

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

STARRED QUESTION NO:3
ANSWERED ON:24.07.2000
DISINVESTMENT OF AIR INDIA AND INDIAN AIRLINES
HANNAN MOLLAH;VILAS BABURAO MUTTEMWAR

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the Cabinet Committee on Disinvestment has finally cleared privatisation of the loss making Air India and Indian Airlines;
- (b) if so, the details thereof;
- (c) whether all the hurdles have been cleared;
- (d) if so, whether the strategic private investors for both the airlines have been selected and if so, the details thereof;
- (e) whether the Government propose to reconsider its decision in the interest of employees of both the airlines;
- (f) if not, the reasons therefor; and
- (g) the details of steps taken by the Government keeping in view the national interest?

Answer

THE MINISTER OF CIVIL AVIATION (SHRI SHARAD YADAV)

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

STATEMENT IN REPLY TO LOK SABHA STARRED QUESTION NO.3 FOR 24.07.2000 REGARDING DISINVESTMENT OF AIR INDIA AND INDIAN AIRLINES.

(a), (b), (c), (d), (e), (f) and (g) :The Government has approved in principle, bringing down the equity of the Government of India in Air India to 40% through a process of disinvestment by sale of 40% of equity to a strategic partner, upto 10% to employees and the balance by sale to financial institutions and/or on the share market. In the event of the strategic partner being a joint venture with an element of foreign holding, the arrangement should be such as would limit foreign holding in Air India to a maximum of 26% of the total equity.

As regards Indian Airlines, Government has decided to disinvest 51 per cent of equity of Indian Airlines out of which 26 per cent of the equity would be given to a strategic partner. Remaining 25% of the equity would be offered to employees, financial institutions and public.

No strategic partner has been selected for both the airlines as yet.

Further, the disinvestment of Air India and Indian Airlines is expected to result in improved air-services, efficiency and financial performance, as also higher financial returns to Government.

The legitimate interests of the Airlines employee would be safeguarded in the process of disinvestment.