

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:158

ANSWERED ON:19.11.2001

OCCUPANCY RATE OF AIR INDIA

A. VENKATESH NAIK;ASHOK NAMDEORAO MOHOL;RAMSHETH THAKUR

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) the occupancy rate of Air India before and after the terrorist attacks on America;
- (b) whether the Government have assessed the impact of terrorist attacks on civil aviation sector; and
- (c) if so, the details thereof?

Answer

THE MINISTER OF CIVIL AVIATION (SHRI SYED SHAHNAWAZ HUSSAIN)

(a): - The seat factor for the period 1st September to 11th September 2001 was 63%, which dropped to 59% for the period 12th September to 30th September 2001. The seat factor (occupancy rate) before and after the terrorist attacks on America indicates a decline of approximately 4%.

(b) and (c) :- Even though no comprehensive study has been made so far to assess the overall impact of the recent terrorist attack on the U.S. cities on the aviation industry, International Air Transport Association (IATA) has estimated the loss to be around USD 7 billion (Rs. 35,000 crores) on international services worldwide. There has been severe crisis of confidence in air travel amongst the consumers. This has led to a reduction of about 17% in passenger traffic in September itself as compared to previous year. The passenger load factor fell from 78% in August to 69% in September. IATA has also estimated that member airlines have laid off 1,20,000 employees (7% of their total staff). Additionally, aircraft manufacturers have announced lay off on nearly 56,000 employees. Airlines have also resorted to capacity cuts between 10% and 20% on different sectors. Insurance companies have also limited 3rd party liability cover in respect of war, terrorist and other allied activities to USD 1 billion and imposed additional war risk insurance charge at the rate of USD 1.25 per passenger.

As far as India is concerned, there has been large scale cancellation of travel plan by tourists and business travellers from the US and Western Europe leading to decline in traffic post September 2001. Air India was forced to cancel its flights from the US due to the closure of US airspace for 4 days suffering a loss of Rs. 8.5 to 10 crores. Due to declining international traffic, United Airlines has discontinued operation to/from India, North west Airlines has discontinued its operation to Delhi, Gulf Air has withdrawn 3 frequencies between Bahrain and Mumbai, Swiss Air has withdrawn its operations, SAS has decided to discontinue operation w.e.f. February 2001, Canada 3000 had deferred its plan for operation and has now closed down and Air India has curtailed flights to UK/USA, Japan, Singapore, Hongkong and Muscat. Air India budgeted to earn a revenue of Rs. 1894.75 crores for the period October 2001 - March 2002. However, due to the impact of 11 September, 2001 incident, Air India estimates to earn a revenue of only 1644.62 crores approximately which is 86% of the original budgeted revenue. Hence, the loss of revenue on account of the impact works out to Rs. 250.12 crores.