

covering design and development, production, and overhaul of aircraft. Its product mix includes rotary and fixed wing aircraft of indigenous design, military and civilian aircraft/helicopters manufactured under licence from foreign manufacturers, jet and piston engines to power them and their avionics and accessories. HAL's prime customer is the Indian Air Force.

With the end of the Cold War and the resultant shrinking of military budgets, HAL plans to diversify its production and shift its emphasis towards the civil aviation market. Three main projects envisaged are co-production of a 50/70 seat regional aircraft, production of a civil version of the Advanced Light Helicopter (ALH), and establishment of a third party maintenance facility.

Organisation

HAL employs over 40,000 personnel in its four Complexes and 12 Divisions. The four Complexes are Bangalore Complex, MiG Complex, Accessories Complex and Design Complex. The Corporate office and HAL's main complex are located in Bangalore. This complex has six divisions: Aircraft Division; Helicopter Division; Engine Division; Overhaul Division; Foundry and Forge Division; and Aerospace Division. The MiG Complex has two Divisions at Koraput and Nasik. The Accessories Complex has four Divisions at Kanpur, Hyderabad, Lucknow, and Korwa. The Design Complex is located in Bangalore. Administratively and functionally each Division operates independently, but major policy decisions are taken by the Corporate office.

All foreign companies are advised to contact the Corporate office first with any proposals or enquiries. Subsequent contact may be established with subsidiary offices as required. It may be mentioned here that after the alleged "pay off" scandals, the Ministry of Defence and HAL now require foreign companies submitting a bid for their equipment or services to declare that they have no agents in India. They may, however, operate through their representative offices or overseas branches.

During 1991-92 HAL became an MOU (Memorandum of Understanding) Company which makes it more fiscally accountable. As India's new industrial policy has done away with the licensing system, HAL can now set up joint ventures with foreign companies. However, being a public sector undertaking it has to obtain Government approval before setting up joint ventures. A brief description of the various Divisions, their activities, product range, collaboration agreements and contact information is provided in Appendix N.

Annual Performance

During 1991-92 HAL achieved production of Rs. 9.71 billion, compared to Rs. 8.96 billion in 1990-91. The 1991-92 revenue and before tax profit of HAL were Rs. 10.24 billion and Rs. 544.8 million respectively. HAL paid a dividend of 9.128% amounting to Rs. 110 million. In 1992-93, its turnover reached an all time high of Rs. 10.34 billion. The audited results are yet to be released.

In 1991-92, HAL achieved exports of Rs. 150 million. This is a negligible amount, being only 1.45% of turnover. Last year it received orders for supply of spares and for overhaul from the Royal Malaysian Air Force, Mauritius, Sri Lanka Air Force and Druk Air of Bhutan. It has also received orders from Oman for overhaul of Hunter Avon engines.

Medium Transport Aircraft

HAL wants to produce 50/70 seat commercial aircraft. Since it does not want to make heavy capital investments, but can provide the infrastructure, it has floated "Requests for Proposal" (RFPs) for co-production. This project has taken on a higher significance since the Government announced that Vayudoot will replace its HS-748s and Dornier 228s with a new 50-seat regional airliner. In June 1993, the Government appointed a six member committee, chaired by Mr. R.N. Sharma, Chairman, HAL, to select a new aircraft. The selection committee is to present its report within the next few months. Senior officials in the Ministry of Civil Aviation have admitted that there is a definite correlation between Vayudoot's aircraft selection and HAL's search for a regional aircraft co-production partner. The major manufacturers of regional aircraft which are seriously pursuing this project are Fokker, ATR and de Havilland. HAL projects that there is a market for 200-250 such aircraft in India, in addition to sales in neighbouring markets. Such an aircraft would also find a market with the Indian Coast Guard and Navy for anti-submarine and ASW patrol duty, and with the Army for border surveillance and airborne early warning. Discussions have already been held with all three manufacturers. In addition, BAe demonstrated its 68-seat ATP in Bangalore on May 3 and Fokker demonstrated its Fokker 50 throughout the country in late May.