

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

STARRED QUESTION NO:373
ANSWERED ON:18.08.2003
EROSION OF MARKET SHARE OF IA
REENA CHOUDHARY;UMMAREDDY VENKATESWARLU

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the market share of Indian Airlines is getting eroded as indicated in Kelkar Committee Report;
- (b) if so, the reasons therefor;
- (c) whether Indian Airlines has failed to augment its capacity and continue to operate on non-trunk routes despite huge losses;
- (d) if so, whether the private airlines have made huge additions to their deployed capacity thereby eating into the market share of Indian Airlines;
- (e) if so, the details thereof; and
- (f) the steps proposed to be taken by the Government to bail out Indian Airlines?

Answer

MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION (SHRI RAJIV PRATAP RUDY)

(a),(b), (c), (d), (e) and (f): A statement is laid on the Table of the House.

STATEMENT IN REPLY TO PARTS (a),(b),(c),(d),(e) and (f) OF LOKSABHA STARRED QUESTION NO.373 FOR 18.08.2003 REGARDING EROSION OF MARKET SHARE OF IA.

(a) and (b): Yes, Sir. The decline in market share is largely attributable to intense competition and capacity addition by the private airlines. Kelkar Committee had inter-alia recommended a fleet expansion strategy for Indian Airlines to ensure retention of its market share.

(c): Yes, Sir.

(d) and (e): The details of percentage capacity increase by Jet Airways and Sahara Airline over the previous year for the last three years are as follows:

Year Capacity Increase

Jet Airways Sahara Airlines

2000-01	12.5	48.0
2001-02	13.8	1.55
2002-03	7.6	38.55

(f): As a part of implementation of recommendations of Kelkar Committee Report, the Government has decided, in principle, to infuse an equity of Rs.325 crores in Indian Airlines in the form of margin money towards purchase of aircraft. This would be considered as and when the proposal of Indian Airlines to procure new aircraft is finalized.