

Air India Merger: A Tale of Messed Up Industrial Relations

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The 2012 strike in Air India is not the only one. Perhaps it is not the last one either. The airline has had a series of strikes and is likely to have several more unless it can settle the issues arising out of the merger between Indian Airlines and Air India. The national carrier, christened NACIL, has faced repeat strikes in 2010, 2011, 2012, the last being the longest. The company and the Ministry have taken only the preliminary steps to resolve this vital issue, five years after the merger was officially done. Unless a comprehensive approach is adopted now to integrate the two erstwhile airlines, Air India & Indian Airlines, there is likely to be repeat industrial relations problems.

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Introduction

The 2012 strike in Air India is not the only one. The airline has had a series of strikes and is likely to have several more unless it can settle the issues arising out of the merger between Indian Airlines and Air India. The national carrier, christened NACIL has faced strikes in 2010, 2011, 2012, the last being the longest. “The country’s once prosperous national carrier is now probably the most infamous company, for which mismanagement, discontent and conflict have become bywords... (and is) stuck in a quagmire of financial mess ... with an unpaid workforce” (Asian Age, A tale of two warring airlines). The 2012 Dharmadhikari Committee recommendations highlight the many areas in HRM where integration even 5 years after the merger, sadly remains elusive.

The 58-day strike from 7 May to 3 July 2012 crippled Air India’s international operations and caused an estimated revenue loss of Rs.625 crore. Even after the strike was called off on 3 July, the airline was not operating all its 45 international services till early August. Among the destinations to be axed first were Hong Kong, Osaka, Seoul

and Toronto and the Middle East routes. Previous strikes also led to cancellations and losses.

All the strikes have followed similar patterns:

- Problem issues have emerged and discussions started
- Dead-locked discussions have led to work stoppages and/or declaration of strikes
- Flights have been cancelled with substantial loss of revenue
- Government and management have invariably come out as strong critics of union action and remained firm in disapproval
- Unions have been derecognized and their offices shut down
- Employees have been dismissed, but reinstated later
- Unions have been recognized again and continued to function
- Operations have been resumed after various lengths of partial shut down

The issues have been varied, the duration of stoppages different, yet never were the root causes or real problems addressed or preventive measures taken. The disciplinary approach was taken in every strike but did not yield dividends.

The Strikes

In 2012 about 100 pilots of Air India reported sick by 9pm on Monday, 7 May, minutes after their talks with the

airline management and aviation ministry failed on the issue of training for the Boeing-787 Dreamliner. The number swelled to 250 by Tuesday (100 Air India pilots report sick, Times of India). The ministry warned that it would cancel international flights if the strike snowballed and would take strict action against the agitating pilots. Several flights were cancelled Monday night-Tuesday morning. Ultimately 434 pilots joined the strike.

The strike provoked sharp reactions. The aviation ministry, which just weeks ago secured a mammoth Rs 42,000 crore bailout for debt-ridden Air India, fumed at this “completely unjustified” strike. Civil Aviation Minister, Ajit Singh dubbed the protest by Air India pilots “illegal”. “There are certain ways of even going on strike. The pilots may have grievances but they should have spoken to the management, me, other well wishers,” he said. Several Indian Pilots’ Guild (IPG) pilots were dismissed, the IPG was derecognized and their union office shut down. A senior office bearer of the forum of six Air India unions commented: “While the minister had asked pilots to resume work by 6 p.m. on May 8, five hours before the deadline the management derecognized the union and started issuing termination letters to pilots, ruling out possibility of dialogue” (Air-India-unions-ask-aviation-minister-to-end-pilots-strike, Hindustan Times).

AI pilots with IPG, had been laying exclusive claim to the new Boeing Dreamliner aircrafts, saying the same was ordered by erstwhile AI for their

career progression — a claim rejected by the Supreme Court which backed the management's decision of sending pilots from the erstwhile Indian Airlines (IA) for training on the Dreamliner (Air India pilots' strike enters Day 15, ANI). Their contention was that "If half of those planes go to IA pilots, then our career progression gets stuck. We had prepared a draft that secured our interests but neither the management nor the ministry accepted it (A tale of two warring airlines, Asian Age). The 'enmity' between AI and IA pilots had reached such levels that the AI flights supposed to fly to Singapore with IA pilots (who were going there for training on the Dreamliner) was cancelled to ensure that the latter did not reach there! The IPG justified its stand by saying that they are not against ICPA pilots being trained on Boeings. "Training Airbus pilots on Boeing planes requires more money, and ICPA pilots are being sent to Singapore, despite us having the same simulator lying unused at the AI's office".

