

**COMMITTEE ON PETITIONS**

**(SIXTEENTH LOK SABHA)**

**SEVENTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**August, 2015/Sravana 1937 (Saka)**

**SEVENTH REPORT OF THE COMMITTEE ON PETITIONS**

(SIXTEENTH LOK SABHA)

**INTRODUCTION**

I, the Chairperson, Committee on Petitions, having been authorized by the Committee to present the Report on their behalf, present this Seventh Report (Sixteenth Lok Sabha) of the Committee to the House on the representation received from S/Sh. Javed Pandit and Harish regarding implementation of the Wage Revision in the Centaur Lake View Hotel, Srinagar/HCI.

2. The Committee considered and adopted the draft Seventh Report at their sitting held on 06 August, 2015.
3. The observations/recommendations of the Committee on the above matters have been included in the Report.

**NEW DELHI;****BHAGAT SINGH KOSHYARI****Chairperson,  
Committee on Petitions****06 August, 2015**  
**15 Shravana, 1937 (Saka)**

## **CONTENTS**

	<b>Pages</b>
<b>Composition of the Committee on Petitions:.....</b>	<b>(iii)</b>
 <b>INTRODUCTION.....</b>	 <b>(v)</b>

## **REPORT**

Representation received from S/Sh. Javed Pandit and Harish regarding implementation of the Wage Revision in the Centaur Lake View Hotel, Srinagar/HCI.

## **ANNEXURE**

- i) Minutes of the 20<sup>th</sup> sitting of the Committee held on 20.01.2015
- ii) Minutes of the 14<sup>th</sup> sitting of the Committee held on 06.08.2015

## COMPOSITION OF THE COMMITTEE ON PETITIONS

**(2014-2015)**Shri Bhagat Singh Koshyari - *Chairperson***MEMBERS**

2. Shri Suresh C. Angadi
3. Shri Om Birla
4. Shri Jitendra Chaudhury
5. Shri Ram Tahal Choudhary
6. Shri Rajen Gohain
7. Dr. K. Gopal
8. Shri Chhedi Paswan
9. Shri Kamlesh Paswan
10. Smt. Krishna Raj
11. Shri Arjun Charan Sethi
12. Shri Kodikunnil Suresh
13. Shri Dinesh Trivedi
14. Shri Rajan Vichare
15. Shri Dharmendra Yadav

**SECRETARIAT**

- |                               |   |                             |
|-------------------------------|---|-----------------------------|
| 1. Shri K. Vijayakrishnan     | - | <i>Additional Secretary</i> |
| 2. Shri Shiv Kumar            | - | <i>Joint Secretary</i>      |
| 3. Shri Raju Srivastava       | - | <i>Additional Director</i>  |
| 4. Md. Aftab Alam             | - | <i>Deputy Secretary</i>     |
| 5. Shri Jyoti Prakash Krishna | - | <i>Executive Assistant</i>  |

(iii)

**REPORT ON THE REPRESENTATION RECEIVED FROM S/SHRI JAVED PANDIT AND HARISH REGARDING IMPLEMENTATION OF WAGE REVISION IN CENTAUR LAKE VIEW HOTEL, SRINAGAR/HOTEL CORPORATION OF INDIA, DELHI.**

S/Shri Javed Pandit, President Centaur Hotel Employees Union and Harish, Chairman, Hotel Corporation of India Karamchari Union represented before the Committee that the employees of Centaur Lake View Hotel, Srinagar, have not been extended the benefits of wage revision since the year 2007 and they are still being paid wages at the rates prescribed in the year 1990. They have further stated that low wages to the employees have not only made their life difficult but it has become almost impossible for them to sustain themselves in the current circumstances. The concerns of the employees were also raised before the Ministry of Civil Aviation and the Management of Hotel Corporation of India Ltd. (HCI), but to no avail. They have stated that their pay revisions have been due from 1<sup>st</sup> of January 2007 and again from 1<sup>st</sup> January 2012.

2. The representationists further stated that the lower ranked employees cannot be blamed for the loss of the Company because they had not compromised with either discipline on work culture even under the trying circumstances of insurgency in the State and had in fact demonstrated utmost dedication; which had been admired by dignitaries, time and again, during their visit to Centaur Hotel, Srinagar. The lapses of the management were pointed out from time to time for taking remedial measures to boost the Company but no constructive approach was ever adopted, with the result that the Company couldnot withstand the competition.

