growing market of conventions and congresses.

- Assisting state governments to promote their tourist facilities overseas, specifically high-lighting salient features of interest to the foreign tourist.

ii) **Ancillary Activities**: These include:

- Providing mandatory order passages to the Department of Tourism for inviting travel agents, travel writers and media representations,

- Organising ‘Know India’ seminars overseas to update the travel trade about India and the country’s tourism product,

- Producing and screening of audio-visuals highlighting select aspects of India. These films are sent to various Air-India offices overseas for screening to help in their tourism promotion efforts. The films cover various subjects such as golf, wildlife, trekking, conventions etc.

- Publishing a bi-monthly newsletter to bring about effective communication within Air India offices worldwide. This publication highlights tourism and travel events of interest and concentrates on imparting information which is of interest and use to our overseas offices in promoting inbound traffic into India.

- Organising orientation seminars for Air-India officers being posted overseas to familiarise them with the latest news and trends regarding the Indian tourism product and its infrastructure.

These activities help in creating favourable conditions of tourist attraction. Apart from these some special measures with specific target groups are also undertaken. We will discuss a few important ones.
Air-India's Congresses and Conventions Cell, started in 1976, handles about 60 conferences yearly and is actively engaged in marketing and promoting India as a conference destination. It also works at promoting related events in the country. The Cell works in close association with the Indian Convention Promotion Bureau (ICPB), the Ministry of Tourism and apex travel bodies to achieve its objectives of focussing attention on India and promoting the country as a conference and convention venue. It also plays a supportive role in the industry through various activities. It helps right from the pre-bid stage, assists in organising presentations, distributes literature and screens specially-made audio-visual films. It also helps in general advertising and publicity activities.

The Congress and Conventions Cell had 161 conferences and exhibitions for the year 1992-93 with approximate attendance of 75,000 overseas delegates. Air India’s share in it was estimated at 25,000 passengers with a revenue earnings of Rs. 150 crores at current exchange.

In 1992-93 Air India hosted 53 International conferences, conventions and exhibitions with a total of 8,300 foreign delegates, out of which 5400 travelled on Air-India.

The Cell’s future plans include participation in several bids, computerisation of a Calendar of Event’s, organising promotions for scheduled conferences stated for the coming months, updating its audio-visual and preparation of an integrated marketing plan for more effective and wide ranging promotion of India as a conference destination.

Air-India's Adventure Tourism Cell is primarily geared to promote mountaineering, trekking and adventure activities. The Cell works in association with the Indian Mountaineering Foundation (IMF), the Department of Tourism, and adventure clubs and associations in India and overseas countries. It assists in getting clearances from government agencies for expeditions to various peaks in the Himalayas, thereby earning valuable foreign exchange for India.

The Cell also actively promotes white-water rafting, car rallies, ballooning, camel safaris, heli-skiing and hang-gliding, which are gaining popularity in the adventure segments of overseas markets. Special emphasis is being given to sports championships, for which India has great potential. The Cell also hosts (foreign media and adventure tour operators) on familiarisation trips to India.

The Cell’s future plans include organising destination promotions for the North East, South India, and Himachal Pradesh, and production of audio-visuals jointly with state tourism departments.

Air-India keeps launching special schemes to attract tourists to India. Of these, two successful schemes are as follows:

i) Stopovers

The Air-India stopovers, specially designed for the convenience of tourists and business travellers who would normally overfly India, provide them an excellent opportunity to enjoy a complete holiday at budget rates. The stopover scheme also applies to select cities overseas.

In India stopover packages are offered at the four metro cities of Delhi, Bombay, Calcutta and Madras. From each city a range of optional tours is also available. For example, from Delhi one can visit Agra and Jaipur or take the Golden Triangle Tour covering these famous tourist cities. From Bombay, there is a tour of Aurangabad, with the added attraction of Ajanta and Ellora frescoes. There is also Goa, with its top-quality beaches and holiday ambience. From Calcutta is available a tour to Bhubaneshwar, Puri and Konark and to Kathmandu, perched in the Himalayas. From Madras one can go on a South India Safari covering numerous places of interest or visit Mahabalipuram and the famous silk centre of Kancheepuram.
The stopover tours can be availed of for a maximum period of 3 nights and must be pre-booked through any Air-India office overseas.