The Indian Commercial Pilots' Association [ICPA] on its part made a statement on the strike, saying that the IPG union had violated a tripartite agreement it had signed with the management and ICPA, which clearly stated that pilots from both unions will be trained on the Boeing 787 on a 1:1 ratio basis, because the IPG did not want the erstwhile Indian Airlines pilots to enter the domain of international flying (Asian Age, 2012-07-15). And both these are unions in the same organization!

Deep-rooted animosity had developed between the erstwhile IA and AI pilots after the merger in 2007. For years, the ICPA had watched Air India hog all the limelight when it entered the Indian aviation scene. The fact that the merged entity was named Air India was the final straw, and brought forth a feeling of neglect, leading to what is today one of the most crucial issues in the country's aviation scene (A tale of two warring airlines, Asian Age, 17 Jul 2012). The background is important.

The fact that the merged entity was named Air India was the final straw, and brought forth a feeling of neglect, leading to what is today one of the most crucial issues in the country's aviation scene.

The IPG was formed with the blessings of J R D Tata and was registered on 13 March 1948 as a Trade Union under the Indian Trade Union Act of 1926 (www. Ipgaccess). The founders of the IPG were a group of ex - Royal Indian Air Force fighter pilots who had joined Tata Airlines. The IPG had no office then and informal meetings were held in the crew room, adjacent to Flight Despatch, situated in the Departure Terminal of the Old Airport at Kalina. A captain, at that time earned a salary of Rs 844 per month and a Co- Pilot Rs 450. For many years since its inception the members of the IPG worked for the airline for the same modest salaries, without asking for a raise. J R D Tata is said to have commented that he had not given a raise since the pilots never asked for it. The first

formal wage agreement came much later, in January 1960, between Air India International and the IPG.

The ICPA is a representative body for the pilots of erstwhile Indian Airlines Limited, claiming a strength of more than 600 members (<http://www.icpaindia.in/>.)

On 21 May 2012 after the strike entered its 14 day, the national carrier sacked 30 more of its striking pilots, taking the number of pilots who lost jobs to 101 (Air India pilots' strike enters Day 15, ANI). Civil Aviation Minister, Ajit Singh sought support of all Air India unions to restore the airline's financial health and its past glory. He cited the recommendations of the Dharmadhikari Committee, which went into all issues like pay parity and career progression, saying that these would be implemented only after all the unions are consulted. The General Secretary of the Air India Engineering Association said that the minister had appraised the unions about the government's intentions for a turnaround plan.

The IPG wanted a meeting on the strike with the Civil Aviation Minister on 25 May 2012 to convey the grievances and issues of the pilots. But this failed to yield any outcome as apparent in the IPG statement (IPG-Statement), which complained that the Minister met only five members of the IPG. As the meeting did not culminate in any mutually acceptable solution, the office bearers returned to Mumbai.

On 6 June, Ajit Singh snubbed the striking pilots, saying they will have to reapply for a job as the airline will hire new pilots (30 days into strike, Air India stands its ground). On 17 June, Ajit Singh said the government is not waiting for the pilots to return to work but making plans to move ahead (Not waiting for striking pilots to return: Ajit Singh). As the strike continued and the government showed little indication of softening, the IPG became anxious about an honourable end to the strike, which appeared to be headed nowhere. Thereafter, the IPG decided on hunger strike, which commenced on 24 June at Jantar Mantar in New Delhi, obviously to attract attention (AI Pilots on fast Track for Govt Talks, Times of India). The desperation became apparent when the pilots clearly stated that they wanted "to get back to work and someone needs to tell us how we can do that". Several pilots on indefinite hunger strike reportedly fell ill after 3 days (hunger strike, Times of India), as the strike entered the 52nd day. The IPG then appealed to the Prime Minister and UPA chairperson "to intervene before it is too late".

As the strike entered the seventh week, six Air India unions comprising cabin crew personnel, engineers and commercial staff sent a letter to Minister Ajit Singh, asking him to end the strike by long haul international route pilots. They recalled that in 2011, when the ICPA went on a 10-day strike asking for pay parity, the union was de-recognized and its office bearers' services were terminated. The Air Corporation Employee Union and Air India Aircraft Engineers

Associations were de-recognized in 2010. “We want to inform the minister about how the management has been a failure in handling industrial unrest” (Air-India-unions-ask-aviation-minister-to-end-pilots-strike, Hindustan Times).