3. They have also represented before the Committee that no renovation of flight catering of HCI has taken place in the last 30 years. Further, the renovation of flight Catering Unit which was due to be done immediately after the renovation of Centaur Hotel, Delhi, has not taken place. The Chairman and the higher Authorities of the Company are not interested in its upgradation. They also brought to the notice of the Committee through their subsequent representations that various positions at intermediary levels are vacant in Chefair for many years. The vacancies at the top level and at various supervisory positions are causing lot of distress to the remaining workers of the Unit, thereby making the company unprofitable and highly uncompetitive in the market. They have further

stated that only 30% of the demand of flight catering in Air India is allotted to the Unit and the rest has been given to other private caterers. Further, the retirement age of employees of the HCI has been reduced to 58 years instead of 60 years, making it at par with the parent company - Air India. Although the age of the employees of the HCI has been brought at par with Air India but the salaries have not been brought at par. The representationists have, therefore, requested the Committee to look into the matter.

4. The Committee took up the matter for examination under Direction 95 of the Directions by the Speaker, Lok Sabha. Accordingly, the representations were forwarded to the Ministry of Civil Aviation on 03.9.2014, 20.03.2015 and 20.04.2015 for furnishing their comments on the points raised therein.

5. In response thereto, the Ministry of Civil Aviation vide their communication dated 31.10.2014, submitted:

*"That the units of Hotel Corporation of India (HCI) are continuously making losses for the last many years including the preceeding 3 years. They are also not in a position to generate own resource for meeting the funds required for implementation of the wage revision for unionized category of employees. As per the DPF OM No. 2 (7)/2006-DPF (WC)-GL-XIV dated 9th November, 2006, the following points are relevant.*

*(i) The revision should also be subject to the condition that there shall be no increase in labour cost per physical unit of output.*

*(ii) CPSEs which incurred net loss during any of the three financial years preceding the proposed to enter into wage negotiation, but not referred to BIRFR/BRSE may also be allowed to enter into wage negotiation, provided they give an estimate to their administration Ministry as to how resources would be generate by them to meet the extra expenditure arising out of implementation of wage revision.*

*(iii) it has to be ensured that such negotiated wages would not come in conflict with the pay revision of officers and non-unionized supervisors of the respective CPSEs.*

2. The company is not able to meet the above conditions. Besides, the Company cannot consider Srinagar units as a unit in isolation as the company as a whole has to be considered for wage revision as clarified by the DPE.

3. Further, the Centaur Hotel Employees Union has already approached conciliation Officer, Regional Labour Commissioner Jammu for the same issues. After hearing both the Union and the management's side the conciliation officer submitted failure report dated 28/31.03.2014 to the Ministry of Labour & Employment, Govt. of India taken into account the DPE's OM dated 9.11.2008. Thereafter, the Ministry of Labour vide Order dated 09.06.2014 referred matter for adjudication to Central Govt. Industrial Tribunal Cum Labour Court No. 2 at Chandigarh."

6. On being asked by the Committee about the details of the wage revision undertaken by the company, arrears accruing to the employees of the hotel, etc., the Ministry in their written reply submitted :

*"The Hotel Corporation of India Limited (HCIL) is a Public Limited Company, wholly owned subsidiary of Air India Limited and was incorporated on 8<sup>th</sup> July, 1971 under the Companies Act, 1956, when Air India decided to enter the Hotel Industry in keeping with the then prevalent trend among world airlines. The objective was to promote tourism and catering and thus offer a better product to the passengers, both at the international airports and at other places of tourist interest.*

*HCI was earlier having 5 Hotels (2 at Mumbai, one each at Delhi, Srinagar and Rajgir), 2 Flight Kitchens, one each at Mumbai and Delhi. As per the recommendation of the Disinvestment Commission, 3 Hotels/properties (2 hotels at Mumbai and the one at Rajgir) were divested in 2002.*

*Presently HCI is operating 2 Hotels, each at Delhi and Srinagar under the brand name 'Centaur' and 2 Flight Kitchens, each at Mumbai and Delhi under the brand name 'Chefair', besides Dining Facilities Centre at Nariman Point, Mumbai, ASD Canteen at Delhi and Lounges at Terminal 3, Delhi for Air India.*

*HCI and its parent company Air India, are making losses for the past many years. The details of the revenue and expenditure of the Company for the last 10 years as well as the Staff Cost with percentage of Staff Cost to revenue & expenditure are detailed below:*

(Rs. In Lakh)

