

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:3078
ANSWERED ON:05.08.2002
LEASING OF AIRCRAFT BY AIR INDIA
ASHOK NAMDEORAO MOHOL;RAMSHETH THAKUR

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether attention of the Government has been drawn to the news-item captioned `Faulty economics delay AI lease plan` appearing in the Hindustan Times dated July 19, 2002;
- (b) if so, whether any economic feasibility report was prepared to justify the lease;
- (c) if so, the details thereof; and
- (d) if not, the reasons therefor and the reaction of the Government thereon?

Answer

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

(a) : Yes, Sir.

(b), (c) and (d) :Air India has floated an enquiry inviting offers for B747-400 aircraft on dry lease. Four parties have offered twelve B747-400 aircraft. Technical and financial evaluation of these offers is to be undertaken by the Tender Committee constituted for this purpose. Technical evaluation of the above offers is yet to be finalised, as some inputs are still awaited from the bidders. In May 2002, an inter-departmental task force was constituted to examine the operational and financial feasibility of inducting B747-400 aircraft on dry lease. The Task Force evaluated the operational and financial feasibility of inducting one B747-400 and one A310-300 aircraft on dry lease and finalised an `Interim Report` on 10 July, 2002. This Report indicated that the proposed induction would result in a small incremental profit for Air India rather than a loss of Rs. 30 crores, as mentioned in the press report. Since the Interim Report was not formally presented to the Board for its consideration, it is likely that the financial evaluation would have to be revised once project cost estimates based on actual offers were available.