The strike itself has been a result of management inaction for 5 years.

Finally the strike, which triggered travel chaos in the ultra-busy India-Gulf routes and led to large increases in fare up to Rs 79,000 round-trip, came to an end on 3 July. A statement issued by the IPG late on 3 July stated that they have started the procedure to resume work. This was a major softening of attitudes on the part of the IPG and by its admission, it was the Delhi High Court which “facilitated the breaking of the impasse between the Air India management and us, something that the civil aviation ministry was not able to do”. Some viewed the withdrawal of the strike as a victory for the civil aviation ministry and the Air India management, who had stuck to their position that the pilots must first return to work. But the strike itself has been a result of management inaction for 5 years.

According to an airline official, nearly 300 pilots belonging to the IPG began reporting back to work from 4 July. But the actual resumption of flying will take quite some time. Before resuming work, “there are four levels that the pilots need to cross, including fitness test, ground training refresher, simulator trials and finally a route check exam. These

procedures will take 15-20 days to complete,” said an official (ET Bureau Jul 4, 2012). For the route flying check, the pilots who have not flown an aircraft for over 30 days will operate a flight with a check (instructor) pilot who will oversee their performance. It is only after all these procedures that the pilots will be assigned a flying schedule.

Delhi High Court directed the Air India management and the striking pilots to settle the issue amicably, asking the pilots to sign affidavits and together with the management also appear before the conciliation officer, Chief Labour Commissioner NK Prasad, on July 5. The Air India management also assured the High Court that it would ‘sympathetically’ consider grievances, along with the reinstatement of 101 pilots, including 10 IPG office-bearers. But this continued to be one of the most contentious issues for resumption of full scale work by the striking pilots.

IPG leaders said all 434 of their colleagues had submitted affidavits and conciliation talks between Air India management and pilots started on 5 July, but no headway came. They were resumed on 10 July. Apparently both sides stuck to their respective positions during the day-long negotiations. The talks continued, with Delhi High Court directing the parties to expeditiously resolve issues relating to reinstatement of sacked pilots and career progression.

Besides seeking revocation of all sack orders, the IPG demanded withdrawal of all cases slapped by the airline

against pilots and complaints lodged against them with the DGCA, restoration of recognition to IPG and payment of pending salaries and allowances (conciliation-talks-Ipg-leaders-Indian-pilots-guild). The IPG at the same time accused Air India of retracting on its commitment to 'sympathetically' consider their grievances. After initially making 14 demands, the pilots reduced them to two. But Air India officials expressed their inability to commit anything on reinstating pilots or addressing their demands, asking for more time. A new committee was formed on 13 July, for the reinstatement of terminated Air India pilots, and the Delhi High Court was informed about it (committee-formed-reinstate-sacked-air-india-pilots-court, IANS). The committee would consider only on a case-to-case basis. The deputy chief labour commissioner had requested the management to complete the entire process not later than 23 July. But the matter is still pending. The IPG General Secretary, E.A. Kapadia said management had failed to reciprocate IPG's goodwill gesture of calling off the agitation, which would not be resumed. The Court also disapproved the 'stiff stand' of the Air India management in dealing with the demands of the pilots and sought a final report from the conciliator after the talks (pilots-accuse-air-India-of-retracting-on-commitment)

An emerging issue has been the question of airline safety in the face of industrial unrest. Meanwhile, the position of Director General of Civil Avia-

tion [DGCA] too had not escaped shadow. The current incumbent was summarily transferred after his extension in the post was approved by the Cabinet, although the Minister claimed it to be a 'routine move' (DGCA axed after extension). The DGCA purportedly raised questions about airline safety in the face of management-employee confrontations in a private airline. The Minister has also proposed to replace the DGCA itself with a new Civil Aviation Authority (CAA), since 'the DGCA has not been able to effectively regulate the growing needs of the industry, including state-run and private airlines...All airlines are having acute financial stress ..., face large credit exposure, pay more for fuel and bear multiple taxes' (Ajit: New regulator to replace DGCA, TOI)

An emerging issue has been the question of airline safety in the face of industrial unrest.