	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Total revenue	5,050.29	4,636.45	5,773.99	5,357.63	4,128.51	4,905.23	6,128.07
Staff cost	5,714.21	5,335.37	5,089.39	5,309.06	4,298.43	4,225.85	4,821.02
Total exp	9,097.66	8,197.97	7,903.02	8,028.64	7,039.70	6,766.63	8,624.73
Net loss	(4,047.37)	(3,561.52)	(2,129.03)	(2,671.01)	(2,911.19)	(1,861.40)	(2,496.66)
% of staff cost to revenue	113	115	88	99	104	86	79
% of staff cost to exp.	63	65	64	66	61	62	56

*Due to the losses incurred in the last several years, the wage revision of the employees of HCI has not taken place. The wage revisions for Unionised category of employees of all the Units of the Company is due for 5 year period effective 1<sup>st</sup> January, 2007 to 31<sup>st</sup> December, 2011 and 1<sup>st</sup> January, 2012 till date respectively. Almost 7 years have passed without wage revision and all the Unions from all the Units of the Company are pressing hard for the wage revision.*

*The unit-wise details of the last wage revision implemented is as under:-*

Name of the Unit	Period of Wage revision	Date of signing of MOU
Centaur Hotel Delhi Airport	01.01.2002 to 31.12.2006	17.08.2007
Centaur Lake View Hotel, Srinagar	01.01.2002 to 31.12.2006	17/18.08.2007
Chefair Flight Catering, Mumbai	16.11.2002 to 15.11.2007	19.11.2007
Chefair Flight Catering, Delhi	01.01.2006 to 31.12.2006	19.02.2008
Dining Facilities Centre, Mumbai	01.01.2006 to 31.12.2006	25.01.2008

*In so far as the arrears of wage revision are concerned, the same have already been paid to the Unionised category of employees of all units of HCI, including the concerned Unit i.e. Centaur Lake View Hotel, Srinagar."*

7. The Committee referred to the fact that the employees of Centaur Lake View Hotel, Srinagar have not been given the benefits of wage revision since the year 2007 and have been put to depend on the Wage Structure of 1990s; which happens to be low and meagre and desired to know the Comments of the Ministry in this regard. The Ministry, in their written reply, stated :

*"The demand of the Unionised employees for wage revision has so far not been acceded to by the Management in view of the Guidelines issued by the DPE for the 7<sup>th</sup> Round of Wage Negotiations for Unionised workers in CPSEs w.e.f. 1<sup>st</sup> January, 2007, vide its OM No. 2(7)/2006-DPE(We)-GL-XIV dated 9<sup>th</sup> November, 2006 . The said OM, stipulates that the wage negotiation and finalisation will be, inter-alia, subject to the conditions that no budgetary support for the wage increase shall be provided by the Government under any*



*circumstances, there shall be no increase in labour cost per physical unit of output, and that the CPSEs which incurred net loss during any of the three financial years preceding the proposed wage negotiation, but not referred to BIRFR/ BRPSE may also be allowed to enter into wage negotiation, provided they give an estimate to their administrative Ministry as to how resources would be generated by them to meet the extra expenditure arising out of implementation of wage revision.*

*The Company has not been able to meet these conditions, as it has been incurring losses for the last several years. The details of losses are as follows:*

Sl. No.	Financial Year	Losses (Rs. in crore)
1.	2003-04	15.07
2.	2004-05	7.75
3.	2005-06	3.03
4.	2006-07	12.70
5.	2007-08	24.97
6.	2008-09	18.61
7.	2009-10	29.11
8.	2010-11	26.71
9.	2011-12	21.29
10.	2012-13	35.62
11.	2013-14	40.47

*It was informed by the Company that it shall not be able to meet the above conditions.*

*Further, in accordance with the OM dated 30<sup>th</sup> April, 2013 of DPE, which stipulates that for the purpose of pay/wage revision, a CPSE is treated as single entity and consequently, pay/ wage revision has to be based on the performance/profitability of the Company as a whole and not separately for each unit and that different units within the same CPSE cannot have different pay/wage structure. Accordingly, the Srinagar Unit cannot be considered in isolation for wage revision."*

8. On being specifically asked about the wages being provided to the Centaur Hotel and such hotels of comparable nature under the Administrative control of the Ministry, the Ministry in their written reply inter-alia submitted:

*" The workers are also entitled to DA/HRA/CCA, Conveyance Allowance, Shift Allowance, Special Pay, Duty Allowance, Service Charge as applicable. The Srinagar workers are also entitled to Winter Allowance, Disturbance Allowance and Hill Allowance as applicable."*

9. On being further enquired by the Committee about all the units of Hotel Corporation of India (HCI) under the administrative jurisdiction of the Ministry of Civil Aviation and status of their wage revision, the Ministry, in their written reply, stated:

Name of the Unit	Period for which wage revision is pending
Centaur Hotel Delhi Airport	01.01.2007 to 31.12.2011 & 01.01.2012 till date
Centaur Lake View Hotel, Srinagar	01.01.2007 to 31.12.2011 & 01.01.2012 till date
Chefair Flight Catering, Mumbai	16.11.2007 to 15.11.2012 & 16.11.2012 till date
Chefair Flight Catering, Delhi	01.01.2007 to 31.12.2011 & 01.01.2012 till date
Dining Facilities Centre, Mumbai	01.01.2007 to 31.12.2011 & 01.01.2012 till date

10. On being asked by the Committee as to whether the Ministry have received any representation(s) from the Employees' Union of the Hotel for payment of wages/salary as per the revised wage structure, the Ministry, in their written reply, stated :-

*"Several representations were received from the Centaur Hotels Employees Union, Hon'ble MPs and various Ministries/Departments seeking wage revision for Unionised category of employees. In response, the Ministry conveyed the position of Management which informed that it was unable to meet the conditions stipulated in the said guidelines. It has been expressed by the Management that the units of Hotel Corporation of India (HCI) are continuously making losses for the last many years including the preceding 3 years. They are also not in a position to generate own resources for meeting the funds required for implementation of the wage revision for Unionised category of employees.*

*As the company is not able to meet the above conditions, the Management did not carry out wage revision. Also in accordance with the OM dated 30<sup>th</sup> April, 2013, of DPE, which stipulates that for the purpose of pay/wage revision, a CPSE is treated as single entity and consequently, pay/wage revision has to be based on the performance/profitability of the Company as a whole and not separately for each unit and that different units within the same CPSE cannot have different pay/wage structure. Accordingly, the Srinagar Unit cannot be considered in isolation for wage revision.*

*The Management of Hotel Corporation of India also informed that they are not in a position to consider any wage revision for unionized category of employees of any of the units of the Company at this juncture."*

11. When asked about the action taken by the Ministry of Civil Aviation/Air India on the representation of these employees through their respective unions, the Ministry, in their written reply, submitted :-

*"All units of the Hotel Corporation have been incurring severe losses for the last many years. The Company has not been able to generate resources to meet the required finances for wage revision and is not able to satisfy the criteria provided for wage revision of Unionised category of employees in the DPE OM dated 9<sup>th</sup> November, 2006. Accordingly, the request for wage revision has not been agreed to by the Management.*

*It is also to be noted that in the matter of wage negotiation of unionised category of workers of HCI, the DPE vide its letter dated 6<sup>th</sup> October, 2006 directed the Ministry that the negotiation of wage structure should be done keeping in view and consistent with the generation of resources/profits by the concerned enterprises and no budgetary support for the wage increase should be provided by the Government and Ministry of Civil Aviation may satisfy themselves that HCI is able to generate sufficient resources for meeting the additional expenditure on account of proposed wage increase and there does not appear to be any need, in that case, to relax the conditions stipulated in terms of DPE OM dated 11<sup>th</sup> February, 2004."*

12. On being enquired by the Committee about the definition of Unionised category of workers and how are they different from Non-unionised category of workers, the Ministry, in their written reply, stated:

*"In so far as Unionised category of workers are concerned, as per the DPE guidelines issued from time to time, the Management of concerned Company has to carry out negotiations with the approved Unions of the Company and after bilateral negotiations arrive at a Memorandum of Understanding to be entered into between the parties. The Unionised category of workers are covered under the purview of the Industrial Disputes Act, 1947.*

*In case of Non-unionised, Supervisory and below board level category of employees the DPE guidelines on wage revision is implemented without negotiations with the Officers.*

*Keeping in view the rise in the cost of living/inflation, the employees of the hotel are facing great difficulties on the other hand as stated by the Ministry of Civil Aviation; HCL is also facing financial crunch/making losses."*

13. The Committee, while referring to the initial note of the Ministry, wherein a mention was made about an OM of the Department of Public Enterprises with regard to negotiation of salary of the Unionised workers and provisions of wage revision of Non-unionised workers, asked about the crux of the aforesaid OM. In their written reply, the Ministry stated as under :-

*"The OM No2(7)/2006-DPE(WC)-GL-XIV dated 9<sup>th</sup> November, 2006, of DPE provides the Policy for the 7<sup>th</sup> Round of Wage Negotiation for Unionised Category in the CPSEs, effective 1<sup>st</sup> January, 2007. The said OM, inter-alia, provides, for the following:*

