



**INDIAN INSTITUTE OF MANAGEMENT
KOZHIKODE**

V.J. Kurian & the CIAL Saga

*Kurian's Success on Cochin International
Airport Limited*

Dr P. Rameshan
Dr S. Jeyavelu

IIMK Campus P.O., Kozhikode 673 570, Kerala, India

Fax: 0495 2803010, Phone: 0495 2809111/118

Website: www.iimk.ac.in



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*Dr P Rameshan**
*Dr S Jeyavelu***

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- * Professor, Strategic Management, Indian Institute of Management Kozhikode
 - ** Assistant Professor, Organizational Behaviour & Human Resources, Indian Institute of Management Kozhikode

This case has been written as support material for discussions on the managerial issues in focus, under the Million Minds Project of BASF India Limited. It does not intend to highlight either effective or ineffective ways of handling managerial issues related to projects or organizations. The responsibility of all the inferences and statements presented in the case belongs to the authors alone, and none of the personalities referred in the case is responsible for any possible errors or omissions noticed in the case.

FOREWORD

In December 2005 when a representative of BASF India Limited visited IIM Kozhikode to discuss about a possible project on writing a case about Mr. V.J Kurian, Managing Director (MD), Cochin International Airport Limited (CIAL), for his role as the architect of Cochin International Airport, the authors had two doubts. (1) While CIAL had already earned its reputation as the first successful green-field airport in India under public-private partnership and had attracted case study efforts from two different academic institutions, one in India and one abroad, was the role of its MD, Mr. Kurian, so important as to warrant a separate case study? And, (2) what was the interest of a chemical multinational in the MD of a small airport company in India? It transpired, however, during our discussions that BASF had been active in promoting awareness against corruption in India as part of its Corporate Social Responsibility initiatives.

The company had some time earlier launched a "Million Minds Project" to inspire a growing number of young minds to abhor and fight against corruption in the country. The case of Mr. Kurian and CIAL was expected to give BASF India Limited a good support material in its "Million Minds Project" campaign. This was indeed a noble objective. Still, we needed further reason to believe that on the dimension of corruption, of all, Mr. Kurian, the MD of CIAL, was the right target to write a case on, particularly given the fact that Mr. Kurian was a serving IAS Officer. Therefore, while we agreed in principle and on paper to work on the case-writing project, we needed a detailed first round discussion with Mr. Kurian to clinch the decision.

After prolonged extensive discussions with Mr. Kurian, we were more than convinced that the role of Mr. Kurian in the airport project was something extraordinary from the point of view of an IAS officer who worked continuously under the shadow of vested

political interests and we decided to go ahead with the case study.

At the end of our intensive effort of over 8 months in sequencing the one-and-a-half decade of developments at CIAL, that span before and after its opening for commercial operations in 1999, we are convinced that it was doubtful whether anybody else could have completed the project at all, and, even if it was possible, whether anybody else could have matched, even remotely, the cost and time frames that Mr. Kurian had achieved.

BASF India Limited definitely deserves special appreciation for embarking on this part of its "Million Minds Project" and for choosing Mr. V.J Kurian's role in CIAL as a solid support material for its campaigns against corruption and giving IIM, Kozikode the opportunity to do the case study.

IIM Kozhikode
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P Rameshan
S Jeyavelu

INTRODUCTION

This is a story of a Chief Executive, who, despite being a civil servant, first fought against all odds to set up a green-field international airport that was destined to distinguish itself as a rare success story in public-private partnership in India, and then was shown the door as soon as the airport began its commercial operations. This is also a story of a Chief Executive who, after his reunion with the company after a few years, saw the transformation of the company from one of sustained losses to one of sustained profits.

He was full of ideas, often totally novel, and he knew how to implement them through team work and with the confidence of everyone in the organization. The story is one of determination, persistence, leadership, financial discipline and the ability to operationalize ideas and plans under difficult conditions and under the shadow of vested political interests.

The fact that he continued to fight the odds firmly footed on an entrepreneurial approach and absolute honesty renders this case ideal for evaluating scores of contemporary management issues particularly the quality of leadership and managerial value system.

The youngsters of India, who can get easily swayed by the emerging prosperity around, has much to learn from his experiences, especially since he never aspired to be what he ultimately became – a creative visionary with a clear understanding that no political interference that interferes with efficiency and merit could do any good to organizations. The dilemma of circumstances and contexts is faced by every individual trying to achieve something. But, coming out of this dilemma unblemished and victorious is a glory that belongs to just a few. Kurian's stint at CIAL gives hopes to everyone – a single-minded perseverance for the greater good, a creative approach that looks beyond dominant paradigms, and standing up to values that deflect corruption and unethical political interference can ultimately lead to success, often revealing dreams.

Hopefully, the case study of Kurian's stint at CIAL, may incite imaginations and create a better future for the coming generations in India and elsewhere.

The authors wishes to thank all those who shared information and views used in writing the case, including top executives, other employees and the various other stakeholders of CIAL.

V.J Kurian & the CIAL Saga

Kurian's Success on Cochin International Airport Limited

Moment of Joy

2004 August 31 - it was a glorious day for V.J Kurian, the charismatic Managing Director (MD) of Cochin International Airport Limited (CIAL). His persistent belief finally came true - CIAL could make profits and pay dividends. There was a time when hardly a few imagined Cochin International Airport to be ever operational. But, Kurian continued to work hard to make it happen. And now, it is profitable and rewarding - to those who had confidence in the project and in his ability to get it through. So, on that day when he stood in front of the shareholders, Kurian was beaming with pride.

About a year and a half ago when he rejoined the company that owed its origin and fruition more to his sweat than to any other factor, the company was still reeling under substantial losses as in the past years of its operations since 1999-2000. Not that he had fostered an inherently unviable company. The company always had a reasonable operating profit ever since its operations commenced in 1999. The problem was one of a huge interest burden, a legacy of the past when the project had to be funded through substantial borrowings from financial institutions made at very high interest rates.

There had been efforts right from 1999 to retire or restructure the debt through appropriate mechanisms including raising further equity, to bring down the interest burden to a manageable level. Till the beginning of 2003 these efforts did not bear fruit mainly on account of differences between CIAL and the financial institutions on the possible modus operandi of debt restructuring. It was in March 2003 after the re-union of Kurian with CIAL that the financial institutions finally agreed to do the debt restructuring. This progress on the loan front had released a substantial sum from debt servicing that helped CIAL to record immediately an extraordinary income of over Rs.151 million in 2002-03. CIAL had subsequently reported a pre-tax net profit of over Rs.198 million for the

financial year 2002-03. Still, the company was not in a position to declare any dividend for that year for it had considerable accumulated losses.

By 2003-04, however, there occurred further progress. With interest charges now under control and with fast growing revenues, the pre-tax profits soared to Rs.360 million. There was also further expectation that the growth in revenues and profits would be sustained or surpassed in the ensuing financial year as well. This gave Kurian enough confidence and motivation to propose a dividend – although at a modest rate, at 8%. CIAL's Director Board was favourably disposed on declaring a dividend immediately. The subsequent display of shareholder enthusiasm only validated this decision of Kurian and the Board.

CIAL Saga

The need for a good international airport at Cochin had been felt since the 1980s. By 1992 the demand for a new airport at Cochin became stronger and it figured in some of the official discussions in the state. It was in 1992 that the idea of having a funded airport at a new site in Cochin with public participation from NRIs from Kerala, mooted by Kurian, was considered as a serious option. The old airport of Cochin, owned and operated by the Indian Navy, had serious constraints in further growth and development due to geographical and technical reasons. In fact, only a part of the airport earmarked for civilian purposes was under the control of the Airport Authority of India (AAI, erstwhile National Airport Authority of India (NAAI)) that managed the civilian airports and aviation control activities in India. Many had considered, therefore, a new airport at a new site inevitable.

Struggle to Set up

Setting up a new airport was not that easy. Several factors stood in the way. First of all, not all stakeholders were comfortable about shifting the existing airport to a new location. Several individuals and entities had developed

business interests at the existing site and had made huge investments on the expectation that the airport would continue to operate there. There were other interest groups who liked the airport to remain where it was then. Those investors and vested interest groups did their best to ensure that the airport was expanded at the existing location and not shifted to any new location. Second, the AAI, that was by statute the owner and operator of all civil airports in India, was unable to commit the huge resources required for setting up a new airport, presumably requiring state of the art facilities to support the highly prospective international operations anticipated in the new airport, based on various developmental projections involving Cochin and Kerala. Third, although a new airport was felt inevitable, given the helplessness of AAI on the resource front, no one knew how to finance it. Even the state government that in principle agreed with a new airport was not certain whether such a move would be feasible from various points of view or whether it would be within its abilities to make it a reality.

Fourth, despite being a small state in size, Kerala already had three airports including the one at Cochin out of which two handled international traffic and an undue expansion of or patronage to any one of these airports would have both affected the others and invited competitive efforts from them. Hence, to Trivandrum airport in particular, a new airport at Cochin could have been detrimental to future growth and hence it would have liked to thwart or slow down the emergence of the new airport. Fifth, till the idea of CIAL was mooted, there was no experience of a privately funded airport in India or of a state government becoming a major investor in an airport in which the private equity played a substantial role. Therefore, it was not clear how a potential private involvement in an airport would look like and a public-private co-ownership would work out.

Nonetheless, the efforts reached the stage of identifying possible locations for a new airport. Alternative sites were proposed by Kurian, who was then the District Collector of Ernakulam. Finally the current location of CIAL at

Nedumbasserry was selected with due concurrence from the Ministry of Civil Aviation and other agencies. Kurian was then made the Special Officer of the airport project. A society under the name 'Kochi International Airport Society' was formed in July 1993 with the Chief Minister (CM) of Kerala, K Karunakaran, as the Chairman and Kurian as the Managing Director (MD). For funds, initial effort was to raise non-interest bearing public deposits for a period of 6 years. With half of the proceeds to be invested in Kisan Vikas Patra (KVP) that matures and doubles in 5½ years, half of the proceeds would have been available for funding the construction. The half invested in KVP at the end of 5½ years would have yielded enough money to repay the public deposits. Further, 75% of the deposits in KVP could have come back as loans from the Central government through the state government. The plan did not, however, work because the deposits mobilized amounted just to Rs.40 millions while the total estimated fund requirement was over Rs.2000 millions for the completion of the airport work. Thus, a new idea of funding was required. At this point Kurian also was convinced that a public limited company might help. Such a company would have enabled raising large equity from public investors as well as from the government and public institutions, while it would also have given a base for debt leveraging through institutional lenders. As a result, on March 30, 1994, the Cochin International Airport Limited (CIAL) was formed with an equity capital of Rs.900 million with KIAS as the promoter. Again, CM, K Karunakaran, was the Chairman and Kurian was the MD. Exhibit 1 gives an idea of the equity structure of CIAL.

The work towards setting up the airport began in 1994 when the foundation stone was laid on August 21. The airport of the planned size required an area of over 1300 acres. Land acquisition was a major bottleneck since over 800 families had to be evicted from the chosen site, besides relocating 5 temples and churches. There were plenty of agitations, some of them nearly violent. The progress of acquisition was too slow given that it was mired in agitations, litigation and political interferences. At one point of time the work was

progressing from one area of land acquired to another being just acquired, implying that the work would be held up if by chance the next acquisition did not come through. The local people and their representatives continued to make fresh demands imposing constraints on the work of the airport. Disruptions were possible any time. It was often the shrewd approach of Kurian that helped CIAL overcome such difficulties.

