

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:4282
ANSWERED ON:21.08.2000
AIR INDIA AGREEMENT WITH CARIBJET
BABBAN RAJBHAR;RAGHUNANDAN LAL BHATIA;SRINIVASULU KALAVA

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether Air India was put to heavy loss on account of Wet-lease agreement with Caribjet for three aircraft operations in India from 1994 to 1997;
- (b) the rate of payment made to Caribjet;
- (c) whether legal opinion was sought before making the agreement; and
- (d) if so, the action taken or proposed for signing 'take or pay' contract?

Answer

THE MINISTER OF CIVIL AVIATION (SHRI SHARAD YADAV)

(a) and (b): Air India had taken two A310-300 aircraft on wet-lease from M/s.Caribjet initially for six months w.e.f. December,1994, which was extended upto Dec.1995 at a lease rate of USD3285 per hour. The lease was further extended upto December,1995. Again in November,1995 Air India concluded a fresh agreement with M/s.Caribjet for wet-lease of two L1011-500 aircraft and one A310-300 aircraft for two years effective 1.1.96 on the following lease rate:

For two L-1011-500 For one A310-300

Minimum guarantee 333 333
Utilization

(Hours/Aircraft/Month)

Lease Rates (USD/HR)

0 - 333 HRS 5450 4822
333 + HRS 4628 3825

Air India terminated the wetlease agreement with Caribjet with effect from September 4,1996 on grounds of technical lapses and non-fulfilment of various norms of Directorate General of Civil Aviation. Caribjet, in pursuance of the provisions of the agreement, took the matter to Arbitral Tribunal, London. The Tribunal, despite best evidences put forth, determined that loss of profit was payable to M/s. Caribjet and awarded a net compensation of US\$ 23.63 Million (Rs.103 crores) to M/s.Caribjet for the remaining portion of the lease.

(c): Yes, Sir. The wet-lease agreements concluded with Caribjet in 1994 and 1995 were vetted by Air India's solicitors prior to signing of these agreements.

(d): Ministry of Civil Aviation has asked CBI to investigate into the wet-lease agreements of 1994 and 1995.