Meanwhile in a bid to straighten things out in Air India, the government appointed Nasir Ali as the new joint managing director. Ali became the second administrative official posted in the airline by the Civil Aviation Ministry after appointing Rohit Nandan as the chairman and managing director last year. Ali had headed a four-member committee appointed on 19 June 2012, to find ways to implement the Dharmadhikari Committee recommendations on integration of Air India and the erstwhile Indian Airlines (nasir-ali-air-india-joint-managing-director).

On 27 April 2011, 600 pilots affiliated to ICPA went on strike over issues of pay parity with their colleagues in Air India. The aviation minister, Vayalar Ravi, pressured the management to derecognize the union. Delhi High Court refused to stay the management order de-recognizing the union as the strike entered the third day. By the sixth day, 90% domestic flights were cancelled. The court rapped both the airline management and the pilots' union, ICPA, for their rigid attitude, as the management announced a 'No Work, No Pay' Policy (aviation-minister-nudges-ai-to-take-a-tough-stand-on-strike, economic times).

Discussions between the ICPA and management started thereafter and the strike was called off after 10 days. Despite the initial tough stance, the ministry agreed to most of the demands by ICPA (aviation-minister-nudges-ai-to-take-a-tough-stand-on-strike, economic times). A copy of the minutes of a meeting of the ICPA office bearers, including the then general secretary Rishabh Kapur, with three top-level civil aviation ministry officials, including joint secretary Prashant Shukul, in Delhi between May 4 and 6, which brought the strike to an end, indicated that the ministry officials and Air India management agreed to revoke orders regarding suspension/ termination of employees immediately and also to recognize the union with immediate effect once the strike is withdrawn. The management also referred the terms and conditions of pay parity to the Justice Dharma dhikari Committee that was ap-

pointed to blueprint a plan for the merged Air India. Though the minutes stated that the demand for a monthly grant of \$1,600 for ICPA pilots would be referred to the same committee, the Air India management went ahead and gave a monthly pay hike of as much as \$1,200 in November 2011. Pilots from the IPG alleged that the management treated the striking pilots with kid gloves. This treatment may in fact have misguided the IPG in 2012 and persuaded their members that a strike would ultimately result in success.

On 25th May 2010, a flash walk-out by 16,000 employees – mostly ground staff, cabin crew and ground engineers – threw the national carrier's operations out of gear, leading to cancellation of 16 flights including to London. Several other flights were delayed (16 Air India Flights Cancelled, Economic Times). After the Mangalore crash, purportedly due to pilot error, when many people died, AI had faced awkward questions as employees brought to the attention of media, several perceived irregularities in appointments and safety. In any case management and employees had been locked in dispute over wage cuts and delayed salaries. The management issued gag orders on unionists against making statements to media. Employees said they would get back only if gag orders were removed. These employees belonged to the Air Corporation Employees Union [ACEU] and the All India Aircraft Engineers Association [AIAEA], which constituted 50 per cent of the total staff strength.

The next day, Air India cancelled 76 scheduled domestic and international flights, after reviewing the situation of the availability of executive engineers, who are not part of the employees' unions. No flight can be operated until it is certified by an aircraft engineer (Air India cancels 76 flights, Yahoo India News). Management threatened stern action including termination of service if the agitation continued. Management sacked 58 employees and suspended 24 others, and derecognized the two unions for taking part in an illegal strike and for regular violations of the code of discipline and settlements and for objectionable approach to the media to criticize managerial systems. It ordered that their offices all over the country be sealed. Sources said those who had been sacked or suspended include top office bearers.

The government came out strongly in support of the AI management and gave it a free hand to crack down on the striking employees. Civil Aviation Minister, Praful Patel called their action 'illegal and irresponsible'. Delhi High Court termed the strike as 'illegal'. AI had submitted before the court that the strike was violative of sections 22 and 24 of the Industrial Disputes Act and it has caused 50 per cent loss in its business. Justice Rajiv Sakdher made it clear to the unions that they cannot put the public to inconvenience in this fashion and cause huge loss to the airline and directed various union members to resume duty. The management called a meeting of all the remaining unions to explain its actions but said that those

who took part in the strike would not be paid their performance-linked incentives for May. The 58 issued termination letters included not only union office bearers but also instigators of the strike. The unions countered with threats of indefinite strike from 12 June and charged that the management had schemed to harass the unions prior to handing over ground service contracts to Singapore Air Terminal Services. The ACEU general secretary JB Kadian said, "How can they sack employees like this? We come under the protected workmen category". He maintained that the chief labour commissioner, mediating between the two sides, had given in writing that no victimisation will take place when the conciliation process was on.

