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Title: Laid a statement correcting the reply to Starred Question No. 87 given on 27th June 2019 asked by Shri Anto Antony, M.P. regarding 'Disinvestment of Air India'.

**THE MINISTER OF STATE OF THE MINISTRY OF HOUSING AND URBAN AFFAIRS, MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION AND MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI HARDEEP SINGH PURI):** I beg to lay a Statement (Hindi and English versions) correcting the reply to Starred Question No. 87 given on 27th June, 2019 asked by Shri Anto Antony, MP regarding 'Disinvestment of Air India'.

**STATEMENT CORRECTING ANSWER IN RESPECT OF LOK SABHA STARRED QUESTION NO. 87 DATED THE 27<sup>TH</sup> JUNE, 2019 BY SHRI ANTO ANTONY, MP REGARDING 'DISINVESTMENT OF AIR INDIA'.**

**THE MINISTER OF STATE FOR CIVIL AVIATION (IC) (SHRI HARDEEP SINGH PURI) :** Sir, I request to make a statement correcting the reply to the Lok Sabha Starred Question No. 87 dated 27<sup>th</sup> June, 2019 tabled by Shri Anto Antony, MP regarding 'Disinvestment of Air India'.

I had answered the Lok Sabha Starred Question No. 87 regarding 'Disinvestment of Air India' tabled by Shri Anto Antony, MP for answer on 27<sup>th</sup> June, 2019.

Information was sought in the question regarding (a) whether the Government intends to disinvest Air India and its subsidiaries and if so, the details thereof and the reasons therefor; (b) the present stage of disinvestment and the steps taken by the Government in this regard; (c) whether the Government has taken any steps to improve Air India's operations and financial performance; and (d) if so, the details thereof including the financial assistance given to Air India during each of the last five years and its resultant impact on the financial health of Air India?

In the third paragraph of the reply to Part (a) and (b) of the Lok Sabha Starred Question No. 87 dated 27<sup>th</sup> June, 2019 tabled by Shri Anto Antony, MP regarding 'disinvestment of Air India', the date i.e. 18<sup>th</sup> June, 2018, on which, the Air India Specific Alternative Mechanism (AISAM) decided the further course of action for strategic disinvestment of Air India and its subsidiaries/JV, was inadvertently not indicated. The information has been reconciled. A copy of the revised reply to the Parliament Question incorporating correcting is enclosed.

The inconvenience is regretted.

**STATEMENT TO BE MADE BY THE MINISTER OF STATE FOR CIVIL AVIATION (IC) CORRECTING THE ANSWER TO PART (A) & (B) OF THE STARRED QUESTION NO. 87 GIVEN IN THE LOK SABHA ON THE 27<sup>TH</sup> JUNE 2019 REGARDING 'DISINVESTMENT OF AIR INDIA'.**

Part of the question	For	Read
(a) whether the Government intends to disinvest Air India and its subsidiaries and if so, the details thereof and the reasons therefor;	(a) & (b): NITI Aayog in its recommendations, on Strategic Disinvestment of the Central Public Sector Enterprises in May 12, 2017 had given the rationale for the disinvestment of Air India and has referred to the fragile finances of the company, among various other reasons. Air India has been incurring continuous losses and has huge accumulated losses. Further, NITI Aayog in its report on Air India has stated that further financial support in a mature and competitive aviation market would not be the best use of scarce financial resources of the Government.	(a) & (b): NITI Aayog in its recommendations, on Strategic Disinvestment of the Central Public Sector Enterprises in May 12, 2017 had given the rationale for the disinvestment of Air India and has referred to the fragile finances of the company, among various other reasons. Air India has been incurring continuous losses and has huge accumulated losses. Further, NITI Aayog in its report on Air India has stated that further financial support in a mature and competitive aviation market would not be the best use of scarce financial resources of the Government.
(b) the present stage of disinvestment and the steps taken by the Government in this regard;	The Cabinet Committee on Economic Affairs (CCEA), in its meeting held on 28.06.2017, had given an in-principle approval for considering strategic disinvestment of Air India and its five subsidiaries. CCEA constituted an Air India Specific Alternative Mechanism (AISAM) to guide the process on strategic disinvestment from time to time and decide issues which, inter-alia, include treatment of unsustainable debt of Air India, hiving off of certain assets to a shell company, demerger and strategic disinvestment of	The Cabinet Committee on Economic Affairs (CCEA), in its meeting held on 28.06.2017, had given an in-principle approval for considering strategic disinvestment of Air India and its five subsidiaries. CCEA constituted an Air India Specific Alternative Mechanism (AISAM) to guide the process on strategic disinvestment from time to time and decide issues which, inter-alia, include treatment of unsustainable debt of Air India, hiving off of certain assets to a shell company, demerger and strategic
(c) whether the Government has taken any steps to improve Air India's operations		