- (i) The managements of the CPSEs would be free to negotiate the wage structure, for the unionised workmen keeping in view and consistent with the generation of the resources/ profits by the concerned enterprises.*
- (ii) No budgetary support for the wage increase shall be provided by the Government under any circumstance. The resources for meeting the increased obligation for implementation of wage revision must be internally generated and must come from improved performance in terms of productivity and profitability and not from Government subvention.*
- (iii) The validity period of wage settlement would be for ten years with 100% DA neutralization w.e.f. 1<sup>st</sup> January, 2007. The revision shall be subject to the condition that there shall be no increase in labour cost per physical unit of output.*
- (iv) CPSEs which incurred net loss during any of the three financial years preceding the proposed wage negotiation, but not referred to BIFR/BRPSE may also be allowed to enter into wage negotiation, provided they give an estimate to their administrative Ministry/Department as to how resources would be generated by them to meet the extra expenditure arising out of implementation of wage revision.*
- (v) The CPSEs may implement the negotiated wages after confirming to their administrative Ministry and the Department of Public Enterprises that the revisions are within these approved parameters, and that it has been ensured that such negotiated wages would not come in conflict with the pay revision of officers and non-unionized supervisors of the respective CPSEs.*

*The DPE OM No.2(7)/06-DPE(WC)-GL VI dated 1<sup>st</sup> May 2008, mentions that considering the demand of various Unions/Associations CPSEs, it has been decided that the validity of wage settlement can be for a period of less than 10 years but not less than 5 years. The Administrative Ministry/Department were supposed to take a decision on a case to case basis for periodicity of wage settlement below 10 years but not less than 5 years with the approval of the Minister concerned."*

14. The Committee enquired about another OM/reply of the DPE with regard to the clarification sought by the Ministry of Civil Aviation for not considering a Unit of the Company for the purpose of wage revision; the Ministry, in their written reply, stated :-

*"In terms of DPE OM No.2(10)/2013-DPE(WC)-GL-XIII/13 dated 30<sup>th</sup> April, 2013, it has been clarified that for the purpose of pay/wage revision, a CPSE is treated as single entity and consequently, pay/wage revision has to be based on the performance/profitability of the Company as a whole and not separately for each unit and that different units within the same CPSE cannot have different pay/wage structure."*

15. On being asked as to whether the Ministry has formulated any turn-around plan to restructure the Hotel Corporation of India Limited, the Ministry, in their written reply, stated :-

*"No turnaround plan to restructure the HCI has been formulated by the Ministry. However, the Government has approved Rs.35.29 crores to HCI in 12<sup>th</sup> Five Year Plan for carrying out renovation/ repair its properties located at Srinagar and Delhi. Out of this Rs.10.00 crores and Rs.12.00 crores have already been sanctioned during the FY 2012-13 and FY 2013-14. The repair work has been assigned to Airport Authority of India in 2013. The renovation work of HCI properties located at Delhi and Srinagar is already in progress in a phased manner so as to have a minimal effect in the functioning of the hotels. On completion of the repair/renovation work, it is expected that the Hotels will be able to encash the spurt in tourism and generate additional revenue. The progress of the work is regularly being monitored by Ministry of Civil Aviation so as to ensure that work is being completed by/ within the target date.*

*A business plan has been prepared by AI entailing that 30% of its total in-flight catering business will be given to Delhi and Mumbai Unit of Chefair."*

16. The Committee also took oral evidence of the representatives of the Ministry of Civil Aviation on 20 January 2015 on this issue.

17. The Committee expressed their displeasure over the pitiable condition of the employees of Centaur Hotel/ Hotel Corporation of India and desired to know about the action taken by the Government, so far, to ameliorate their condition. The CMD, Air India, submitted before the Committee that initially Air India being an integrated airlines, had five hotels. Then, around the year 2000, the process of disinvestment started and three hotels were disinvested. However, Delhi and

Kashmir hotels still remained with Air India. Since Mumbai hotel had the larger share of income, with disinvestment, the problems started and they continued to operate in losses. The Committee were further apprised that the ratio of employees per room in the hotel is more than the standard requirement of the Industry and, as such, it has become difficult for them even to pay the wages to the employees.

