

Vaat is airline that is country

Nation Society
9/18/01

Humayun Gauhar

Pakistanis living in Slough, near London, are called 'Sloughdins'. When a Mrs. 'Sloughdin' travelling on a vintage PIA aircraft opened her meal tray from the back of the seat in front of her, it fell into her lap, fabric and all. Turning to her neighbour she put it in a nutshell: "Vaat is airline that is country."

There is much truth in this because institutions, particularly in the public sector (an airline more than any other), are a country's face. Our institutions are a disgrace. Criminal governments intent on plunder have criminalised them. The police, lower judiciary and the CBR are the worst. How could the public sector corporations (PSC) be any different? The only question is, which one is the biggest disgrace? Virtually all of them are insolvent, including the banks. For example, International Banker says that non-performing loans as a percentage of total loans makes Habib Bank the third worst in the world and National Bank the 20th worst.

Sometimes by accident, or a quirk of fate, someone good is appointed to head a PSC. The moment he begins making a difference he becomes the target of extraordinary vilification. The rumour mills that regularly churn out the Mr. Know-all that infest this country quickly trash him. Case in point: Wapda's General Zulfikar who had the temerity to take on (and sadly lose to) Hubco's marauding foreign investors and their financiers, The World Bank. When he treads on the criminal toes of the many Mafiosi that plague PSCs and they cannot get rid of him through innuendo and gossip planted in drawing rooms, the yellow press and the vacillating ears of naïve rulers, the CEO is simply killed. Case in point: Shaukat Mirza of PSO. Now it is the new MD of PIA, a businessman with a proven track record, and his Chief Operating Officer, arguably the best airline man in the country, who are getting the flak. They had better watch it.

I felt sad, not amused, when I heard Mrs. Sloughdin's remark. My mind harked back to the glory days of this once proud airline that we call PIA. In its original incarnation it was Orient Airways, started at the behest of Mr. Jinnah by M. A. H. Ispahani and run by that redoubtable civil servant, Zafar ul Ahsan of the ICS. After one of its DC 3 Dakotas crashed (killing our senior-most general enabling Ayub to become C-in-C) the government took Orient over and renamed it Pakistan International Airlines. Its acronym, PIA, has attracted many jocular names, purely out of fondness, but 'Perhaps I'll Arrive' is the best.

PIA's zenith was in the Sixties in the days of the two Air Marshals, Asghar and Nur Khan. If the former is remembered for introducing the first Trident jets (that we later presented to China) and the stunning Pierre Cardin airhostess's uniform,

the latter is remembered for the panache with which he ran the airline with the induction of first class people. One still remembers the pre-Cardin posters of PIA adorned by Momy Gul, the stewardess who sadly died in the Cairo crash. PIA helped to create Singapore Airlines, Emirates and Air Malta. It had the best servicing and overhaul facility in the region. Omar Kureshi coined the slogan 'Great People to Fly With' which still brings a lump in my throat. This slogan remains with us even now that the airline has been brought to its knees by the pillage and rapine that it has been subjected to. But those were the days when we all felt young and vibrant, full of hope. Now we are bent over by the burden of our blood-spattered history, eyes laden, limbs aching. All that remains is the spirit, and a hope.

If your eyes are not watering yet, read on. PIA's gang rape (sadly there is no other phrase for it) started with the first 'elected' government of Zulfikar

– Today PIA is insolvent and its share value is negative. Its net loss on December 31, 2000 was Rs 5,155 million. Its current liabilities exceeded its current assets by Rs 16,755 million.

Ali Bhutto. It was treated like a personal fief by every successor in which to dole out employment at his or her pleasure.

PIA was forced to employ thousands of unemployable political goons. In the absence of a social security system public sector institutions are forced to give dole by another name (jobs) to those with connections or are not fit for employment. This has a knock-on effect. Unions align themselves to political parties and browbeat management into disastrous agreements. Today only the MD and six senior officials are not part of a union or association. It did not take long for PIA to have the worst aircraft to staff ratio in the world.

PIA's credibility is zilch. The public assumes that a cash-strapped airline must have questionable maintenance. This about an airline that has one of the best safety records in the world. PIA's front line, the ground staff, the cabin and cockpit crews are sullen. It has a fleet of rattletraps. Its equipment is outdated. It has lost considerable international market share. Many suppliers refuse to do business with PIA except on cash up-front basis. Why were seven of its aircraft recently grounded for lack of spares when it has between Rs 2 to 3 billion worth

of spares in its inventory? Because they aren't relevant to any of its aircraft and were purchased only to take kickbacks. To say that our public sector institutions are cesspools of corruption would be an understatement. You actually want to reach for the nearest Kalashnikov.

PIA's financial picture looks so hopeless that it seems fit for liquidation, like Pan Am and Philippine Airlines. It wants Rs 20.4 billion from a consortium of public sector banks (most of which are insolvent themselves) and one privatised bank, MCB, to pay bills overdue and retire short-term debt. They agreed to only Rs 4.73 billion (with MCB staying out). If their arms are twisted further their presidents (if they have any sense) might resign for fear of the wrath of the next NAB.

Today PIA is insolvent and its share value is negative. Its net loss on December 31, 2000 was Rs 5,155 million. Its current liabilities exceeded its current assets by Rs 16,755 million. Said its auditor: "These conditions alongwith other matters indicate the existence of a material uncertainty which may cast significant doubt about the Corporation's ability to continue as an on-going concern."

But grounding could create more problems than solutions. A quarter million domestic passengers a month would be left high and dry. Repatriation by foreign airlines would increase by \$20 million monthly and PIA's \$42 million hard currency monthly earnings would be lost. The hostile oil refineries and the incompetent CAA would be the next to go bankrupt. Termination of the lease agreement with Cathay Pacific would mean another \$65 million loss. Three A-310 Airbuses would be seized by banks. The social dislocation created by mass unemployment not only of PIA personnel but the organisations that depend on it would be unimaginable.

How PIA came to this financial predicament that makes its rescue 'Mission Impossible' will be the sad subject of my next article. But there is hope still. Enter Ahmed Saeed and Khurshid Anwar, the aforementioned new MD and COO, heralding the 24th change of senior management in the last decade, would you believe, and the third under this government. That was mid-April. In May PIA incurred a loss of Rs 740 million.

In August it made a profit of Rs 100 million. There is hope yet. It can be done if the jackals stop sniping, the vultures stop circling and the government continues its pragmatic support, guiding PIA gently towards correct financial decisions. We are the people who not only won freedom but created a whole new country too. What would it take to giving rebirth to this great airline? Rediscovering that determination, love and passion to make PIA 'Great People to Fly With' once again. **E-mail queries and comments to: hgauhar@nation.com.pk**