There were delays in completion of the project. Phase I was supposed to have been completed in 1997 while it took 2 years more. Phase II planned for completion in 2001 would go beyond that by a similar margin. Both local distractions and financial factors contributed to the delay. There had been cost overruns. The frequent government and political changes also had their shadow over the work on the airport. Despite all these, the airport was ready for commercial operation in May 1999.

Services Become Operational

Then President of India K.R. Narayanan inaugurated the airport on May 25, 1999. It was the first public limited airport in India and to be constructed on Build Own Operate (BOO) terms. Only the first phase had been completed by then. At the time of inauguration, the cargo complex was not yet ready. The second phase construction activities were yet to begin. Although part of the runway was originally marked for Phase II, the full runway had been constructed in the first phase itself. Since the Instrument Landing System was not yet installed, bad-weather landing was still not possible.

The airport started off with problems - some external and some inherent. Cutting of trees for the flight path clearance had created fresh demands related to land acquisition, this time for acquiring the affected land. The accumulated debt of over Rs.2100 million was of serious concern from the interest burden and operational viability points of view. The airport was not yet declared international. Although the airport had good parking facilities and various necessary amenities, the access from the national highway was still poor with a narrow

road and railway crossing lying in between and with the new wide road with a railway over-bridge remaining under construction.

At the time of inauguration or soon after, CIAL had made arrangements for Air Traffic Control with AAI, ground handling with Air India (AI), fuel hydrant system facilities with Bharat Petroleum Corporation Limited (BPCL), cargo operations with Air India, Duty Free Shops with Alpha Retail of UK and customs and immigration facilities with concerned central government agencies. Cargo operations were subsequently taken over from AI by CIAL in December 2000 since the AI operations had significant deficiencies, which led to poor progress on the cargo front.

The first aircraft landed in the airport June 10, 1999. This was from AI and it was an international flight servicing passengers to the middle-east although the airport was not yet designated an international one. The first domestic aircraft landed on July 1, 1999. Foreign aircrafts started landing in 2001 with the first such aircraft being the Oman Air on August 25. Since then, many foreign airlines have been servicing to the CIAL airport. Exhibit 2 lists the foreign airlines currently servicing to the airport.

Soon after the airport was inaugurated, Kurian was moved out of CIAL. As per his appointment, his second term of four years was till early 2002. Subsequently, a new MD took over charge. The airport began its first year of operations with an operating profit and a substantial net loss. The huge debt burden and the associated interest obligations were the culprit for the losses. See Exhibit 3 for an idea about the debt burden of CIAL at that point of time. Although the company experienced growth in its revenue and operating profits in subsequent years, losses continued till 2001-02 and were threatening to recur in 2002-03. Exhibit 4, which presents the financial results of CIAL during 1999-2000-2002-03, confirms this. It is against this backdrop that in early February 2003 Kurian returned as MD.

Exit & Comeback

The departure of Kurian from CIAL in 1999 was unexpected although there was nothing very unusual in India about bureaucrats getting transfers especially when they discharge their official responsibilities with their *own* conviction that displeases their political masters and vested interests. Several observers felt that a major reason for his departure was his differences of opinion with the then electricity minister who was a CIAL Board member and local MLA (Member of (State) Legislative Assembly), on multiple issues including on contracting out the cleaning work of CIAL and on telephone allotments. This was true in the case of recruitments too. The leaders had their own plans which did not precisely match with Kurian's. While Kurian preferred a more transparent approach in which everyone had a fairer opportunity, the transparent approach would have jeopardized the interests of certain 'preferred individuals'. In each occasion, Kurian went ahead with his plans and ensured that the process of allocation or selection was reasonably insulated from possible interferences from any sources.

His main plank in sticking to his own plans was his belief that when opportunities at the airport were made available to the local population, the opportunities should go first, subject to necessary conditions of merit in skilled categories, to those who made sacrifices for the establishment of the airport by forgoing their home and properties in the lands acquired for the airport. He also wanted to mitigate the agony of the evictees in having to relocate themselves to unfamiliar localities. This he thought he could do by opening the job and contract opportunities of the airport to them on preferential basis.

Besides, he was aware that many of those who appeared in the preferred list of the local leaders were in the forefront in opposing the establishment of the airport and its acquisition and construction activities. In fact, some of them had also contributed their bit to the delays in the work of the airport through their unfriendly gestures. Truly, it was agonizing for

Kurian to be instrumental in rewarding those some of who could have easily scuttled the chances of CIAL ever coming up there, except for the determination of persons like Kurian.

To cut the long story short, he consistently refused to allow the interference of the leaders in allotment of contract work and in recruitment. And, for those who nurtured plans of interference in the operations of CIAL, Kurian was an inconvenience. Thus, he was transferred to the Roads and Bridges Corporation, which he continued to manage even after his return to CIAL in 2003. A remarkable facet of Kurian's personality was revealed when he was transferred in 1999. Despite his strong sense of ownership of CIAL, he hardly showed any resentment on his transfer. This was despite the fact that he received the first news of his transfer from TV channels.

When Kurian was appointed the chief executive of CIAL first, the state was ruled by the United Democratic Front (UDF) under the leadership of K Karunakaran from the Congress Party. He was transferred from CIAL in 1999 when the state was under the rule of Left Democratic Front (LDF), with E.K Nayanar as the CM. By then, he had already worked with the LDF government for about 3½ years (between May 1996 and December 1999). Later after the government control again shifted to the UDF (May 2001), CM A.K Antony persuaded Kurian to reunite with CIAL as MD. It was in February 2003 that he finally rejoined. It is said that the simple fact that Kurian and the CIAL project never got mired in any corruption charges despite the large size of the investment impressed not only the UDF leaders, but even the LDF leaders. Analysts had also noted that it was a remarkable achievement of Kurian to get the airport ready for operations in less than Rs.3000 million when other new airports have been looking for funds in excess of 10000 million. All these contributed to Kurian's recall. Above everything else, the airport was still running in losses. Given Kurian's proven capabilities, there was a feeling that Kurian would be ideal for quickly putting the airport on the road of profitability. Eventually, Kurian returned to CIAL in February 2003.

Subsequent developments demonstrated how justified Kurian's admirers were in seeing him back in CIAL.

Profitable Phase

Efforts were in progress throughout the period since 1999 to restructure or retire the company's debt. Soon after Kurian's return as MD in 2003, the company was successful in retiring or restructuring major chunks of its debt with HUDCO. In 2002-03 the company reported net pre-tax profits. This year the Profit After Tax (PAT) was Rs.125.5 million. Several factors contributed to this result. During 2002-03, there was a rise in revenues by 35-40%. Interest and financial charges registered falls by about 50%. The costly HUDCO debt came down by about 65%. In its place, the quantum of cheaper debt increased, with debt from the Federal Bank showing an increase of about 140%.

The scheme of settlement with HUDCO, approved by the Board of Directors on February 18, 2003, was signed on March 7, 2003, just a month after Kurian returned to CIAL. According to the scheme, HUDCO waived the penal measures for default of repayment and reduced the interest charges for the period April 1, 2000, to December 31, 2002. Interest rate came down from 17% to 12%. This generated Rs.151.4 million of extraordinary income in 2002-03 that largely contributed to the net profit in that year. HUDCO later also agreed to convert its Rs.520 million worth of loan into equity. It further brought down the interest rate on CIAL loans to 11% with effect from January 1, 2003. The efforts to substitute costlier loans with cheaper loans brought down interest charges further continued in 2003-04. 2003-04 showed further growth in revenues and operating profits. With interest charges under full control, post-tax profit jumped up further, encouraging the company to declare a dividend of 8% in 2003-04. The result for 2004-05 was even better giving CIAL the confidence to raise dividends to 10%. In fact, in 2004-05 the revenues crossed the one-billion mark. The company had now additional sources of revenues and profit such as a

growing Duty Free Shop activity. See Exhibit 5 for details of the results.

2005-06 was considered to be a better year than its previous one, thus giving expectations of a higher dividend. This gave enough optimism for the year 2006-07. CIAL was making plans for 2006-07 and subsequent years. Kurian was euphoric, with justification though, about the future of CIAL given its plans. But, the government was again set to change, with LDF expected to sweep the elections in May 2006. With an uncertain policy of the new government of LDF that during its last tenure shifted Kurian out of his CIAL job, Kurian himself was uncertain whether to wait for any inevitable or look for his long-pending central government assignment. However, being true to his self, Kurian is likely to exercise his option before the 'external factors' determine his course.

In the mean time, 2005-06 financial performance data are trickling in. CIAL is estimated to earn a net profit of about Rs.300 million during 2005-06. This was despite the stoppage of the user fee collection during the year, based on considerations of competition. For the year, the company is likely to declare a dividend, possibly near 10%, to the shareholders.

Kurian's Hurdles

The CIAL project had faced several hurdles from the day the international airport was conceptualized for Cochin. Since Kurian conceived the idea and came to the forefront in implementing it, the brunt of the opposition and difficulties was by and large on him. To understand the contribution of Kurian in the success of the airport project, it is necessary to take a deeper look at this aspect.

Lack of Ownership till Kurian

People of Cochin had been demanding an international airport at Cochin to alleviate the problems faced at Mumbai airport. For a long time, however, the state and central governments

could not do anything tangible about it. Discussions between the state and central governments, AAI, Navy and various stakeholders went on for quite a while and there was end in sight. Things started moving only when Kurian became involved as the collector of Ernakulam district. Kurian single handedly conceptualized and implemented the new airport with opposition and cynicism from almost every side.

Pessimistic View of Bureaucrats

The then Secretary Transport, was so pessimistic about the possibility of CIAL coming up particularly with private funding that he suggested that the proposed name of the society CIAS (Cochin International Airport Society) should be changed to Kochi International Airport Society so that its abbreviation would be KIAS and it would stand for 'Kurian IAS' as a standing monument of Kurian's 'stupidity'.

Financial Viability & Business Model

The Cochin airport project was riddled with funding problems from day one. Even though the demand for an international airport at Cochin was there from 1980s itself, it did not materialize due to, among other things, funding issues. AAI declined to initiate a new project citing lack of funds and priority in modernizing existing international airports. The ministry of civil aviation was unable to give due consideration and the then minister of civil aviation told Kurian in a stakeholder meeting that the ministry and AAI would give all clearances if the state government could arrange for the funds.

When initial estimates were done, the project cost came to anywhere between Rs.8000 million to Rs.15000 million. Kurian approached KITCO to develop the project report and only when they submitted the report giving an estimate of Rs.2000 million that Kurian could see some hope for the completion of the project. Kurian began to put all efforts with a clear feeling that an airport was possible with the projected figures. At one point of time, there was a strong apprehension whether CIAL would get international status since Trivandrum

was already an international airport in Kerala, and at that time India had only 4 metro international airports other than Trivandrum. But, Kurian firmly held to his plans.

After CIAL became operational the future was again a question mark. Some believe that the new MD during 1999-2003 had not taken any initiative or creative move for a dramatic improvement in performance. Others believe that the heavy interest burden due to the high-cost debt was causing huge net losses during that period. Infrastructure projects tended to cause losses at the initial stages (due to high costs, debt servicing and pricing factors), but eventually they turn profitable over time. Hence, according to them, CIAL also would have been successful over time without reference to any particular MD. However, it is a fact that CIAL's first net profits emerged only after his return, when Kurian's drastic steps to reduce the interest burden gave immediate fruit. Probably, the turn around was possible, in the first place, because Kurian had been successful in completing the project at a low cost.

