

**GOVERNMENT OF INDIA  
CIVIL AVIATION  
LOK SABHA**

UNSTARRED QUESTION NO:5343  
ANSWERED ON:23.04.2001  
DISINVESTMENT OF AIR INDIA AND INDIAN AIRLINES  
ANANTA NAYAK;RAJIV PRATAP RUDY;THAAWAR CHAND GEHLOT

**Will the Minister of CIVIL AVIATION be pleased to state:**

- (a) whether Government have a proposal for disinvestment of Air India, Indian Airlines and Hotel Corporation of India;
- (b) if so, whether the proposal has been finalised;
- (c) if so, the details thereof;
- (d) the progress made in the matter so far;
- (e) whether the employees/unions have protested against the privatisation of the above undertakings; and
- (f) if so, the grounds of their protest?

**Answer**

THE MINISTER OF CIVIL AVIATION (SHRI SHARAD YADAV)

(a),(b) and (c):- Yes, Sir. In the case of Air India, it has been decided that

(i) Government equity be brought down to 40%;

(ii) 40% of the equity to be disinvested in favour of a strategic partner;

(iii) upto 10% of the equity to be offered to employees;

(iv) 10% equity to be sold in capital market to financial Institutions and/or public and

(v) Foreign holding in case of strategic partner not to exceed 26% of total equity. As regards Indian Airlines, it has been decided to reduce the GOI equity to 49% through sale of 26% stake to a strategic partner within the parameters of the Domestic Air transport policy and 25% equity to domestic financial institutions, employees and other investors. In the event of the strategic partner being a joint venture with an element of foreign holding, the limit of foreign holding would be 40% of the bidder's equity (26%) i.e 10.4%. In respect of HCI, the Government has approved in principle to disinvest HCI and also decided that the revenue realized will accrue to Air India. In all these proposals, Global Advisors have been appointed to assist the disinvestment process.

(d):- In response to the public advertisement inviting Expressions of interest, responses from the prospective Parties were received. Thereafter, Bid Packs containing information Memorandum, Confidentiality Agreement, drafts to the Share Purchase Agreement and Shareholder Agreement have been issued to certain prospective bidders. The job undertaken by the Advisors is proceeding as per schedule and the prospective bidders, who have been allowed to the data room have started due diligence.

(e) and (f):- No Employees and Unions of Air India have raised objections against disinvestment process. As regards Indian Airlines only one union out of the eight recognised Unions/Associations has objected to the Disinvestment proposal. In HCI, the Union/Associations have objected to the disinvestment proposal.