and financial performance; and

(d) if so, the details thereof including the financial assistance given to Air India during each of the last five years and its resultant impact on the financial health of Air India?

three profit making subsidiaries, the quantum of disinvestment and the universe of bidders.

The Preliminary Information Memorandum (PIM) for inviting Expression of Interest (EOI) for the strategic disinvestment of Air India including its shareholding in Air India Express and AI SATS was issued on 28th March, 2018. No EoI/ bid was received till the last date of receipt of bids i.e 31/05/2018. The Government remains committed to the disinvestment of Air India. In this regard, the Air India Specific Alternative Mechanism (AISAM) has decided as follows:

In view of volatile crude prices and adverse fluctuations in exchange rates, the present environment is not conducive to stimulate interest amongst investors for strategic disinvestment of Air India in immediate near future. The issue would be revisited once global economic indicators including oil prices and forex conditions stabilize.;

Further, AISAM has, inter-alia, approved the contours for sale of subsidiaries of Air India and directed to expedite the sale of AIATSL. Subsequently, the Preliminary Information Memorandum (PIM) for inviting Expression of Interest (EOI) for the Disinvestment of Air India Air Transport Services Limited was issued on 12th February, 2019.

(c) & (d): Government has prepared a revival plan for Air India which includes a comprehensive financial package. The Revival Plan of Air India focuses on the operational efficiencies so that substantial increase in revenue or cost saving can be achieved. The Revival Plan, inter-alia, comprises several major elements including:

(i) Higher levels of operational efficiency by strengthening management and implementing best practice business processes

(ii) Robust organizational and governance reforms to be implemented by an eminent

disinvestment of three profit making subsidiaries, the quantum of disinvestment and the universe of bidders.

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"In view of volatile crude prices and adverse fluctuations in exchange rates, the present environment is not conducive to stimulate interest amongst investors for strategic disinvestment of Air India in immediate near future. The issue would be revisited once global economic indicators including oil prices and forex conditions stabilize." **The aforesaid decision was taken by AISSAM in its meeting held on 18<sup>th</sup> June, 2018.**

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(i) Higher levels of operational efficiency by strengthening management and

Board

(iii) Differentiated business strategies for each Air India's core businesses

(iv) World-class HR practices to ensure a talented and motivated workforce and

(v) Sale of non-core real estate assets and strategic disinvestment of subsidiaries such as Air India Air Transport Services Ltd. (AIATSL).

The details of the funds infused into Air India by the Government and profit/loss earned by Air India during the last 5 years are as under :

Year	Amount (Rs in Crore)	Profit/(Loss) (Rs. in Crore)
2014-15	5780.00	(5859.91);
2015-16	3300.00	(3836.78)
2016-17	2465.21	(6452.59)
2017-18	1800.00	(5348.18)
2018-19	3975.00	(7635.46)

(Prov.)

The continued support from the Govt has resulted into improvements in the financial as well as operational performance of the company. As per the last audited accounts of FY 2017-18 of Air India as per Indian Accounts Standard System (INDAS), net loss of Air India has decreased by Rs. 1104.73 crore from Rs. 6452.90 crore in 2016-17 to Rs. 5348.17 crore in 2017-18. Further, Company has earned an Operating Profit of Rs.105.00 crores in F.Y 2015-16 and Operating Profit of Rs 298.03 crores in F.Y 2016-17.

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(ii) Robust organizational and governance reforms to be implemented by an eminent Board

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The inconvenience caused is regretted.

**12.04 hrs**

**SUBMISSION BY MEMBER**