The strike was called off late in 27 May (Court breaks Air India strike; 17 employees are sacked, Times of India). A total of over 120 flights were cancelled and many more delayed and diverted, 30,000 passengers affected, 4,000 stranded (another 3,000 in Singapore), an estimated loss of Rs 12 crore and loss of AI's face. The only positive fallout was that the date for payment of salaries was advanced from 7 to 1 June. The CMD, Arvind Jadhav, said it could take up to three to four days for operations to normalise, adding that he wasn't sure whether the announcement by these 'misguided elements' to call off their protest would actually see them return to work immediately. "This strike was illegal. We have to bring in accountability and need to fix responsibility. Whatever action has to be taken, we have to go the whole hog. We do not want to compro-

mise at any cost. We have to come (down) with heavy hand,....we want NACIL to become a professional, accountable and disciplined organisation,” he said.

History & Merger

Tata Airlines, founded in 1932 by J.R.D. Tata, became Air India in 1946, an international airline before Independence (<http://www.indianpilotsguild.org/default.asp>). It grew rapidly and modernized. Government of India nationalized the air transportation industry and exercised its option to purchase majority stake in the carrier and Air India International Limited was born. All domestic services were transferred to Indian Airlines, which in 1962 became the world’s first all-jet airline.

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The open sky policy in the mid-1990s ended government monopoly in civil aviation. Further pressure on Air India and Indian Airlines’ declining market share came through the liberalized policy (2004-05 onwards) of permitting private Indian carriers to fly on international routes. However, instead of downsizing to meet the competition, ‘the management decided in 2005 to

embark upon some startling profligacy and bizarre administrative decisions. Massive fleet acquisition of 43 Airbus aircrafts for Indian Airlines, costing Rs 8,399 crores, and 50 long range aircraft for Air India, costing Rs 33,197 crores was decided on. The CAG report clearly states that the acquisition of a large and expensive fleet of aircraft when the market share of Air India was declining, did not withstand audit scrutiny and was not based on market forecast or commercial viability’ (Ram, Jethmalani, *The downfall of AIR-INDIA*).

A decision to merge Air India and Indian Airlines into National Aviation Company of India Limited (NACIL) was taken in 2007 by the UPA government. The merger was designed to overcome their sub-optimal performance, projecting a Rs.1,000 crore profit in the first year itself. But there have been serious problems with integration (Air India pilots’ strike enters Day 15, ANI]. After the merged entity was named Air India, Indian Airlines staffers felt a loss of identity. It is because flying international was already considered more ‘stylish’ then and the naming of the new company was the last nail on their coffin,” said George Abraham, general secretary of the Aviation Industry Employees Guild (AIEG). According to the deal that was struck at that time, former IA bosses were allowed to head the merged entity, as ‘compensation’. But in five years there was hardly any integration of the two airlines’ cadres or various HR systems.

The merger in fact “led to complete financial and operational breakdown,.... since the amalgamation of the two wings of the national airlines was done hastily,

defying recommendations of several committees. The vital issue of integrating human resources and flight operations still remains unattended". The Comptroller and Auditor General of India, in his Performance Audit Report of Civil Aviation in India, 2011-2012 "provides ...shocking revelations. As on March 2011, Air India had accumulated a debt of Rs 42,570 crores (approximately \$10 billion) and an operating loss of Rs 22,000 crores ... Salary payments and interest payments are being defaulted" (Ram, Jethmalani, The downfall of AIR-INDIA). In 2011 a proposal to create two deputy MDs positions to manage the HR issues in the merger was mooted but no concrete steps were taken. Only on 1 June 2012 the government unveiled the report of the Dharmadhikari Committee set up to address the contentious human resource issues related to the integration of the two airlines (A tale of two warring airlines, Asian Age)