Land Acquisition & Related Problems

Land acquisition was a complex process. CIAL had offered an acquisition rate, which was Rs.3500 per cent (a hundredth of an acre) for dry land and Rs.500 per cent for wet land. When owners refused to accept this and began agitations, negotiations were held. The final, settled price was Rs.12000 for dry land and Rs.3000 for the lands at the lowest level. Still, some owners did not accept this negotiated rate and went for a legal option. Those who accepted the negotiation route were also given 6 cents of land free of cost at the rehabilitation site. Some complained even the negotiation rate as inadequate due to the time lapse between striking the deal and receiving payments, given the rise in the land prices at the destinations that the owners chose for house-shifting. More than 800 families were evicted. The airport tried to accommodate the evictees in the jobs, direct and indirect, available at the airport (both during the implementation of the project and later). However, every evictee did not get job benefits. About 75% of

them got job benefits directly or indirectly. Those who did not get had educational and other deficiencies.

There were about 3825 land holdings to be acquired for the airport at the beginning. Of these, about 957 approached courts for a better settlement package. The courts had already disposed off 70% of the cases. Lower courts had granted a 96% enhancement in the compensation rates. On the appeal given by Kurian, the High Court (HC) slashed the hike from 96% to 45% of the acquisition rate. (It is said however that the winners of these cases are actually losers since they have got this 45% raise after the lapse of a number of years while the CIAL had already given better negotiation rates to those who opted to negotiate with CIAL instead of going for litigation). The 45% was immediately deposited in the court (at Kurian's wisdom). When High Court ruled a 45% hike, land owners approached the Supreme Court (SC). The initial depositing of 45% in the court saved CIAL from paying interest on that hike and also helped to defeat the evictees' efforts at further litigation. Appeal in the HC against the 45% raise by the lower courts was to ensure that the opponents do not get a better deal than the early negotiators and supporters of the project who had willingly cooperated with the airport project. Finally, CIAL won all the cases in the SC.

Opposition from Vested Interests

The CIAL project had opposition from vested interests right from conception and that hindered the progress at every stage. Many people associated with CIAL in the initial stages feel that there was opposition from Mumbai airport personnel. There was a fear that they would lose the revenue from large number of Keralites who were forced to use the Mumbai airport for lack of alternative choices. The new airport also faced opposition from the owners of hotels which were located close to the old airport and were catering mainly to the airport traffic there. The taxi operators at the old airport were dependant on the airport and opposed the new airport. Hotel owners and taxi operators along with others who had a stake in the continuity of the navy airport's commercial operations

conducted dharnas (peaceful agitation), and took out processions against the new airport. They even formed an association to fight for the continuing operation of old airport.

Political Interference

From the initial days onwards, Kurian was determined not to entertain any kind of interference from politicians. He had the total support of the then CM K Karunakaran and A.K Antony. He had to face a lot of interferences from people trying to influence the decisions in their favor. He put his best efforts to ensure that the CIAL activities are free from undue influences. As he puts, "Whenever anybody tries to interfere with the decisions, I usually explain the issues and convince them about the inevitability of doing the best for the airport. So far it has worked." There are many who believe that he was not favoured by a few politicians who wanted to influence the decision making in favor of their party supporters. He narrates a few incidents where he had to face up to political influence.

On one occasion, "The local MLA who later became the state electricity minister [let us call him the 'local leader'] gave me a list of candidates for recruitment. I agreed to consider the list, but only after the tests [which CIAL was planning for selection]. Even a candidate appearing in the local leader's list needed to clear the test if he is to be considered. If a candidate failed [in the test], the candidate was made to sign the declaration that he had failed. This declaration was shown to the CM [Chairman of the CIAL Board] and those candidates were never given appointments even if they were from the local leader's list. The local leader might have been unhappy about these developments. My purpose was to get only best and right people for filling the positions as this would only ensure the realization of CIAL goals of efficiency and excellence." In contrast, it is alleged that the MD who took over after Kurian's departure in 1999 had appointed several people from within and outside the evictee list, sometimes even without proper selection test, on the recommendation of the same leader.

On another occasion, "The local leader gave me a list of people for allotment of telephone booths at the CIAL premises. For 5 booths to be allotted there were 32 applicants. I proposed a public lottery method to identify the 5 allottees. The local leader gave me 5 names. But I objected and insisted on the public lottery method. In the public lottery that followed, only one from the local leader's list got selected. So the local leader was really disappointed."

"The main issue was yet another one. The cleaning work of CIAL was being entrusted to local people. There were about 80-100 people required for cleaning work and this work was being given on contract basis. The local leader wanted the workers to be appointed directly; but I insisted on the contract mode. So the local leader was very upset and angry." Further, "The CIAL decision was that taxi permits in CIAL will be given only to those who lost houses during evictions. But during my foreign trip in June 1999, the local leader used his influences to take many others. Of the 284 given taxi permits, only 65 had their houses lost during the acquisitions. This disappointed me. So I questioned the officers why they did it. The local leader came to know about this and he was angry further."

There are two differing views on the way he was removed from CIAL in 1999 soon after its commencing operations. One view among the stakeholders is that he was removed because he didn't bend to the interventions of politicians and specifically one minister who wanted to give favours to his party men in jobs at the airport. Another view among people associated with the airport is that Kurian was getting more media attention than politicians. Politicians did not like him taking the lime light and wanted the credit for the new airport to be spread to the political parties and politicians involved.

Kurian believes that even though politicians understand the implications of their interventions, many times they are constrained by the expectations of party workers. They expect something for their support, and the politicians would lose favour if he does not give some goodies. He remembers that

even the CM in whose time he was shifted in 1999 out of CIAL was appreciative of his efforts; but when it came to supporting his party leader (local MLA and minister), that was his priority. Personally he does not hold anybody responsible for his sudden transfer and he still believes that he had a cordial relationship with everyone associated with the airport project. However, recalling the events Kurian says, "It was painful to see on TV that I was transferred, but it's the way things are. I am a government servant and I would go wherever the government posts me".

Milestones of Success

The first major milestone in the history of the CIAL project was the active interest of the CM, K Karunakaran since 1993. In due consideration of Kurian's confidence and pleas, Karunakaran wanted to explore setting up the airport in all possible ways. Quite understandably, Karunakaran appointed Kurian as the Special Officer of the airport project. When funding looked to have reached a hopeless situation, the idea of incorporation as a company so as to get access to public equity funds stuck, thus, salvaging the project. Notwithstanding the initial despair at the high initial estimated project cost, the KITCO efforts gave a hope of completing the project. The project could finally be completed very cost effectively because Kurian shunned the traditional turn-key approach and split the work into small components. These components could be taken up and completed by smaller contractors much faster and at much lower budgets. When the airport started its operations, the international status also came without too much of difficulty.

While CIAL had its operating profits since the first year of operations, positive net profits emerged with Kurian's return to CIAL in 2002-03. The first dividend the company declared for 2003-04, and the profitability of operations is expected to improve. New facilities like cargo complex are in place. The company has plans for developing shopping centres and hotels within its premises to ensure growing income from other sources. CIAL has a quick decision making and

Implementation process, thanks to its smaller organizational size and its team approach. The company was preparing for its first rights issue after it was proposed to the AGM on April 8, 2006. CIAL is currently the fourth largest airport in India on international traffic. Kurian never expected CIAL to grow to this size so fast. The company has a very healthy labour relations scenario, owing largely to the enlightened approach of Kurian. As a result, employee union considers its existence mainly for bargaining strength and not for obstructing the airport work. Unions are also keen to resolve problems through negotiations rather than through agitations. Yet, there are a few within the employees who tend to believe that the former MD (1999-2003) should also get a share of the credit he had offered a few benefits to make the staff happy.

Political Changes in the State

During over a decade of its existence since 1994 as a public limited company, CIAL was influenced strongly by the percurrent of political forces in Kerala. In fact, CIAL had witnessed multiple changes in the political regime in Kerala and had been a target of actions associated with those changes. When the company was formed in 1994, the state was ruled by the United Democratic Front (UDF) under Chief Minister K. Karunakaran. Subsequently, under the same coalition, the Chief Minister changed and A.K. Antony became the Chief Minister. Later in 1996 the UDF lost power and the Left Democratic Front (LDF) formed the government, with the Chief Minister being E.K. Nayanar. In 2001, UDF returned to power and A.K. Antony became Chief Minister again. There was another change in the Chief Minister incumbent under the UDF dispensation, with A.K. Antony being replaced with P. V. Chenna Reddy Chandy. Once again, as is now customary in Kerala in recent decades, in the next election in May 2006 the incumbent dispensation is likely to be replaced, and the LDF is expected to return to power. V.S. Achuthanathan is tipped to become the Chief Minister.

In responding to those political regime changes, there were changes for CIAL too. With CIAL being a company formed in

the joint sector with the state government as one of the major investors, the state Chief Minister was designated to be the Chairman of the Board of Directors of the company. With CIAL in the business of operating an important infrastructure service particularly from the point of view of the state, the state governments wanted to be in management control of the company. So, even when there were discussions and moves about bringing down the equity share of the state government from 51% to 26%, the government was particular with retaining its management control in the company. Given this, the Chief Minister being replaced as Chairman was hardly in the agenda of the company. The company might also have thought this as practically difficult or undesirable given the mileage and support it gets from having the Chief Minister at its helm. Under these circumstances, the Chairman of the company changed every time the Chief Minister of the state changed. This happened quite often given that there emerged five Chief Ministers in a span of 12 years during 1994-2006 (with average tenure of a Chief Minister incumbent and therefore of the CIAL Chairman being 2 years).

Associated with the changes in the political regime were changes in the approach of the ruling dispensations to the policies of the company. In the first place, with changes in the government and Chairman, there were also changes in the Director Board. The state government has been entitled to nominate three Directors in addition to the Chairman himself. Generally the new Directors nominated would be political personalities having important roles in the state government – by and large members of the state Cabinet. These Directors also represented diverse local interests, though broadly aligned to the policies of the political regime they represented. Therefore, they significantly influenced the policies and future orientation of the company from time to time.

At one point of time, the government was particular about holding a majority stake in the company. Since the financial constraints of the state government prevented it from contributing its full equity according to its stated desire, the company had difficulties in finding needed financial

resources. Despite repeated efforts from the company and stated willingness of the government to provide further equity as per its obligation, the government was unable to do it. Besides, when the company decided to make a rights issue to raise further equity from its shareholders, in spite of postponements and intensive efforts, the rights issue could not get through because other shareholders were unwilling to make further contribution till the state government fulfilled its commitment. Moreover, the rights issue would have put further burden on the state government when it was not able to meet its initial commitments. It is considering all such issues that the UDF government reduced, when it came back to power in 2001, the government equity stake in the company bringing it down from 51% to 26%. This was not liked by the LDF, during whose tenure the government had hiked its equity holding in CIAL to 51% and which had been insistent on a 51% stake of the state government for effective management control of such an important and prestigious infrastructure venture.

With changes at the state level, political aspirations at the regional and local levels also shifted from side to side between the two major groupings, UDF and LDF. So, political activists had different expectations from and level of influences on the company's operations and policies. This was destined to place further constraints on the company from time to time.