18. The Committee pointed towards the strategic location of the Centaur Hotel, Srinagar being located at the most sought after tourist destination and its potential to earn profit for the company and desired to know about the future course of action of the Ministry/Air India. The CMD, Air India submitted :-

*"....HCl is a loss making company. The company is expecting to reduce its loss by Rs. 7 crore this year. Presently, the company cannot earn profit...."*

Further, another representative of Air India submitted :

*"....The Hotel has tremendous potential. Numerous new hotels have come up in the region and the old hotels have upgraded their infrastructure. However, our hotel has not been upgraded and therefore, less number of guests prefer our hotel and also we are unable to hike our tariff. The hotel needs investment. The hotel needs to be renovated and the rooms in particular. The renovation has started and if the rooms are renovated, the hotel has a lot of potential...."*

19. On being enquired as to whether Air India is financially assisting the hotel to take up its modernisation drive, the CMD, Air India, submitted :-

*"....we have released Rs. 30 crore for 4 units of Hotel Corporation of India - 2 hotels and 2 flight kitchens. The money is to be distributed among these 4 units..."*

20. On a specific question by the Committee about the total liabilities of the hotel, the representative from the Company submitted :-

*"....Sir, the hotel incurred a loss of Rs. 6.5 crore in 2013-14. Jammu and Kashmir experienced flood in the year which further compounded the problem. The first floor of the*

*hotel was totally submerged in water. We are restoring the hotel and bringing it back to normalcy....."*

21. Subsequently, the Committee also held an informal discussion with the representatives of the Ministry of Civil Aviation, Air India, Hotel Corporation of India and Centaur Hotel as also the representatives of the aggrieved employees/Union in the matter at Srinagar on 18 May 2015.

22. As a part of their Study Visit Programme, the Committee heard the views of the Petitioners on the representation received from S/Shri Javed Pandit and Harish regarding non-implementation of wage revision in the Hotel Corporation of India (HCI)/Centaur Lake View Hotel, Srinagar. The Committee were informed that in spite of the steep market inflation, the wages of the employees has not been revised since 2007. Also, no renovation/repair works of the Hotel have been undertaken for a long time, consequent upon which the appeal of the Hotel has decreased resulting in loss of revenue. The Committee were also informed that the renovation works in the Chefair flight catering which were to be undertaken immediately after the renovation of Centaur Hotel, Delhi, has not taken place for the last 30 years. The matter was taken up with the Ministry of Civil Aviation and Air India but no action has been taken. The Petitioners apprised the Committee that there is a huge disparity in terms of salary between Class IV employees of Air India and employees of Hotel Corporation of India/Centaur Hotel. Furthermore, no permanent Managing Director has been appointed to run the Hotel and the incumbent Managing Director (MD) has been deputed by Air India.

23. Thereafter, the Committee held informal discussion with the representatives of the Ministry of Civil Aviation and the officials concerned of the Air India and Hotel Corporation of India.

24. The representative of the Ministry informed the Committee that the Chefair Flight Catering is unable to fulfil even 30 percent of the committed orders placed with them by Air India and as a result of which the catering service has been outsourced to a private catering service. They also informed the Committee that a revival plan is being prepared and assured the Committee that on

completion of repair/renovation work, it is expected that the Centaur Lake View Hotel, Srinagar and Chefair Flight Catering, Delhi, would be able to improve their financial condition and generate revenue due to tremendous potential and growth of the tourism sector.

25. The Committee also pointed out that the top positions and various supervisory positions are lying vacant, leading the company to run without any supervision. On this aspect, the representative from the Air India submitted that various top positions are lying vacant at all Units of the company which is due to ban on recruitment imposed in the year 1997. However, efforts have been made to hire employees on deputation/contract basis but these efforts have not been very successful. Further, the additional charge of the post of Managing Director, HCI, was entrusted to officers of Air India from time to time with the approval of the ACC. The Ministry has already initiated the process of selection of a regular incumbent for the post of MD, HCI.

26. When the Committee desired to know the reasons contributing to the losses of HCI in general and the Centaur Hotel, in particular, the representative from the Ministry submitted that the deterioration of the physical conditions of the Hotels of the Company is the major factor contributing to the losses. For want of renovation, the revenue of the Company has progressively reduced from Rs. 66.50 crore in 2006-07 to 50.50 crore in 2013-14. Furthermore, hotel business in Srinagar is largely dependent on tourists who generally visit during holiday/vacations; thus tourism is vulnerable to economic and security factors and natural calamities. The representatives from Air India further submitted that no renovation/ upgradation work was carried out at Centaur Lake View Hotel, Srinagar, since its inception due to paucity of funds as well as continuing disturbance in the Valley. Due to this, there was rapid deterioration of the structure of the property, the plant and machinery. The kitchen equipment have also become obsolete, coupled with shortage of skilled staff. All these factors contributed/led to huge financial loss.