Even the finances are paradoxical. The airline supposedly made profits in 2009-10 and despite the two-month-long strike saw its revenues rise 21% in the April-June quarter (Air-India-revenue-rises-21-in-April-June, timesofindia). However, it is unable to pay salaries on time, meet fuel expenses for operations, and has a massive accumulated debt. During Praful Patel's tenure as Aviation Minister, Air India's deteriorating condition forced the government to think of privatisation of the carrier. As oil bills piled up to Rs 2,000 crores, the state-owned oil marketing companies refused to extend credit, and asked the almost bankrupt Air India to buy oil on a cash

and carry basis. In the note prepared for a cabinet meeting a step-by-step approach towards privatisation was prepared. This envisaged hiving off non-core businesses such as Maintenance, Repair and Overhaul (MRO), ground handling and engineering services, which would have helped to reduce nearly half of the employees, and pump much needed cash into the ailing company. The Prime Minister, however, was said to be against privatisation. Also, Finance Minister Mukherjee-led Group of Ministers (GoM) overlooking Air India's progress, was expected to arrive at a decision on wage cuts (Smita Aggarwal, Step-by-step privatisation of Air India likely, The Indian Express)

Normally, the issues to be seriously considered by merging or acquiring organisations are (Sen, 2010):

- Rivalry among unions of two merging companies
- Merger of rules, procedures, manuals of two companies
- HR policies on transfer, promotion, placement, seniority, etc.
- Redundancy of certain posts/jobs
- Coordination problems
- Psychological superiorities or inferiorities
- Hostile groups among smaller partners

That Air India never considered these will become apparent from the following:

Industrial Relations Mess

This mess is a direct result of the merger and all the steps that both management and the Ministry failed to take. While the merger took place in 2007, a committee to investigate and suggest changes for the different HR systems prevailing was formed only in mid 2011, after the ICPA went on strike. Justice D M Dharmadhikari, who headed a four-member committee, submitted its report on integration of 28,500 (as on Dec 31, 2011) employees of unified Air India, including pilots, cabin crew and engineers, to the Civil Aviation Ministry on 31st January 2012 (Dharmadhikari panel submits to government). The recommendations were made public only on 1st June 2012. The Committee headed by Nasir Ali to implement the recommendations was notified on 19th of the month. "If the government had acted faster in the matter, the current strike that has crippled Air India's international operations could have been averted," said an observer of the crisis. It is expected that "after implementation of the Dharmadhikari Committee report, there will be unified cadre at every level along with a uniform policy with regard to working hours, passage facility and all other facilities that include accommodation, transportation, canteen, uniforms etcCross utilization of all resources including manpower and capacity building on the principle of fair and equitable opportunity to everyone shall be the policy in the merged entity including cross training at various levels".

Let us consider the problems which have led to repeated strikes and attendant financial losses.

1. Multiplicity of unions – NACIL or Air India has 14 unions, 2 each for pilots, ground engineers, cabin crew and so on. No attempt was made to integrate them into one each for the different categories. The result – deep animosity between rival unions. According to George Abraham, the two pilots' unions shared a harmonious relationship both before and after the merger. It was rather the failure of the management to evolve a well-defined HR policy, addressing policy issues and timely redressal of the pilot's grievances that led to the fallout (Air India pilots' strike enters Day 15, ANI). Both the unions were affiliated to the International Federation of Airline Pilots Association.
2. Feelings of superiority and inferiority continued to persist between rival unions as evident from the details cited on the strikes. IPG pilots were clearly jealous about the possible usurpation of their exclusive international routes by ICPA pilots and the allowances given to them in 2011. There does not seem to be any serious efforts on the part of Air India to establish dialogue between them and reduce these jealousies.
3. Differences in Pay scales - The ICPA strike in 2011 was primarily about absence of pay parity and the 2010 strike partly about delayed payments of salaries and allowances. Ajit

Singh's statement at the press conference outlining the Committee's recommendations (Ajit Singh's remarks on Dharmadhikari Committee Report) bears out the absence of parity." The Dharmadhikari Committee has recommended 1st April 2007 as the cut-off date for the purpose of implementing new pay-scales for the employees of Air India (both erstwhile Air India (AI) and Indian Airlines (IA)]. There will be uniform pay-scales for all employees of erstwhile AI and IA. For the executive cadre recommended pay-scales are as per the DPE norms and non-executive cadre pay-scales are as per the industry norms".

"The Productivity Linked Incentive (PLI) in its present form shall be abolished. However, it will be subsumed in determination of basic pay to the extent admissible in the Department of Public Enterprises (DPE) guidelines. The committee has also recommended profit related pay as per the DPE guidelines, which will be linked to the profit earned by the company and achievements of various targets".

The Dharmadhikari Committee has recognized the need for certain allowances which are given to certain class of employees like pilots, cabin crew and engineers as per the industry standard.