Business and Operational Climate

The business and operational climate in the state has been a subject of great debates and speculations for a considerable time now. No matter where the reality lies, CIAL has been greatly affected by the climatic conditions right from the moment the company was formed. The factors relevant in this context include public attitude, labour issues, political pressures and undue social obligations. On the land acquisition front the company faced innumerable difficulties when the land owners and their supporters opposed the land acquisition and placed disproportionate demands of compensation. The company was willing to make negotiated settlements; still,

many owners chose to take legal recourse and the company is still fighting several cases in the court. A basic underlying attribute was greed as some of the lands being acquired could not have fetched in the market the price the company was willing to pay at that time. Cynicism and skepticism among the public officials, politicians and the general public about a new venture coming up often cause public apathy and a negative approach towards it as CIAL had also experienced. Local people look towards the venture for jobs and livelihood while it is often not possible for a new enterprise to absorb everyone displaced, from both commercial and practical points of view.

CIAL had struggled to address such issues throughout its existence especially because of the intermixing of political factors with those issues. CIAL was made to pay substantial compensation to those whose lands were acquired even as it had to rehabilitate many of them at considerable cost. It also had to find direct or indirect jobs for many of them within its premises while also meeting other social demands placed on it such as supporting certain categories of working class displaced from the old airport of Cochin. Because of the peculiar infrastructural situation around the locale of CIAL, the company had further to spend its precious resources on providing vast stretches of roads, bridges and other infrastructural support facilities. Despite all these, at times the company had to lose control over its acquired lands due to political interference and local activism by vested interests.

In the Indian society today, corruption is a pervasive force. In activities controlled by or involving various governments and their agencies, there are practically few occasions when there is no charge of corruption. Higher the investments involved, greater is the scope for siphoning off. Every one involved in implementing projects, from bottom to top with negligible exceptions, generally claims his cuts and commissions. Hence, often the budgeted amounts for a project investment may be much larger than the actual capital requirement for its success. Despite Kerala enjoying several distinctions in the country, on corruption front Kerala can seldom make a claim of

difference. So, the story of the CIAL project could have been similar to all other public sector projects given its strong government connections and the involvement of public servants and politicians. It goes to its credit, however, that the project was completed with a very reasonable level of capital investment, as compared to the budget estimates of many of the more recent airport projects, and without any charges of corruption. This shows the quality of the leadership CIAL had enjoyed.

Even after service operations began, there were attempts by vested interests to prevent the domestic operations from being shifted from the old airport to CIAL. Political interference also was evident in its recruitment and contracting out activities. As general opinion goes, the political factors had played their significant role in the changes at top management level too. Some even claim possibility of a labour unrest at one point of time for better service conditions.

Thus, the company was subject to the same type of maladies that business enterprises in Kerala have admittedly faced for decades, although by a relatively lower scale because of its high-profile nature and the presence of private investors and the Chief Minister as Chairman. CIAL, therefore, needed a strong leadership and a good strategy to be successful both at the project implementation and the service operational stages. Here is where the presence of V.J Kurian became crucial.

Kurian's Efforts

The story of CIAL is intimately connected to Kurian's professional life since 1992. In that year the issue of a new airport at Cochin first emerged as a serious one. During that time Kurian was the collector of Ernakulam district, of which Cochin is a part. As part of the efforts to find a solution to the new airport demand, the central Civil Aviation Ministry had called a meeting at Delhi in 1992 and Kurian represented the state government in the meeting despite being a much junior officer in the government hierarchy. Subsequently, when he was entrusted with the responsibility of identifying land for

the airport, he identified multiple sites out of which Nedumbasserry was eventually selected for the airport.

Later, despite the state government enthusiasm for the airport and willingness to explore possibilities of raising funds, the government could not suggest sources of funding and the proposal was under the threat of shelving. As district collector Kurian was forced to acknowledge the helplessness. Still, he was concerned at the prospect of the airport idea getting dropped as he had already developed an emotional attachment with it. Finally, it was Kurian's experience of funding a park in Alleppey through public participation along with the government support when he was the district collector there that prompted Kurian to propose, in 1993, funding the airport project with participation of the private investors and the public at large. True that the initial efforts to raise adequate funds through non-interest bearing public deposits did not bear fruit; but, again, it was Kurian who was mainly instrumental in exploring the possibility of funding the new airport project through private-public partnership - part-public equity and part-state government backing.

In the process of making such funding proposals, Kurian sometimes had to face the ignominy of getting rebuked by seniors and ridiculed by skeptics some of who thought the new airport at Cochin cannot come up particularly through a public-private partnership. There were instances when the abbreviation of KIAS, standing for the Kochi International Airport Society, was supposed to stand for Kurian IAS as a standing testimony of his unfulfilled airport efforts bordering a blunder. Finally, when the state government had the courage to explore the airport project through public participation, Kurian was chosen to organize the efforts as special officer, but without any material or personnel support. There were difficulties at one point of time even in drawing his salary as he was no longer part of the district administration of Ernakulam while the airport project had no budgetary allocation. It was at this juncture that the then CM intervened and gave him additional responsibility of the State

Warehousing Corporation so that he could draw his salary from there and draw some support for his airport efforts too.

Financial Skills

Raising funds for CIAL was by no means an easy task. Kurian had to organize road-shows and other promotional activities to encourage potential investors to support the airport cause - first under KIAS and later through CIAL equity. He received strong support from the local media on his efforts. Visits were made to countries in the middle-east where there was concentration of expatriate Keralites to persuade them to join the airport project. While there were enough positive private responses to fill over a fourth of the Rs.900 million authorized equity (with the state government being the largest owner), the total paid-up equity contributed just a third of the expected project cost (over Rs.2000 million; actual as at the end of December 2000 was over Rs.2800 million). Kurian used a variety of sources to raise the remaining funds - including the financial institutions and banks like HUDCO, and equity or deposit participation by those agencies that later became service providers at CIAL - AI, BPCL, Alpha Retail etc (Exhibit 6 gives details).

Kurian's abilities as a shrewd financial manager come to limelight when we consider the total cost of the CIAL project. As mentioned, the total cost was well below Rs.3000 million. There was a time when the project was estimated to cost over Rs.10000 million. In fact, a foreign bidder had earlier quoted over Rs.5000 million for the construction work alone. CIAL would not have been able to foot such a huge construction cost. To reduce cost, Kurian split the construction work into smaller components and assigned to smaller contractors, who worked under cost constraints and thin profit margins.

Land in Kerala is a relatively precious resource and at most of the places, including around Cochin, land prices are substantially high. The location selected for the airport was a highly populated one. In addition, Kerala is known for its higher labour cost and losses of working days due to labour

unrest or political disturbances. The CIAL project had also experienced time overruns of up to 2 years in completing its various components. Despite all these, the CIAL project was completed in less than Rs.3000 million. In contrast, some of the airport projects proposed for other sites in India have projected expenditures amounting to as much as over Rs.20,000 million, whether for new construction or renovation. Thus, there is no exaggeration in saying that CIAL project would have cost much more except for the prudential approach of Kurian. Kurian's sense of financial discipline is well illustrated when an airline executive who was associated with CIAL since its early days describes him as a 'stingy' chief executive.

Role of Kurian

Kurian is a crucial factor in the existence of CIAL. He conceptualized and executed the project. It could well be said that without him the project would have never taken shape nor implemented. Kurian was Kerala State Warehousing Corporation MD with additional charge of developing CIAL when the initial activities of CIAL started. The role of Kurian really emerged when AAI expressed its inability to build the airport on fund problems. According to one senior executive of CIAL, none else other than Kurian would have been able to implement the ideal of private partnership or private funding for a public project such as airport. Since 1980 the Cochin airport demand was there, but no one had tried what Kurian has done. Even after the airport was inaugurated, whatever initiatives needed for its success was taken since his return in 2003.

Kurian somehow wanted to construct the airport. He always tries to quicken the implementation of contracts rather than holding them up, whenever there was any problem with the contractor, he tried to help out the contractor in overcoming his difficulties. The negotiations with HUDCO for debt restructuring or interest rate reduction was in progress for some years before it came to fruition in March 2003 after the return of VJK. While it is not a sudden development, the final

deal only he could clinch and this contributed to subsequent profits and the heightened enthusiasm of the company. During his second stint too, Kurian continued to float innovative ideas for the future success of CIAL. These included expansion, commercializing CIAL's spare land resources, establishing maintenance hangars, starting a new airline and others.

Kurian the Rebel

Kurian is endowed with a rebellious trait that enabled him to persist with even ideas that may be unconventional and unpalatable to his peers. There was a time when probably only Kurian believed CIAL could come up as a public-private partnership venture, that too so successfully. He never gave up despite tremendous obstacles. When his operational actions came under the cloud of vested political interests, he stood his ground firmly. In the process he revolted against the widely accepted dictates of the politicians. Indeed, he had to pay a price – he refused to concede the demands on appointment of cleaning workers, on allotment of telephone booths, etc and a transfer soon awaited him. However, his fighting skills received grinning acceptance and even the interfering local MLA and former minister has of late reconciled with Kurian's return to CIAL despite being responsible for his departure from CIAL in 1999.

His executives have all praise for him. Some call him a fighter. Many find he has no fear.

There are narratives about his lack of fear. Once the local evictees were waiting to mob him; but still he rode through them. On another occasion, the loaders tried to stake claim on a consignment to CIAL without the CIAL management permitting their involvement. It was a highly charged up atmosphere. However, as eyewitnesses recount, Kurian jumped physically into their midst and challenged them to touch it.

In his own personal life, he has defied conventional wisdom when he felt he would be wiser in doing so. For instance, when every farmer in his native locality persisted with their

established crop, that was considered a cash cow, Kurian turned unconventional and planted banana plantains (about 20000 of them) in his huge agricultural property. He hardly received any appreciation then. However, later, when he proved himself a success in his unconventional farming, many other farmers followed his example and shifted to plantain crop.

Still, Kurian's rebellious style is not free from criticisms. As one view goes, he does things for others as if he gives it to them out of his own preference. For instance, he fights with the evictee jobseekers suggesting he won't be able to give them jobs, before actually selecting them for jobs. While some consider this as part of his effort to glorify himself it is more plausible that he dislikes giving hopes to anybody when he is not sure whether he would be able to fulfill it. Sometimes he is considered adamant too – e.g., on the issue of providing transport to staff in the night shift. For Kurian, however, there is no compromise on what he is convinced he is right and the other is not. Further, Kurian was keen on every employee owning a vehicle with the CIAL support of loan and interest subsidy than being dependent on CIAL transport. He also wanted to put the onus of reaching for work in time on the employees themselves rather than on the CIAL transport.

Kurian the Risk Lover

Kurian never hesitates to take risks when he has a conviction (which he has, as a matter of fact, on everything he does). Once, when the position of the Manager of commercial services became vacant, Kurian made his Manager (Fire) the in-charge of commercial services despite objections from many quarters including the powerful supplier to CIAL Duty Free Shops (DFS). His gamble, however, paid off and the performance of commercial services particularly DFS dramatically improved. Kurian has a knack of knowing people and identifying the potentials in them.

The CIAL task has been so tough that Kurian is not sure if the same task comes up again, whether he will take it up. Still,

many of those who are familiar with him are sure he will be ready again for a similar task (say, another new green-field airport project) if he is given that task. Kurian never gets tired, they quip. It is also argued that if Kurian has to deal with the obstructionists of CIAL (evictees, land owners, councilors etc) once again, he would use the same strategy as he used earlier while making CIAL. Because they know what Kurian believes: the attitude needed for the success of CIAL was that if a large number of 'rights' can be ensured, occasional wrongs or failures should be OK. He does not fear the wrongs and failures of a larger cause.