The packages are also offered at international cities like New York, London, Frankfurt, Dubai, Bangkok, Kuala Lumpur, Singapore, and Hong Kong. Making the package more attractive for clients is a choice of hotels of three different categories.

ii) India Super Summer Saver Scheme

To make India a year-round destination by increasing traffic, in the lean summer months period of April through September, Air-India introduced Super Summer Savers in 1992. This special scheme is on with the collaboration of the Department of Tourism, Indian Airlines, and leading hotel chains, and helps use the summer months underutilised hotel capacity. For this scheme Air-India, Indian Airlines, and the participating hotels, offer special concessional fares, and all tariffs remain frozen for the duration of the scheme which is April-September, 1993-94. FITs and GITs are both eligible to avail of the special rates.

The Super Summer Savers focus on the highlights of summers in India’s cool hill resorts connected by quaint hill trains, adventure tourism including white-water rafting, scuba diving etc. summer festivals, summer cuisine, and the magic of the monsoon in resorts like Goa. These packages have proved to be popular, and in 1992 generated some 10,000 additional tourists.

29.6.6 Special Promotions

Air-India keeps organising special programmes to give a wide publicity for projecting India. Some among these organised in recent years are given below.

MTV Promotion

Air-India, in association with the Department of Tourism and the Taj Bengal, Calcutta, sponsored a promotional programme through the popular MTV channel network. The programme focussed on Calcutta. Calcutta being the gateway to Eastern India, this promotion generated good publicity for this key metropolis and enhanced its position on India’s tourism map.

Indian Crafts Exhibition in Austria

From mid-April till September 93 a major exhibition of Living Indian Crafts was organised at Schallaburg Castle (Lower Austria).

This was the first time that an Indian presentation was made in Austria on such a large scale. India is the first non-European theme to be so featured. The exhibition featured a display of contemporary Indian handicrafts.

The event was organised jointly by Air-India, ICCR, the Crafts Museum, and the Department of Tourism.

Food & Culture Festivals

Following the popularity of the Goan Food and Cultural Festivals organised in Singapore and Kuala Lumpur in 1992, Air-India is planning to organise more such events. These festivals will feature other Indian states like Rajasthan, and will be organised in collaboration with the respective tourism bodies involved.

Magasin du Nord India Promotion

Indian handicrafts and goods will be prominent in Scandinavia, thanks to an India promotion by Magasin du Nord, the largest department stores chain in those countries. The promotion to be held in 1994, will feature Indian handicrafts in the Store’s catalogues. Before the promotion, a team of photographers will visit India to film a cross-section of this country’s crafts.
Theme song

An Air-India theme song in Hindi was produced on video and distributed to sales offices within India and to stations with substantial ethnic market. Air-India’s costume collection ‘PARIDHANIKA’ was exhibited at the Nehru Centre, Bombay, attracting nearly 5000 visitors and leading art personalities. This is a travelling exhibition scheduled for display throughout the system.

Theme Campaign

A theme campaign in colour ‘Fly With Your Very Own’ won the awards of the Advertising Club and also Advertising & Marketing magazine. Besides, the advertisement given by Air India not only mention the qualities of the airline but talk of India as a destination.

29.6.7 Achievements

Tourism has a direct bearing on air transport. 90% of the tourists arriving into India come by air. However, India’s share in the world tourist traffic is less than 1%. Further India’s share of total world international air passengers traffic has been quite low at 3%. Out of total traffic of 4218 thousand passengers (1984) travelling to and fro between India and various foreign countries, Air India carried 1473 thousand (35%). In 1992-93 Air India carried 2201 thousand passengers. However, Air India’s share in the home market has declined to 26% from 35% in the early eighties.

