

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

STARRED QUESTION NO:79
ANSWERED ON:29.07.2010
FINANCIAL HEALTH OF NACIL
Majumdar Shri Prasanta Kumar; Tirkey Shri Manohar

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the bailout package by the Government to the National Aviation Company of India Ltd. (NACIL) has been fully implemented;
- (b) if so, the details thereof and its effect on the financial health of the national carrier so far;
- (c) whether the national carrier is contemplating retrenchment of employees;
- (d) if so, the details thereof and the reasons therefor; and
- (e) the other measures being taken by the Government to improve the overall condition of NACIL?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL)

(a) and (b): National Aviation Company of India Limited (NACIL) while facing an acute financial crisis had approached the Government for equity support. The company was, advised to come up with a restructuring/turnaround plan. The restructuring/turnaround plan submitted by NACIL was first considered by Committee of Secretaries and thereafter by the Group of Ministers (GOM). The GOM approved infusion of equity to the extent Rs. 2000 crore in five equal instalments subject to NACIL achieving the specified targets set for it. An amount of Rs. 800 crores has been released in February and March, 2010. A provision of Rs. 1200 crores has been made in the current financial year, the release of which shall be considered on achievement of further specified targets.

(c): No, Madam.

(d): Does not arise.

(e): Government has appointed five non-official part time Directors on the Board of NACIL in order to render professional and managerial advice to the Board. NACIL has also appointed a Chief Operating Officer, who shall be responsible for the operational performance of the Company, including flight operations, training, base and line maintenance, Commercial and customer services, etc.