Kurian's admirers say Kurian had the courage of conviction when he strove to make CIAL a reality. As they know, he takes up challenges knowing the risk fully. So, for Kurian, risk is a choice by design, not by default.

Kurian the Strategist

The strategist in Kurian came to the fore on innumerable occasions in the process of his work on the CIAL project. His strategies encompassed CIAL's funding, operations and growth. During his initial efforts to raise funds for CIAL through private deposits, he was inspired by his own efforts to develop a park in Alleppey through such funding, when he was District Collector there. In CIAL the private deposits were to be returned interest free after 5½ years. So, half of the investment was put in Kisan Vikas Patra and half was to be used for the CIAL work. However, the amount raised through this route was miniscule. So, this strategy did not work.

During negotiations for land acquisitions, a draining out strategy was adopted. Through this the opponents got tired and in many cases expressed willingness to come for settlement. Strategy of splitting the evictees was also played. During land acquisitions, he tried confusing the landowners to acquire the land. Initially he used employment to win over key, hostile stakeholders. For instance, initially Kurian was willing to employ the opponents' spouses and kin were. This reduced their opposition to the project.

When CIAL continued to make losses, CIAL went for securitization of future revenues. This was done after Kurian's comeback. By not accepting a government guarantee on securitization, Kurian helped the company save an interest cost of 0.75%. His drive was to see the operations profitable and to declare dividends as quickly as possible. Debt was restructured or retired to reduce interest burden and operational expenses to enable recovery from losses. In the process, low cost debt replaced high cost debt. Through securitization of future revenues, new low cost debts were raised to retire the costly HUDCO loans. The company was scheduled to make a rights issue and, who knows, there could be further fund-raising through fresh equity.

To motivate employees, Kurian decided, with the support of the Board, to give the employees shares in the company (September 2003 and December 2004). Initially some were hesitant to accept CIAL shares. However, all of them benefited later because the CIAL share price appreciated substantially owing to its success. Through this, the wealth creation by the company has benefited the employees.

Kurian has made CIAL labour unions in-fructuous through his direct dealing with the employees. Subsequent to a referendum, only two unions remain in CIAL. Since employees are shareholders and since Kurian accepts suggestions from the employees, unions fully support all moves of the management. Further, the two unions work in amazing cooperation. Kurian has so far successfully refused to concede Employees' demand for transport facilities at the shift break. Kurian is trying to sustain the motivation of staff by giving incentives like shares and opportunity for one air travel. For sustaining these incentives, he is trying for stable financial performance of CIAL.

Many people point out that Kurian has a good sense of timing. For instance, he had ordered widening of the airport road where it starts from the main road (NH) at a time when political activists and leaders were busy on electioneering. The

road widening requires evicting the encroachers, who have been permitted by the political establishments to encroach into part of the CIAL land (up to 10 meters) on some pretext or calculations. Now with the encroachers fully thrown out and the road fully widened before the next government is formed, it would be almost impossible for the encroachers to come back or for the political establishments to back such an encroachment. May be due to his long association with the politicians, he sometimes make astute political decisions. When the road was widened removing the encroachers, the largest land was taken from the richest.

Kurian has received immense assistance from his executives in locating necessary tactics and strategies for making CIAL a reality and success. When the position of Manager (Commercial Services) became vacant, he made the Manager (Fire) the in charge of commercial services (CS). The new incumbent had ability to run the commercial services and the most important component of CS, DFS achieved fast growth in volume and revenue. The new strategies were many. Price reductions on liquor, cigarettes, etc made the CIAL prices internationally the best. Strategies also included promotions during festivals, advertisements, ensuring constant supply and availability and creating thereby a sense of reliability among customers, and training of the shop staff for 'customer delight' rather than only customer service. Kurian continuously supported and encouraged the DFS activities. He actively follows up sales targets.

According to some insiders, Kurian had a strategy, in the earlier years of the project, to ensure the smooth sailing of his proposals in the Board. He takes a decision after consulting other executives and then he shares it to the public so that an opinion is formed. After this, the Director Board will find it difficult to obstruct it. As Kurian puts, "We have our own way of tackling things".

To ensure initial success and future growth of CIAL Kurian had envisaged many growth elements in the CIAL operations. Expansion of the terminal facilities, the cargo facilities and the

huge parking arrangements are some of these. CIAL is planning to establish an aircraft maintenance hangar. It has plans to slowly increase the share of non-aviation revenues. There is even a rumour about the future plans of the airport to make it the first airport in the world without landing charges. Efforts are also on to exploit the spare land of the airport to develop commercial ventures including shopping malls, hotels etc. The company has also proposed to set up an airline to cater to the gulf passengers from Kerala.

Kurian the Leader

A leader is one who can foresee future requirements of the organization and drive the people to commit themselves to work for achieving such future goals. A leader may be able to achieve what may not be possible in normal course. If one believes scores of people knowing Kurian, Kurian can indeed be called a leader. But is he a leader?

For CIAL, right from beginning there were so many things destined to go wrong. However, Kurian was at each time able to bring the organization back into the right course. When the construction work seemed costly and time-consuming with large contractors, Kurian was instrumental in breaking the work into small parts and entrusting the parts with smaller contractors, who could complete the work quickly and at much lower cost. However, when the contractors faced genuine difficulties, he was committed to supporting the contractors and the ongoing work. In fact, he used to personally oversee the execution of work at site.

True to be a leader, Kurian keeps professionalism on top and politics at the bottom. He regards merit in high esteem. He is empathetic to the lower level employees. He is said to be generous. He gives people what he feels is reasonable. His conviction was that people working in an airport particularly in middle and lower positions can be motivated by giving them an opportunity to fly in an aircraft they serve, at least once, which may not be possible for them in normal course. Thus, to motivate people, Kurian gave everyone who did not

travel by air before, an opportunity to fly to a nearby destination, at company's cost. He advocates giving good benefits to employees: generous pay revision, stock option etc. Stock options have made some of the employees rich, although initially they were unwilling to buy the shares of their own company since they were not certain about its profitable continuance in future. Employees are now very happy and want the company to progress well.

Kurian argues that CIAL's growth should be linked to the social and community progress of the state. "I think whatever I do should create employment which can make poor people better off", he claims. He wanted the maximum social benefits of CIAL to go to those who were affected by CIAL and who made willing sacrifices for the airport. He was not charmed when he learned that many of those who were given jobs under the chief executive who looked after the CIAL affairs between Kurian's two terms were not only opposed to the airport but also from well-off sections not necessarily belonging to the evictees.

There are many who believe that Kurian never causes unnecessary harm to anyone. The staff members are said to have awful respect for him. When many describe the experience of CIAL as a 'one man show' what they mean is that Kurian actually drives or inspires the whole progress of CIAL. Kurian is receptive to others' ideas even if they are given unsolicited. He implements good ideas of others. He also gives credit to others for their ideas. One testimony of this is that CIAL foundation stones bear the names of officers responsible for the various construction or developmental functions.

Still, is Kurian beyond all politics? He says, "I am a half politician. I learned my politics from the politicians I have served and interacted with [as an IAS officer]". His political skills as much as his leadership skills enable him to successfully deal with difficult politicians. Some suggest honesty as his main strength while facing political pressures and demands.

As expected of any good leader, Kurian takes decisions quickly, but only after due analysis. As many believe, someone else would have completed the CIAL project in much longer time and at much higher cost. He focuses where he is at the moment, and does not waste time thinking about where he was before or where he should have been. He is bold while taking decisions. For example, when the US company was too slow in its architectural work terminal buildings, Kurian sidestepped the US company and turned to KITCO for temporary terminal buildings for quick results. Similarly, initially domestic flights and cargo were supposed to start first and international flights only later; but Kurian thought international flights should also start sooner and changed the plans to starting both together. This later helped CIAL in a big way.

Kurian has a great ability to tackle socio-political groups. Otherwise, land acquisition would have been an almost impossible proposition. Kurian stands by the employees during any problems and failures and this earns him their confidence. At the same time, he maintains a high moral standard and insists the same for all employees. He is intolerant to lack of integrity. On charges of dishonesty, officers at any level may be thrown out.

He is able to provide good leadership to CIAL and this along with the team and the employee cohesion led to its success. Kurian delegates responsibility and authority to subordinates. He is able to recognize people of caliber to place in important positions in CIAL. He considers and reconciles others views and ideas; but at the end the decision taken is only one – that of CIAL. He takes into account the union views too. There is a general perception that Kurian can get anything accepted by the Board or anyone else, Board has confidence in him and his capabilities. Even if Board members object, he will do what he wants as he goes directly to the Chief Minister (CM) who is also Chairman of the Board.

Kurian believes that when he is at the helm he owns everything in CIAL. This shows his strong sense of commitment, feeling of ownership and a possessive approach to his responsibilities. In other words, he is extremely 'committed to the airport'. While team work is obvious at the airport, there are views that "Kurian would have achieved everything irrespective of who constituted his top team". This shows the confidence he commands among the people working at the airport. Kurian is curt when he does not want to do something. CIAL employees union seldom threatens Kurian with any unhelpful actions – in fact, union members themselves feel that their leaders do not have the courage and backing to threaten him.

Kurian is considered to be 'a proactive and guiding leader'. He affirms: "I always keep my promises". But, as a leader, does he obsessively promote ethics and morality? He says candidly: "When your ends are noble, some deviations can be justified". People say he has indeed changed now in contrast to times of first phase of the CIAL project. Ask him, "Is your definition of ethics changing?" He will reply: "Yes, now I am more discrete in using operational tactics that have ethical connotations". Further, now that CIAL is firmly established, the current operational environment and requirements are different from those existed before the airport was turned into a profitable venture.

Many allege Kurian has an appetite for publicity. But Kurian says he is not the one who likes to be in the limelight of publicity. Still, he does not like a director board member or a politician taking credit for any of his ideas. Of course, he has many ideas up his sleeves. He is a leader who wants others to give due credit for his leadership.

Management Style of Kurian

Where do we classify the management style of Kurian? Does Kurian follow a very strong entrepreneurial and altruistic style of management combined with a high participative style and moderately high professional and organic style of

management? Does he also have a tendency to be authoritarian in decision making especially when his altruistic objectives are at stake? Further, is he intuitive in decision making when normal data analysis and logic are inadequate? While we do not propose to fit him into a straight-jacket framework, the analysis that follows is insightful (see also Exhibit 7).

During crucial decision making meetings, Kurian does not act like a boss but facilitates the opening up of the subordinates. People are invited to give their frank opinion. During meetings, people share information and views, generate alternatives, freely discuss the implications of each aspect and generally arrive at a consensus. However, when consensus is elusive or too complex, Kurian himself takes the decision and builds support for it by seeking their opinion and offering resources as required. Decisions that he himself takes are also altruistically oriented. Altruism is the concern for the welfare and wellbeing of others, a sense of compassion and selflessness. Kurian is more concerned about the social impact and the larger well being of people rather than that of only those who are associated with the project. He practices participation to include expert views and opinions in sketching alternate scenarios. Final decisions often emerge from open discussions; but some times these are taken by Kurian himself. He uses professional and organic style of management as just appropriate instead of being overly professional or organic. In some ways his style is contingent and contextual while it is highly unconventional at times, and there is a risk of him being perceived by others as authoritarian when his ulterior motives (i.e. altruistic motives) are misunderstood.

Intuitive style is another style that he uses often. He tends to take decisions on gut-feel, based on his past experiences, understanding of the people involved and the information he has gathered. He is more entrepreneurial and risk taking in his decisions than one would expect from an IAS officer. His decisions tend to be innovative and sometimes to alter the status quo. He ventures into areas where people fear to tread or give up easily. With clarity in terms of objectives, he then proceeds to look at all options that might produce results.

