

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:147

ANSWERED ON:19.11.2001

LOSS TO INDIAN AIRLINES AND AIR INDIA

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Will the Minister of CIVIL AVIATION be pleased to state:

- (a) the details of losses suffered by Indian Airlines and Air India during the last three years, year-wise;
- (b) whether Indian Airlines has sponsored a Fashion Show recently in a Five Star Hotel despite its huge losses;
- (c) if so, the total amount spent thereon;
- (d) whether Indian Airlines and Air India propose to sponsor some other such Fashion Shows in future;
- (e) the relevance of such sponsorship vis-a-vis Indian Airlines` operational field; and
- (f) the steps taken by the Government to make the Airlines profitable?

Answer

THE MINISTER OF CIVIL AVIATION (SHRI SYED SHAHNAWAZ HUSSAIN)

(a): The Net Profit/(Net Loss) of Indian Airlines during the last three years is as under:-

Year Net Profit(Before Tax) (Rs. in crores)

1998-99	14.17
1999-2000	51.42
2000-01	(159.17)

The losses made by Air India during the last three years are as under:-

(Rs. in crores)

1998-99	(174.48)
1999-2000	(37.63)
2000-01	(44.40)

(b),(c),(d) and (e): Indian Airlines has been associated with two Fashion Shows of Ritu Beri and Ritu Kumar, since the target audience was identified with Air travellers. The association was on barter basis in view of the following mileage/publicity.

- Branding at the venue.

- Promotional tools like invitation etc. carried Indian Airlines` media coverage both print and television. Media invitees included feature writers from the dailies and the national magazines.

- Credit on stage to Indian Airlines.
- Maximum brand recall alongwith association with social causes.

The details of association are as follows:

Ritu Kumar Show (14.12.2000)

- 1) Ten tickets for sector Delhi-Chennai-Delhi
- 2) Ten tickets for sector Delhi-Mumbai-Delhi
- 3) Ten tickets for sector Delhi-Kolkata-Delhi
- 4) Ten tickets for sector Delhi-Colombo-Delhi

Ritu Beri Show (25.08.2000)

- 1) Eight tickets for sector Delhi-Mumbai-Delhi
- 2) Eight tickets for sector Delhi or Mumbai-Kolkata-Delhi or Mumbai

All the Government levied taxes were paid by the party concerned.

Depending on the kind of mileage/target audience and publicity, Indian Airlines is likely to gain from participating in the event, a decision will be taken on merits of the offer.

Air India has no plans to sponsor a fashion show.

(f): Indian Airlines has taken/proposes to take the following measures to improve its profitability.

- Deployment of aircraft based on the present market requirement.
- Ban on recruitment for post other than those required for operational reasons
- Cost Control.
- Acquisition of aircraft on lease to replace/augment the aircraft capacity.
- Introduction of market responsive flexi fare policy.
- Strict Budgetary Control.
- Improvement in the quality of product.
- Innovative marketing strategies.

Air India has taken various steps to make them viable which include:-

(i) withdrawing of capacity from inherently loss making routes and redeploying it on more profitable routes;

(ii) maximising the utilisation of the fleet within the constraints of pilot availability;

(iii) dry leasing of aircraft to augment capacity;

(iv) improvement in inflight service;

(v) introduction of e-marketing effective January 2002 to enable passengers to make on-line bookings through the net;

(vi) reduction in staff strength in India and abroad and

(vii) abolition of several posts of India based officers abroad in the various departments.