27. The Committee, then, categorically desired to know about the initiatives taken by the management for revival/turnaround of its Hotels. The representative from the Air India submitted the following broad steps adopted by the Management:

- (a) *Renovation/upgradation of properties as per the budget allocated and plan approved by the Government of India.*
- (b) *Appointment of DGM-Operations as head of the Unit at Centaur Lake View Hotel, Srinagar, on deputation from ITDC.*
- (c) *Efforts being made to give Hotel rooms on long term retainership basis to various Government Agencies.*
- (d) *Plan to lease out restaurants and health club, etc. on revenue sharing basis.*
- (e) *Efforts being made to tie up with tour operators, travel agencies to increase business.*

28. Against the aforesaid, the Committee observed that general mismanagement and lack of dedicated workforce has taken a toll of the HCI in general and Centaur Hotel, Srinagar, in particular. The Committee also felt that the grievances of Petitioners' are genuine. The Committee urged that Air India should come up with some alternative plan in terms of infusing funds to renovate and refit the hotel so as to make it commercially viable. The Committee observed that the approach of sanctioning funds in a piecemeal is proving counterproductive; instead a one-time disbursement of funds should be made to completely renovate the Hotel. This would attract tourists and generate the required revenue. The Committee also deliberated upon exploring the possibility of handing over the Hotels at New Delhi and Srinagar to Ministry of Culture and Tourism as the Ministry have experience of successfully running the chain of Ashok Hotels in the country. The Committee learnt during their study visit that the CMD, Air India, had never visited the Hotel at Srinagar prior to the visit of the Committee so as to understand the difficulties faced by the Hotel and its employees. The Committee, therefore, took a serious note of the lackadaisical approach of the CMD, Air India, towards his role in ensuring the turn around of the Hotel.

**Observations/ Recommendations**

29. S/Shri Javed Pandit, President, Centaur Hotel Employees' Union, and Harish, Chairman, Hotel Corporation of India Karamchari Union represented before the Committee that the employees of Centaur Hotel, Srinagar, and HCI had not been extended the benefits of wage revision since the year 2007 and they were still being paid wages at the rates that prevailed in the year 2007. The employees maintained and contended that the lower rung workforce cannot be blamed for the Company incurring loss, because they had never compromised with the discipline and work culture of the Company and had demonstrated utmost dedication even during adverse circumstances like insurgency in Jammu and Kashmir. They further submitted that the lapses on the part of the management of the HCI were brought to the notice of the highest Authorities in the Company/ Government from time to time for taking remedial measures to boost the finances and overall progress of the Company but no constructive steps have been undertaken.

The office bearers of the Hotel Corporation of India Karamchari Union maintained that the losses to the Corporation were purely due to the actions of the Management and cannot be attributed to the workers in any way. It is the employees of the Company, who are facing day-to-day difficulties due to meagre salaries being paid to them.

30. Further, the Petitioner submitted that the renovation of flight catering has not taken place in the last 30 years which was supposed to have been undertaken immediately after the renovation of the Centaur Hotel, Delhi. They pointed out that the Chairman and the higher Authorities of the Company are not interested in its upgradation. The retirement age of employees of the HCI has also been reduced to 58 years, making it at par with the parent Company - Air India. Although the age of the employees of the HCI has been brought at par with Air India, but ironically, their salaries have not been brought at par with them.

31. The Committee are anguished to note that various positions at the top level and supervisory levels are lying vacant for many years in Chefair Flight Catering. The unfilled vacancies at the top level and at various other supervisory levels are causing lot of distress to the remaining workers of the Unit, thereby making the Company unprofitable and highly non-competitive in the market.

32. The Committee further note that due to the losses incurred during the last several years, the wage revision of the employees of HCI has not been effected. The wage revision for Unionised category of employees of all the Units of the Company was to be implemented for the 5-year period with effect from 1<sup>st</sup> January, 2007 to 31<sup>st</sup> December, 2011, and thereafter with effect from 1<sup>st</sup> January, 2012, till date, respectively. It is a matter of serious concern that almost 7 years have elapsed without justifiable wage revision notwithstanding the fact that the Unions from all the Units of the Company are demanding the same due to immense hardships being faced by them.

33. The Committee are further confounded to observe from the submissions made by the Ministry/ Company that the demand of the Unionised employees for wage revision has so far not been acceded to by the Management on the grounds that the Guidelines issued by the DPE which stipulate that wage negotiation and finalisation will be inter-alia subject to the condition that no budgetary support for wage increase shall be provided by the Government under any circumstances. Further, there shall be no increase in labour cost per physical unit of output and that the CPSEs which incurred net loss during any of the three financial years preceding the proposed wage negotiation, but not referred to BIRFR/BRPSE may also be allowed to enter into wage negotiation, provided they give an estimate to their administrative Ministry as to how resources would be generated by them to meet the extra expenditure arising out of implementation of wage revision. Since the Company has been incurring losses for the last several years, it has not been able to meet the regressive conditions

prescribed by the DPE, in spite of the fact that the employees of the Company are on the brink of starvation.