Even the most simple and the absurd ideas are considered before discarding. By analysis, brainstorming and thinking out of box, combined with multiple-scenario planning and contingency plans, the final decisions tend to be far less risk-prone than initially envisaged. Such information search, analysis, out of box thinking with brainstorming, scenario building, contingency planning and flexible implementation are all the hall mark of pioneering and innovative entrepreneurial style of management.

Kurian is not bound by any one style; he changes his style of management as the situation demands. He is not averse to being more professional or organic in his approach if others, especially his subordinates and stakeholders, are up to it. His orientation and style of management has been successful under high environmental uncertainty and high stakeholder expectations; but only his flexibility would support in extending his success to normal, highly professional and/or bureaucratic organizations.

Is He a Transformational Leader?

Transformational leadership consists of four dimensions - idealized influence, inspirational motivation, intellectual motivation and individualized consideration. Transformational leaders have charisma, i.e. they have the capacity to guide their followers in the required direction. A transformational leader is able to move his subordinates beyond the immediate self-interests, and elevate their maturity, ideals and concerns for achievement, self-actualization, and the well being of others, organization and the society. Transformational leaders envision a future, articulate it with clear expectations on followers' performance and set an example to follow with determination and confidence. They also pay attention to individual's developmental needs and support and coach their followers.

Is Kurian an example of transformational leadership in the Indian context? Kurian usually envisions a future that is desirable to all stakeholders by addressing the larger concerns

of the society, and vividly creates an image of the future through stories and symbols. He sets an example for others to follow. He never expects others to do anything which he himself might not do. He also specifies clearly his expectations to his subordinates and others. He expects every one to perform far above their standard performance. At the same time he shows confidence and determination and a 'can do' attitude. Generally people like to follow this kind of leadership and it is no wonder that he has a major following among his subordinates and stakeholders. Almost every one who has worked with him is inspired by him and has performed beyond their usual capabilities and their outputs have been far more creative and innovative than expected. Kurian is very considerate about the development of his subordinates. He gives enough opportunities for every one to learn and grow, providing all the support, training and resources needed and never bothers about delegating. So, does he qualify to be considered a noble embodiment of a transformational leader?

For Kurian, Ends Justify Means

Kurian kept success above everything else. His single-minded focus on the success of his project sometimes blurred his view on the difference between achieving an objective and achieving it through fully fair means. This blurred vision manifested at times in an approach where ends justified the means, perhaps, so long as the means were within *reasonable* ethical bounds. At other times, his actions reflected the maneuvers of a clever fox.

Related stories are aplenty. One earliest was related to the old airport of Kochi that was with navy, in an island near the harbour. There was little scope for expansion there due to the proximity of the port and due to the small size of the island. Already investors had poured large sums of money into the commercial establishments around the existing airport. So, when the CIAL proposal came there were lots of campaigns favouring the old airport and opposing CIAL. In one particular passenger feedback campaign, it was certain that most of the

forms would favour the existing airport because of the nature and efforts of the organizers of the feedback campaign. Then, it is alleged that Kurian and his associates got scores of duplicate feedback forms printed and filled, and the dummy feedback forms favouring CIAL were put into the feedback box at the old airport. When the feedback forms were opened on the designated day, to the organizers' surprise most of the forms were obviously favouring CIAL rather than the old airport.

After CIAL was inaugurated, there were moves to block the shifting of domestic terminal of the existing airport to CIAL. So, to ensure that AAI does not return the domestic terminal to the old airport under any circumstances, Kurian, it is believed, induced the concerned CIAL executives to request AAI Chennai officials to shift the scanning machines and furniture lying idle at the old airport to CIAL. AAI officials, keen to avoid giving these to CIAL, shifted them out of the old airport to airports in other towns. This is what Kurian wanted since this would ensure that the old airport cannot restart domestic operations anymore if the AAI decided to shift it back from CIAL to the old airport.

While dealing with agitations against the land acquisition for CIAL, one allegation against Kurian is that, to break agitators, the leader or the main brain behind the agitations was lured away. On one particular instance, a priest was the leader as President of the land owners' association. To get the priest away, Kurian agreed to all his demands. Then he was called, as story goes, for a private discussion at the end of which he was dropped at a public place at the full view of the agitators (another allegation is that Kurian himself had arranged to inform the agitators about their leader's indulgence). He was thus exposed. He was thrown out as President by the land owners and the agitation was broken up. Similarly, there are people who believe that in the press meets of the opposing groups during the construction stage, Kurian arranged employees to ask tough questions to the speakers both to expose the opponents and to protect the CIAL cause and its interests. As one view goes, Kurian had also made

arrangements with the pressmen for not covering the news of the agitations in the Kochi edition, but to restrict it only to the local edition.

One story floating around is indeed a hard-hitting one. According to this story, at one stage, a particular priest was becoming a serious obstacle to the CIAL work. While planning the landing and takeoff of planes, a particular church's high-elevation cross had to be removed out of necessity. This seems to have angered the priest. He was spewing venom at Kurian and CIAL. To fix this priest and to remove him as an obstacle, as alleged, Kurian once sent some of his employees to attend his meeting. He also arranged video and audio recording of the entire proceedings. When the priest proceeded with his speech the arranged audience started clapping at his points. This continued to the extent of exciting the priest so much that the priest started using abusive words against Kurian in particular. Next day, Kurian is said to have taken the entire audio-video recordings to the Bishop and asked him whether this kind of behaviour was expected of a priest. The priest was very soon transferred elsewhere and Kurian thus got rid of a big menace.

More interesting, as per one report, once the local municipal councilors made a huge demand before Kurian – constructing a broad direct road from CIAL to the nearby municipal town, Angamaly. It seems Kurian pleaded with them explaining his inability to do that on practical and financial grounds. However, the councilors refused to pay heed and probably threatened him that if he did not concede to their demand and incorporate such a road into his construction plans, they would force the CIAL work to stop. As a tactic to deal with this situation, Kurian, it is rumoured, sent his survey team personnel to survey for a straight road from the airport to the town covering the most inhabited areas and crossing the biggest houses of the area. When the team started the survey work as instructed seemingly by Kurian, the local residents who would have been affected came running to him asking him to stop the work. The report says he explained his helplessness about the councilors' threat. As it turned out, the

local residents intervened and forced the councilors to withdraw their demand and threat.

It appears even politicians have been wary of him: as some point out, they were not sure what will come next. They expected some hidden agenda behind whatever Kurian did or spoke. It is also said that Kurian had a conviction about an average Keralite: he has certain weaknesses - ego, self-interests and a complex of being very intelligent - and strengths - creativity, a sense of understanding and susceptibility to easy communication. Kurian is credited with attempting to use these weaknesses and strengths for solving some of the problems at the pre-inauguration stages of CIAL.

No wonder, at least some of his foes preferred to call Kurian by the nickname 'cunning man'. Kurian is hardly concerned about such nicknames. He attributes them having been earned for a good social and economic cause. Topping up this position, many feel that Kurian's operational strategy has anyway changed a lot (moving from 'cunning' to systematic) after the completion of the first phase of the airport in 1999.

Kurian the Organization Builder

What factor drives Kurian in his organization building efforts? He says, "First my only interest was in seeing a plane landing at CIAL. After coming back as MD in 2003, my concern for systems and structures, especially as an insurance against possible misuse of ad hoc processes by vested interests, motivated me to work for putting necessary systems and structures in place. So I worked subsequently for creating systems and procedures."

Kurian has kept the hierarchy short with a simple functional structure. In the initial period, when the requirement was in getting the project on, he emphasized on getting the work done rather than designations. His emphasis on competencies and results has created an entrepreneurial, proactive, risk taking culture. As the organization grew and the need for more systems and policies were realized, he started building systems

that are transparent and flexible enough to remain competitive. The transparency is observed in the amount of information that is available in the public domain.

Information on tenders and recruitment are available on the website. All information on tenders and awards with specific details on the decision making is available. Bids are opened invariably in open view. Recruitment is based on clear job descriptions and identified competencies. The website gives specific information on the criteria of recruitment; the rank orders of the short listed and wait listed candidates. He puts the full list on display – to preempt appointments outside the list. The photographs of those eligible for appointment are on display. Full evictee/acquisition record is on computer and is accessible to all officers. A large number of new taxi permits are soon coming up for allotment. To ensure fair distribution, he has reserved 85% for those who have lost houses and 15% for the drivers of the old airport of Cochin rendered jobless. There is a waiting list and, he expects, those in the waiting list may help CIAL to weed out the existing ineligible taxi drivers at the airport (who entered clandestinely during Kurian's absence), through legal or other action. Thus, policies are being implemented to build the organization for the future.

Open-house meetings are held regularly and have become a part of the organization where by all employees have a chance to meet the MD along with the top management and raise pertaining issues. He has revised the pay in 2004 after CIAL turned profitable, making everybody happy. He sent every employee by flight once. As CIAL grew, he slowly brought in systems, procedures and policies to enable effective functioning. To ensure that slack is reduced, he brought in punching system and also rationalized the shifts across different departments from 21, which had caused severe practical difficulties, to just three. Because of the proactive policies of Kurian, even worker unions have become defunct as they are no longer needed. Kurian also ensured that only two workers' unions are recognized, and he always interacted with both together and never one alone thus ensuring that union management relationship is cordial and effective.

One of the major issues in a public sector organization is transparency in operations. Award of contracts and recruitment are two ways political influences try to extract rent. By ensuring transparency in both these and preempting with more than required information in the public domain, he has ensured that the political influence is not even attempted. More over by making this a policy, he is ensuring that political influence continues to be minimal. Every major international airport in India is faced with the problem of passenger abuse by custom officials. He installed cameras in the custom areas so that nobody is tempted to misbehave with the passengers.

Kurian by his actions over the years have clearly communicated that no unethical behavior would be tolerated. Setting an example of unbending, fearless behavior under threat, he has become a role model and also created a culture of open and transparent decision making. Symbolic actions like sacking of an unethical employee have ensured that ethics is a part of everyday activity and not just words. One remark indicates that the intolerance to unethical deeds in CIAL is so much that employees visiting a contractor's office on official work even refuses to accept a cup of tea offered!

Kurian is credited with excellent planning efforts. Kurian's intolerance for lack of enthusiasm is also well known. This over the years has created a sense of urgency and continuous motion without compromising on effectiveness. While he expects high performance from the employees, many employees have come to realize that "poor employees cannot catch up with his pace and, hence, they need to be alert and active." So, no wonder, even with a lower staff strength as compared to AAI airports CIAL is able to do well.

Employees like to be part of CIAL. One executive who had worked in a few other organizations before joining CIAL rates CIAL as his best employer on work culture and motivational environment. In CIAL the union leaders are also progressive; there is not much union activity partly because almost all needs are conceded by management. For instance, salaries have been liberally increased in 2004 (up to 40%). The

employees themselves consider the pay revision in 2004 as excellent. The employees also expect a liberal promotion policy to be in place soon. Still, Kurian can be tough with workers - he never conceded their demand for direct transport facility for night shift; he only considered a transport allowance. Of course, Kurian makes compromises; but it's only where necessary - he does not go out of the way and concede unacceptable or unreasonable demands.

Kurian realizes that a venture like CIAL can prosper only through team work. He frankly appreciates the team contribution and strives to retain the team motivation. Names of all important personnel associated with the projects are displayed on the commemoration stones installed. Further, every employee in the rank of assistant manager and above has been sent abroad on various occasions and responsibilities.

