

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:2947
ANSWERED ON:07.12.2000
AIRCRAFTS TO AIR INDIA ON DRY LEASE
NARESH KUMAR PUGLIA

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the Airbus Industries have offered the lease planes to the Indian Airlines;
- (b) if so, the details thereof;
- (c) whether the Government have considered any option other than complete purchase of planes;
- (d) if so, whether tax burden is an inhibition on Indian Airlines going in for total lease of aircraft;
- (e) if so, the details of tax implication for sale of all aircraft owned by the Indian Airlines and leasing a new fleet; and
- (f) the details of any negative tax implication of such a move?

Answer

THE MINISTER OF CIVIL AVIATION (SHRI SHARAD YADAV)

- (a): No, Sir.
- (b): Does not arise.
- (c): In order to its short term requirements Indian Airlines has been considering taking planes on dry lease.

The Board of Indian Airlines in its 50th meeting held on 20th December, 1999, approved 'in principle' induction of aircraft capacity on lease effective winter 2000-01. A worldwide press tender was issued in March, 2000 for lease of four Airbus A-320 aircraft or four Boeing 737-300 or 400 aircraft. Offers meeting requirements of Indian Airlines were not received.

A fresh tender was issued in June, 2000 with modified lease terms to include lease of Boeing 737-200 aircraft. The whole process was considered and evaluated by a Leasing Committee of Indian Airlines headed by the Director Commercial of the company. Tenders were opened on 17th July, 2000. 7 offers were received in response, 3 for Boeing 737-200 aircraft and 4 Airbus A-320 aircraft.

The Leasing Committee of Indian Airlines evaluated all the offers and made recommendations to the Board of Directors of the company. Indian airlines have issued Letter of Intents to following companies after obtaining approval of its Board of Directors:-

1. For lease of five Boeing 727-200 aircraft to GIA Limited
2. For lease of two Airbus A-320 aircraft to ORIX

A team of officers of Indian Airlines is presently finalising Lease Agreements.

- (d): No, Sir.
- (e) and (f): Do not arise.