34. The Committee were also informed that in the Twelfth Five Year Plan, the Government has approved Rs. 35.29 crore to HCI for carrying out renovation/ repair of its properties located at Srinagar and Delhi. Out of this, Rs.10.00 crore and Rs.12.00 crore have already been sanctioned during the FY 2012-13 and FY 2013-14, respectively. The repair work was assigned to the Airport Authority of India in the year 2013. The renovation work of HCI properties located at Delhi and Srinagar is already underway, in a phased manner so as to have a minimal effect in the functioning of the hotels. The progress of the work is regularly being monitored by the Ministry of Civil Aviation so to ensure that work is completed within the target date. On completion of the repair/renovation work, it is expected that the Hotels will again be able to attract tourists and generate additional revenues. Besides, a business plan has also been formulated by Air India, thereby entailing that 30% of its total in-flight catering business will be allocated to Delhi and Mumbai Units of Chefair.

35. The Committee note that the Companies under reference are undergoing acute crisis of human resources at the mid-level positions of Supervisors, etc., thereby severely hampering the overall performance of Chefair. The Committee, therefore, strongly recommend that the Ministry should meticulously restructure the personnel strength of these Companies without further loss of precious time. If need be, a quick study may be undertaken by the Government to assess the actual operational level manpower required to transform the Company into a profitable venture.

36. The Committee are constrained to note that the Government has not formulated any result-oriented, turn around plan for these subsidiaries, perhaps, acknowledging that no action plan will now be effective for its revival in terms of the financial health of the Company as well as the welfare of its employees. The Committee are, however, optimistic

that in case a two - pronged strategy is adopted by the Government, i.e., on the one hand, infusing the desired level of funds which may add to the productivity and competitiveness, and on the other, looking into the genuine welfare needs of the employees including a realistic hike in their wages, the revival of the Company can become a reality at the shortest possible time.

37. The Committee appreciate the endeavour of the Company, wherein the Management of Air India has given 30 percent of its flight kitchen business to Chefair. However, the Committee feel that this arrangement alone is not going to mitigate their problems, keeping in view the magnitude of the financial crunch and the inherent desire of the Company as well as its employees to stand up to the ever increasing competitiveness in the tourism sector. The Committee, therefore, are of the considered view that the share of flight kitchen business to Chefair also needs to be increased so that the Company is able to gear up their infrastructure and at the same time funds again start flowing. The Committee also stress that the Management of Chefair should also work out modalities to diversify their business on the lines of Railway Catering by providing similar services to various other Government Organisations in metropolitan cities to augment their revenues. Further, in the long term, the Management should work out the possibility of convergence of their work spheres with the Smart City concept of the Government.

38. During the study visit to Srinagar, the Committee, apart from understanding the hardships being faced by the employees of the Centaur Hotel/Hotel Corporation of India, observed that the location of the Hotel is such that if renovation work, in tune with the present favourable tourism-related conditions, is undertaken and proper amenities are put in place, there could be no reason for tourists to hesitate in coming to the Hotel and enjoy its grandeur. In case the Ministry of Civil Aviation is not able to shed its inertia in the much-needed effort towards the revival of Centaur Hotel/ Hotel Corporation of India and have conceded that running of Hotels in the present times is not in their expertise, the Committee

feel that the entire fleet of Hotels under their administrative control could be handed over to the Ministry of Culture and Tourism, in view of the fact that they have professional experience and expertise of successfully running the Ashok Group of Hotels in the country. The Committee, therefore, recommend to the Ministry to explore the feasibility of handing over the Hotels to the Ministry of Culture and Tourism or running them in some form of collaboration with them for transforming them to profit-making ventures, especially keeping in view the overall welfare of their employees.

39. While taking cognizance of the fact that the matter of wage revision is under adjudication at the Central Government Industrial Tribunal-cum-Labour Court, Chandigarh, and notwithstanding the outcome of the said adjudication, the Committee, in the meantime, recommend to the Government/Air India that they should work out a pragmatic proposition so as to make the salaries/wages of the employees of the Hotel Corporation of India in tune with the market trends in this sector.

The Committee will like to be apprised of the action taken by the Government on the observations/recommendations of the Committee within three months of the presentation of this Report to the House.

NEW DELHI  
06 August, 2015  
15 Shravana, 1937 (Saka)

BHAGAT SINGH KOSHYARI  
CHAIRPERSON,  
COMMITTEE ON PETITIONS