

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:1173

ANSWERED ON:22.07.2002

LOSS TO AVIATION SECTOR

ANANDRAO ADSUL;BHARTRUHARI MAHTAB;IQBAL AHMED SARADGI

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether consequent upon the September 11, 2001 events in the US, the aviation industry has suffered a huge financial loss;
- (b) whether the industry is on a recovery path but still has to reach a stage of profitability; and
- (c) if so, the concrete steps the Government proposes to take to help the aviation sector to come out of the red?

Answer

THE MINISTER OF STATE FOR CIVIL AVIATION (SHRI SHRIPAD Y. NAIK)

(a), & (b): The airline industry worldwide suffered losses of US\$12 billion in 2001 according to the International AirTransport Association. The primary reason for these huge losses was drop in revenue due to the poor passenger traffic resulting from the public's fear of flying. Besides the additional costs of new security measures, insurance premium for war risk and high cost of airport and air navigation infrastructure added to the losses. Though the airlines have succeeded in getting people to fly again after September 11, 2001 incident, it is too early to predict when the airlines will be able to restore full traffic recovery.

(c): Most of the countries including India provided temporary guarantees to their airlines to cover war risk. Aviation security has also been tightened to reassure passengers. Government of India has introduced sky marshals in airlines, secondary ladder point checks and deployment of Central Industrial Security Force for airport security at various airports in phases to strengthen aviation security. Airlines also have undertaken various cost-cutting measures to improve their yields.