Kurian by his decisions has created an organization that is ethically conscious, open and transparent, customer friendly, and competitive. CIAL employs people purely on their merit. Contractors need not worry about cuts; the benefit goes to CIAL through lower quotes. The staff members do not loiter around, disappear from office or waste their time during office hours. CIAL customs operations are rated highly by passengers. Passengers also consider CIAL as one of the cleanest airports in India. Many employees feel Kurian works without self-interests. Further, they are confident as long as Kurian is at the helm, CIAL as an organization can work without political interference. In short, the internal structure, systems, policies and culture have evolved so much that the organization can survive and continue to thrive under environmental uncertainty too.

Kurian's Business Acumen

Kurian has been credited with some innovative successes earlier. As District Collector of Alleppey he used private participation to develop a park there. His acumen in shifting from the widely cultivated traditional crops of rubber and coconut to banana plantain in his family farm land, despite

ridiculing criticisms from various quarters, was well acknowledged by the subsequent imitations by local farmers. He was credited with turning around, as Managing Director, a state public sector enterprise Oushadhi during 1987-90. All fellow executives and subordinates at CIAL have strong appreciation for Kurian's managerial skills: ability to execute plans and motivate employees, anticipate and act on strategic requirements, and make the difficult things happen. Kurian believed in 'Management by Common Sense' – tapping funds of those who may consider an investment valuable, playing on the self interests of the individuals and groups within and outside CIAL to make them contribute, or appealing to the senses of people including politicians with issues sensitive to them.

Insiders of CIAL say Kurian used to think about CIAL's progress even when he was not with CIAL (1999-2003). So, they believe, he had already mapped out in his mind the future needs of CIAL, when he returned to CIAL in 1999 (Kurian does not agree with this perception). Thus, as soon as he returned, according to them, he could quickly expand the congesting international terminal to avoid further problems. Whatever Kurian feels about the public perception about his preparedness, his action soon turned out to be one of strong foresight. The international traffic fast expanded and the airport found the benefits of the timely expansion of the international terminal valuable. His awareness about the many types of aircrafts flying in Indian skies prompted him to establish a company for aircraft maintenance hangars, with Kurian as the Chairman & Managing Director (the work on the hangars started in March 2006). He thinks it can be good business.

He is planning to develop brisk commercial activities in the surplus lands of the airport. He proposes to build a 24-hour shopping mall at the airport using spare land lying away from the main terminal buildings. He reckons, by 2011-12, the commercial activities at CIAL will be so adequate to generate enough revenues to make flight landings free – to be first on this in the world.

He also had a definite role in the Kerala's proposal for starting a new airline catering to the lucrative gulf sector. A company, Air Kerala, was floated in January 2006 with the Kerala CM as Chairman and Kurian as the MD. His idea was to get the Kerala travelers to gulf to participate in the venture so as to get them committed to traveling by the proposed airline ensuring its continued viability and profitability. Kurian planned to give to each of the equity investors contributing at least Rs.6000 of equity air-ticket discount coupons worth the equity contribution, valid for 6 years. The coupons can be used to purchase air tickets of Air Kerala over a period of 6 years. By collecting at least Rs.6000 each as equity from about 250,000 investors, Kurian estimated to raise a total equity capital of at least Rs.1500 million. Later, through expansion to 10 million investors, Kurian believed the equity capital will grow to Rs.60000 million (thereby giving Air Kerala one of the largest equity base among companies across the world). Kurian knew that during the first 6 years investors will travel by the airline due to the discount coupons. He also expected that subsequently they may continue with the airline since they had a shareholding in the company. Kurian could not continue working on the Air Kerala plan because soon assembly elections were declared in the state (scheduled for April-May 2006).

The Roads and Bridges Corporation, which is also currently under his stewardship, is making a modest profit showing an improvement over its performances before his arrival, notwithstanding the slight fluctuations in its performance even under him. It is reported that earlier Kurian had mooted the idea of an Express Highway in Kerala with a plan for making every river bridge on the way to be a water regulator that could supply water as well as generate electricity.

The Human Side of Kurian

The softer and humane side of Kurian is rarely visible and one has to peel the tough and resistant top layers to see it. He is a sensitive and socially conscious person who really wants to

contribute something to the society. He carries his affluent background as a boon by the almighty to serve those who are in need. He states, "I feel lucky that I was born in a well-doing family and that I got the education I wished. I could achieve whatever I wanted to achieve at an early age. Now I am concerned about what I am contributing to the society. I want to make a positive impact, make life easier for the people". He feels proud that he has created many direct and indirect jobs through CIAL in a job-scarce state like Kerala. He is motivated by doing 'good' to others.

He knows the name of every employee in CIAL and also their personal and family details, and he makes it a point to enquire about the well being of family members whenever possible. He is also willing to help if needed. The help is not always from the organizational side but many times from his own money. Whenever the rules and policies are not conducive to help a needy person he would give his money to help. Moreover, he would also use his influence whenever possible. If anybody comes to him to discuss his/her problems, he makes it a point to listen to the person patiently and advice him/her. Many revere him for the well thought advice he gave them. He donates to orphanages and sponsors the education of a few orphans. This is not known to many, only by accident was this found out by one his subordinates and it was narrated to the case writers.

He is basically a family man; he loves and adores his family very much. He is also very spiritual. He goes to church everyday. Coming from a rural background he understands the plight of the farmers in Kerala. He did his best to compensate adequately to those who were evicted from their ancestral lands for the airport. He still carries a concern for them, always saying 'evicting them was like uprooting a well grown tree. I try my best to ensure that they are rooted elsewhere'. So, he was willing to relax the recruitment norms a bit to ensure that deserving evictees get employed with CIAL. His good advice helped many to reconstruct their life well after losing their property to CIAL.

Kurian's Personality

Kurian is considered a complex person. He is a workaholic. Aggressive, he does not take the weakness in others lightly. He himself states that he is not a genius; but he is a person of above average intelligence and high level of political savviness.

He got lucrative offers (after CIAL's success) from private companies - offers from neighbouring countries (Sri Lanka, Nepal etc); but he did not accept any, as money is not a motivating factor for him. He has a sound family background and a good financial position at home that gave him confidence and strength to be a solid executive and individual. When he was shifted out of CIAL in 1999, he was dejected only when he saw his wife upset over the way he was treated at the end of his hard labour in making CIAL a reality, but otherwise he was cool. Those who have worked with him say that he is persistent like a bull dog, never let go when he wants to get something done. He does not tolerate dishonesty. One mistake is enough for somebody to be taken to task. The staff members quote how one person associated with the CIAL work was thrown out when he was playing tricks with his original employer in the name of his CIAL work. Kurian realizes: "Other people always believe that I have something else in mind. This leads to some fear in others about whatever I propose or do." Often his approach creates an impression that he is vengeful. Some employees also believe he is vengeful. He tells he will be vengeful if he is really angry with someone; but often he threatens more than he does. He actually helps the person, if he seeks his help, despite Kurian's threat earlier. Kurian is god-fearing and is devoid of major personal weaknesses.

He likes playing chess and he runs CIAL like playing chess - thinking twenty steps ahead when the opponents or other executives are only thinking of the next step. His planning is so well known that even when he makes a simple decision, others attribute a long term plan to it. Kurian is persuasive in his approach, and some CIAL employees feel there is no point

in arguing with him - it is difficult to win an argument with him. He will get away with what he feels right.

He is basically an entrepreneur, who is driven by high risks and high stakes. One who knows him closely knows that he is a very simple person. He does not have any ego in his interpersonal interactions. He would not mind even talking to a clerk if it can get the CIAL work done. He is friendly in his approach. He has an uncompromising, straight forward style. His integrity is never under question. He has never come under the cloud of corruption charges despite handling a multi-billion rupee project and managing the company for some years. At the airport, he ensures that the highly successful CIAL Duty Free Shops do only fair business. Kurian attributes his respect for honesty and integrity to his father, who had inculcated them in Kurian.

One executive has the following assessment about Kurian: "I may not be correct in saying he is extraordinary, but indeed he is more than an ordinary person." Another one quips: "He is talented." Is he cunning? Those who know him do not agree. But they say he is shrewd. "I may be shrewd, but I am not very intelligent," Kurian says. He continues: "I am a person of average intelligence, but complex and cunning enough to handle all types of people and situations". Where did he get this confidence? One opinion is that his personality changed for good after turning around Oushadhi during 1987-90. Or, it may be due to his strong positive attitude. As one executive puts it, he has also the patience and persistence to pursue success. Kurian may give some credit to his family, wife, son and a daughter, as well.

Kurian is said to be devoid of any superiority complex. One example that his subordinates quote in this regard is that he thought initially that concrete roof was appropriate for CIAL terminal buildings; but later he understood the drawbacks of concrete roof based on feedback from others, and he decided to shift to stress roof. Not many can concede one's slips so easily.

Kurian & the Future of CIAL

Kurian has many ideas for the future progress of CIAL. Indeed, if he remains with CIAL to implement them. Or, if his ideas find favour with his successors and if his successors can get them planned and implemented. He had earlier proposed an airline for serving the Kerala passengers from and to the Persian Gulf countries. He believed it would be viable if the passengers are investors in the airline and if their returns included cheaper tickets to their destinations. Discounted ticket coupons, he reasoned, will tie the passengers to the airline. His idea of a separate airline for Kerala, Air Kerala, is not something favoured by the central ministry of Civil Aviation. He is, therefore, looking for a new strategy for Air Kerala to become reality. Probably he has a magic formula that can make an Air Kerala successful even as other airlines in the country are struggling to remain healthy.

He has grand plans to convert the surplus lands of the airport that is away from the future expansion paths of the runway and terminals into commercial hubs - with hotels, shopping malls and similar activities. He believed once the non-traffic revenues, prominently from the commercial activities, take off CIAL could even turn itself into the first airport in the world to be without landing charges on aircrafts. This he wanted to achieve by 2012. In his calculation, the revenue loss from removing the landing charges will be more than covered through the increased revenue from non-traffic, commercial activities. Again, thanks to his acumen, in 2005 CIAL became the first airport in India to have an apron for the new, jumbo A-380 aircrafts of the Airbus Industrie.

His imagination in respect of the future of CIAL and all airports of Kerala also includes what he calls 'reverse pilgrimage': attracting Indian and foreign tourists into Kerala through the pilgrimage route, which if combined with eco-tourism, health tourism and adventure tourism can make, according to him, wonders for the Kerala economy. His fancy is that for the continued success of Kerala airports as a whole, an alliance of all Kerala airports or a consolidation of all

airport activities in Kerala with CIAL as the holding company will be ideal.

Kurian is planning to set up management training facilities under CIAL. There he could train not only personnel from CIAL, but those from even scores of other airports in India, with both the present and the future as the horizon.

Even as CIAL under Kurian comes up with these grand strategies, the users' fee charged by the airport has been stopped. So, not everyone is sure what will happen to profits of the company in 2006-07.

CIAL without Kurian

How long Kurian will be with CIAL is no certain. Being an IAS officer, he is susceptible to a transfer any time. He has been with CIAL for a long time. Every IAS officer, belonging to any state cadre, also needs to serve with the Central government for some time. Kurian's Central deputation is due for long. Above all, as every one at CIAL believes, the next LDF government, that is certain to be in place by end-May 2006, is likely to transfer him. This is despite Kurian's belief that "If I want to continue at CIAL, I can continue even under a LDF government." What will be the impact of Kurian's departure on CIAL's operations and performance?