"The Committee has also recommended that the pay of all employees will be protected and allowances will be admissible as per the DPE guidelines with

some exceptions.....The Dharmadhikari Committee has recognized the need for certain allowances which are given to certain class of employees like pilots, cabin crew and engineers as per the industry standard. However, they fall outside the scope of DPE guidelines. This would need an approval of the Union Cabinet before these are implemented at variance with DPE guidelines. The details of such allowances would only be disclosed after the approval of the Cabinet".

4. Grievances on promotion and progression policy resulted when the authorities failed to integrate HR policy, leading to former IA officers and pilots superseding their AI counterparts. Discontent among IPG members grew when IA pilots continued to receive their time-bound promotions after four to five years, where a co-pilot becomes a captain or a commander. A senior IPG member explained that in AI, a co-pilot or a first officer only becomes a commander after putting in nine years of service and the promotions are performance based. The ICPA feels however, that "In AI, it was a common practice for the senior pilots to stall their co-pilots' promotion to the commander level for eight to nine years at a stretch. This allowed the senior pilots to become commanders, which was done so that they could get an extension of the retirement age from 58 to 60" (A tale of two warring airlines, Asian Age).

Ajit Singh's statement admits the absence of common levels, "The Com-

mittee recommended that a level mapping exercise for employees from the two erstwhile airlines shall be undertaken. This exercise is the key to successful merger of manpower as employees of two erstwhile airlines would be placed in a unified pay-scale and common seniority. The guiding principle of inter-se seniority would be length of service in that grade in the erstwhile AI and IA except where the promotion is consequent upon passing requisite qualifying examination or attaining mandatory certification. In that case, date of passing the exam or attaining the certificate shall be the determining factor. However, in case of pilots and engineers, the Committee has suggested that both pilots and engineers as also technicians under them should be given line seniority based on wide and narrow body aircrafts for which they are trained and licensed”.

“In case 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, then the revised basic pay of the senior employee would be placed at par with the junior employee. This will remove long standing disputes among the employees”.

“There are a large number of grievances regarding promotions being not given in some cadres for last few years. Promotions were specifically frozen by the Dharmadhikari Committee in 2011 after which no promotion has taken place. The Committee has now recommended a fair and comprehensive promotion policy through the constitution of Departmental

Promotion Committees (DPCs). Each DPC will have a fair representation from erstwhile AI and IA and would also include an outside expert. The process of promotion will soon start after fixation of inter-se seniority (which will be done maximum within a period of 45 days). The Committee has suggested ways and means to put in place a policy which will give fair chance for employees of both AI and IA in their career progression”.

5. Lack of Coordination – While the internal problems that started emerging in the wake of merger could have been sorted out by establishing Joint Committees with representation from both previous entities, it was left to the Dharamadhikari Committee to recommend constitution of an Implementation-cum-Anomaly Committee, with representation from both erstwhile AI and IA, and a time frame of 45 days, after seeking the views of employees, to establish uniform systems.
6. Differences in dealing with strikes called by different unions. After the strike by the ICPA in 2011, management immediately acceded to the pilots’ demand within 10 days and allowed a salary hike of \$1200 per month. Contrastingly, the IPG’s strike in May 2012 met with an iron-fist response, with the union being derecognized altogether. This is the result of frequently changing Ministers and top management of AirIndia. Within a span of 3-4 years, 3 politicians have headed the Civil Aviation Ministry, which is as high a

profile today as the Railways, with the spurt in air travelers. AirIndia Managing Directors/Chairmen have also changed frequently.

7. The propensity to derecognize unions may not serve any purpose at all. For instance, unions which have been derecognized have also been recognized again by holding discussions with them. Even the IPG is a party in the current conciliation process and the management is dealing with it as a representative of the pilots of erstwhile Air India on the issues related to the strike and reinstatement. Derecognition merely closes the door on dialogue. Continued and comprehensive dialogue appears to be the only way out of this mess.

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But everything may not be smooth sailing. Immediately after the Minister's Press Conference, the striking IPG issued a statement against the Dharmadhikari Committee's recommendations: "It appears that the report is tailor-made to suit the interests of the employees of erstwhile Indian Airlines. It reinforces the bias and prejudice that the management harbors towards the employees of erstwhile Air India...". It questioned management's grant of Rs 1.5 lakh raise per month to 800 ICPA pilots in 2011, if there was going to be common pay scales (Dharmadhikari report highlights bias, prejudice: IPG). Clearly, much more needs

to be done in terms of dialogue to bring the rival groups together.

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