Various studies have projected an average annual growth of 5.2% for international passenger traffic to and fro India. This growth has shown stagnation/decline due to economic recession and political instability in the sub-continent as a whole. The Open Sky Policy pursued by the Government-of India under the economic liberalisation programme has also shown negative impact on Air India since 1990. Inspite the setbacks and negative trends Air India’s foreign exchange earnings and savings improved to 750 crores in 1993.
Air-India consistently upgraded its technology both in the Air as well as on ground absorbing the latest state of the technological advancements. At the time of nationalisation in 1953 the world trend was to have two airlines for a nation, one catering to domestic and the other to international traffic. India also followed the same trend. However, technological developments have erased these distinctions and virtually all countries have done away with the two carrier model. The new technology has necessitated creation of new organisational forms. Air transport is heavily dependent on technological developments in communications which is computer based and has global characteristics. Reservation systems and communications have crossed national boundaries into global networks and systems. Huge investments are required into such systems and it is impracticable to have such systems for every airlines. Instead, specific agencies have come into existence providing specialised services at nominal costs to airlines. Thus, technological advancements have compelled the restructuring of Air India along with Indian Airlines and Vayudoot. Simultaneous to organisational restructuring the government policies propose privatisation of Air India. A company with a share capital of Rs. 500 crores titled AIR INDIA Limited has been registered in May 1992 with the objective of taking over the present Air India after the repeal of the Air Corporations Act 1953. Fears have been expressed by some experts that the removal of statutory (Parliamentary) control on Air India and replacement with Executive (government) control on it will threaten the very existence of the Corporation in an unprotected environment. Meantime, Air India envisages merger with Indian Airlines to meet the unequal competition. It will have to face vis-a-vis foreign carriers, through the critical mass that may be generated after such a merger.

Check Your Progress 2

1) What are the functions of Tourism Division in Air India?

2) Discuss the various activities that Air-India undertakes to attract tourists in India.

3) Mention two important trends of restructuring in Air India.
29.8 LET US SUM UP

Air-India is a government undertaking and works under the Aviation Ministry. Its governing body, the Board of Directors is a fairly representative body having experts from diverse fields. In spite of having a modest fleet its operation are spread across the six continents. It covers all important routes and runs flights to all major destinations. Its finances have been managed fairly successfully and has been making moderate profits.

The real contribution has been in generating tourist traffic to India. Air-India has a separate Tourist Division to boost tourist traffic and all out efforts are made in this regard. It has been earning precious foreign exchange for the country. For a number of years its share in total passenger arrivals in India was quite high (around 35%). This share is declining in recent years. Air-India’s performance or policies are not responsible for this decline, the reasons lay in the overall economic policy changes in recent years. There has been a constant debate in India regarding privatising Air-India. This debate has become intense in recent years. Supporters of privatisation feel that Air-India being free from government control would perform much better.

29.9 KEYWORDS

Available Seat Kilometres (ASKM): Product obtained by multiplying the number of passenger seats available in the aircraft by the distance in kilometers flown.

Available Tonne Kilometres (ATKM): It is the measure of production in air transport industry obtained by multiplying the capacity in tonnes available for passengers, mail, and cargo by the distance in kilometers flown by the aircraft. It, therefore, represents the maximum traffic that can be carried.

Distance in Kilometres: This is based on the great circle distance between airports.

Lakh and Crore: One lakh is equal to one hundred thousand, and one crore is equivalent to ten million.

Overall Load Factor: Ratio of revenue tonne kilometers to available tonne kilometers usually expressed as a percentage.

Passenger Load Factor: Ratio of revenue passenger kilometers to available seat kilometers usually expressed as a percentage.

Revenue Passenger Kilometres: Product obtained by multiplying the number of fare paying passengers by the distance in kilometers flown by them.

Revenue Tonne Kilometres (RTKM): Revenue earning local of passengers including excess baggage, mail and cargo in metric tonnes multiplied by the distance flown in kilometers.

Tandem: Placement one after the other.

29.10 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

1) Repeal of the Air Corporation Act of 1953, their would be no statutory control over Air India, etc. See. Sec. 29.2.
Check Your Progress 2

1) See Sub-sec. 29.6.1

2) You have to write about various promotional measures undertaken by Air India like organising festivals abroad, taking part in various conventions and conferences abroad, adventure tourism, etc. See Sec. 29.6.

3) See Sec. 29.7.