Executives differ in their view. One says it's not clear how CIAL will perform after Kurian departs. Another asserts that CIAL is sufficiently stabilized to operate successfully under any MD. In general, as one senior executive believes, there are no serious anticipated problems that CIAL is likely to face in near future, other than from the limited competition from other airports or from problems related to traffic growth. It means CIAL may not face significant uncertainties if Kurian has to depart. Further, according to one executive, "CIAL's success is due to team efforts. There is a cohesive team now; so, as long as the team continues to work cohesively, Kurian's departure should not cause concern beyond a certain limit".

It's another matter that Kurian himself had contributed substantially to building the cohesive team.

Despite such optimism, there are people who fear that if Kurian's successor is not as capable as Kurian, the successor is likely to face serious problems from the staff. This is because the latter may not be able to sustain the tempo, employee rapport, incentives or policies of Kurian. Further, many recall how during the period of the former MD some irregularities in appointment occurred. They point out that some of the staff members who joined the Duty-Free Shops were not from the selection list that existed then. Most of them were allegedly people recommended by the local leader. Under-qualified persons were recruited and in many cases the experience certificates produced were said to be false. Most of those recruited to the Duty Free Shops were wives of the taxi drivers at CIAL. They further remember that during just one week absence of VJK during June 1999, irregularities were committed in taxi permit allotment at the behest of the local leader. So, is it that they suspect CIAL will be subject to irregularities at the whim of politicians once Kurian goes?

Not anymore, Kurian is emphatic. By early 2006, there are transparent systems. Board has passed recruitment rules. Now recruitment is possible only at 4 levels. Vacancies at the cargo loaders' level are to be sanctioned by Board. These posts are also reserved for those who have lost houses during acquisition. CIAL has also taken some preventive measures to preempt the existing rank list from being scrapped by politicians. The rank list positions are reserved in the following manner: Up to 24 for pure merit; 25-30 for those who lost houses; 31-70 for pure merit; and 70-95 for those who lost houses. In the above arrangement, each group of candidates will keep a watch on their turn coming up and thereby prevent any from outside the rank list getting appointed. Kurian is intelligent indeed. But, are the politicians less intelligent? After all, Kurian learned many of his 'tricks' from the same politicians.

Whatever be the realities of future, is there any truth in the argument of some executives that CIAL had inherent strengths to make profits and that even if Kurian was not the MD, profit-making should have happened from 2002-03 after realizing the debt restructuring, the process of which began before Kurian had returned? Exhibits 8-12, which are insightful, may help in answering this question. If the inferences drawn are supportive of the arguments implicit in the question, Kurian's replacement may not matter much. However, can these figures replace or disprove his invaluable contribution? After all, who owns the credit for CIAL's "inherent strengths"? It's none other than Kurian. At the same time, a cost-benefit analysis of the great risk Kurian had taken on himself in the early part of his career would have promised him practically nothing. If he failed in his airport mission, probably his future would have been doomed. He could have faced a vigilance enquiry, strong audit objections or even his job could have been jeopardized. Still, he courageously carried out the task he had taken up, worked relentlessly to make it a success and finally saw it succeed. So, does he really deserve such a harsh assessment even as a testable proposition?

From CIAL to India

CIAL, being the earliest success story in the Public-Private Partnership initiative in India in airports, is expected to give important lessons for the country. It is considered a story of determination of an individual to see things happen. It is the story of single-mindedly pursuing a goal and pushing everyone and everything into place for achieving that goal. It is a story of a capital intensive infrastructure project getting completed at incredibly low costs. It is also a story of being one of the rarest investments of such size having completed under public management without raising a single allegation of corruption against the person who ultimately made it happen, call it with team efforts or individual struggles. Indeed, one may be tempted to call CIAL a shining star in the murky public investment environment of India that is punctuated by the world recognition as one of the most corrupt environments in the world. Beyond this, is it also an

embodiment of our hope – an unusual success of an individual enterprise in a bureaucratic framework: a harbinger of a shining entrepreneurial future of India? Or, is it too insignificant to generalize and glorify?

Epilogue: CIAL Misses Kurian Again

The second half of May 2006: For CIAL two important developments occurred. First, the LDF came back to power, with V.S Achuthanathan as the CM and, therefore, as the new Chairman of the CIAL Board. Second, Kurian moved out of CIAL before the new government needed to ask him to quit or transfer him elsewhere. Kurian joined the central government Spices Board at Cochin as its Chairman.

Subsequently, the government appointed a new MD and is in the process of reconstituting the Director Board. The local leader is back as minister, but will he make it into the CIAL Director Board again? New investment plans for CIAL are likely to be announced. The plans can include a new IT park at the airport land, setting up hotels, and beginning the work on the aircraft maintenance hangar. All these have been plans that Kurian had originally mooted. Thus, Kurian leads the CIAL progress even after he left the company.

Exhibit 1
Equity Structure of CIAL

S. No.	Source	Amount (Rs. Million)
1	Government of Kerala & State Public Sector Undertakings	324.50
2	Non-Resident Indians & Others	363.00
3	Airport Service Providers	212.50
	Total	900.00

Exhibit 2
Foreign Airlines Servicing CIAL

Airline	Aircraft Movement					
	2002-03		2003-04		2004-05	
	Dom.	Int.	Dom.	Int.	Dom.	Int.
Indian Airlines	3170	1983	3327	1995	2624	2718
Jet Airways (India)	3644	-	3666	-	4319	-
Air Sabara (India)	-	-	574	-	728	-
Air India	-	2911	-	3508	-	3273
Oman Air	-	524	-	522	-	604
Silk Air (Singapore)	-	418	-	420	-	432
Kuwait Airways	-	316	-	314	-	312
Emirates Airlines	-	104	-	516	-	650
Qatar Airways	-	24	-	454	-	784
Sri Lankan Airlines	-	-	-	294	-	593
Saudi Arabian	-	2	-	228	-	314
Gulf Air	-	-	-	338	-	606
Total	6814	6282	7567	8589	7671	10286

EXHIBIT 3
Debt Burden of CIAL

Loan Category	Year-wise (Rs. Million)							
	2004-5	2003-4	2002-3	2001-2	2000-1	1999-2000	1998-9	1997-8
Secured Loans	79	155	-	-	-	-	-	-
Insecured Loans	758.5	954	1550.7	2508.6	2419.5	2169.1	1782.9	1070

Exhibit 4
Financial Results of CIAL: 1999-2000 – 2004-05
(Rs. Million)

Item	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05
Gross Revenue	157.52	305.78	440.62	755.17	852.58	1002.64
Traffic Revenue	76.58	116.02	149.12	186.77	242.23	254.86
Non-traffic Revenue	20.54	91.87	161.69	219.86	305.65	377.50
Other Income	60.40	97.89	129.80	141.51	215.13	218.26
Duty free shop income	0	0	0.02	56.58	89.58	152.02
Interest & Financial Charges	255.68	365.15	400.37	206.82	119.23	53.79
Employee payment & Provisions	15.34	25.57	29.50	34.11	51.98	59.79
Operational expenses	33.22	44.62	56.23	73.23	94.32	109.98
Administrative & Related Expenses	18.95	17.1	12.11	18.04	23.71	51.69
Profit Before Interest & Financial Charges & Preliminary Expenses Written off	-10.59	88.97	211.75	405.39	481.32	534.10
Profit Before Tax	-266.55	-276.45	-188.89	198.30	360.45	480.27

Including extraordinary income of 151.44

Exhibit 5
Results of CIAL Duty Free Shops

Item	2002-03	2003-04	2004-05	2005-06*
Sales (Rs. Million)	56.5	89.5	152.0	226.2
Annual Sales Growth (%)		58	70	49

* Till January 2006

Exhibit 6
Capital Contribution of CIAL's Service Providers
(Rs. Million)

S. No.	Source	Contribution	Nature
1	Airport Service Providers	212.5	Equity
2	M/s Air India	110.0	Interest Free Deposits
3	M/s Thomas Cook	5.0	Interest Free Deposits
4	M/s Indian Oil Corporation	7.5	Interest Free Deposits
5	M/s Alpha Retail (Duty Free Shop)	100.0	Interest Free Deposits
6	Retail Outlets	27.5	Interest Free Deposits
	Total	462.5	Equity + Deposits

Exhibit 7
Management Styles & Kurian

Management Styles	Kurian
Altruistic Style	Very High
Entrepreneurial Style	Very High
Pioneering Innovative Style	Very High
Participative Style	High
Professional Style	Moderate
Organic Style	Moderate
Intuitive Style	Moderate
Very Low → Low → Moderate → High → Very High	

Exhibit 8

Trend in Gross Revenues

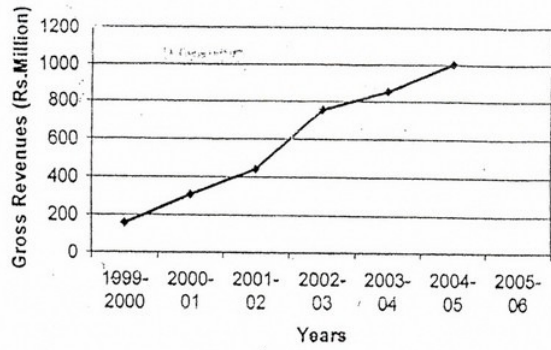


Exhibit 9

Profitability (% of Gross Revenues)

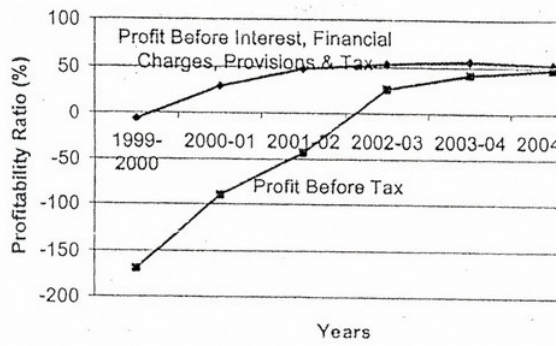


Exhibit 10

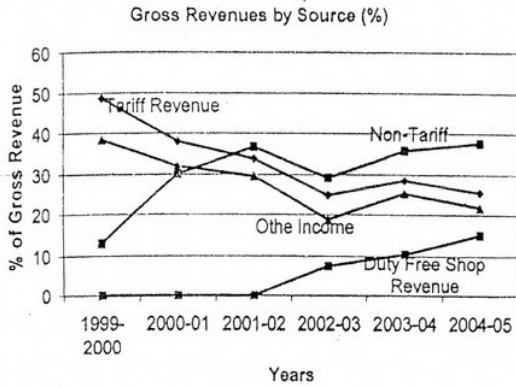


Exhibit 11

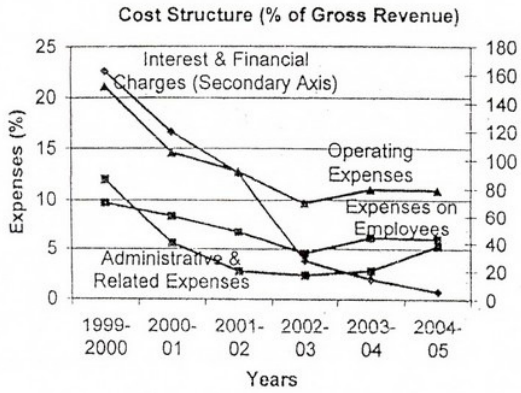


Exhibit 12

Turnover & Current Ratios

