

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:4279
ANSWERED ON:19.08.2010
PURCHASE OF AIRCRAFT
Chavan Shri Harischandra Deoram

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) the number of passenger aircraft purchased during the last three years indicating the names of the supplier companies and the prices paid for each aircraft;
- (b) the details including the time of payment and the name of agency through which payment was made;
- (c) whether there was difference between the actual price of the aircraft and the payment made to the said agency;
- (d) if so, the details thereof alongwith the reasons for making such payments; and
- (e) the steps taken in this regard?

Answer

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

(a): Erstwhile Air India and Indian Airlines had placed orders with M/s Boeing and M/s Airbus for purchase of 68 and 43 aircraft respectively. Out of these, 70 aircraft have been delivered during the last three years. The average cost of B777-200LR, B777-300ER and B737-800 aircraft is USD 135.0 million, USD 143.0 million and USD 42.0 million respectively. The average cost of A319, A320 and A321 aircraft is USD 37.34 million, USD 43.63 million and USD 52.57 million respectively.

(b): In terms of Purchase Agreement, erstwhile Air India was required to pay 15% as Advance payment as below:

- 1% - on signing of Purchase Agreement
- 4% - 24 months prior to delivery
- 5% - 21 months prior to delivery
- 5% - 18 months prior to delivery

The net payment made to Boeing at the time of delivery represents the cost of the aircraft escalated to the month of delivery less the advance payment already made for the aircraft. The payment is made from delivery financing arranged through banks after following a tendering process.

Erstwhile Indian Airlines had paid USD 250000 per aircraft as commitment fee on signing of term sheet. This amount was adjusted against the first Advance payments paid against each aircraft. The advance payments were paid as under:

- 2% - on signing of Purchase Agreement
- 4% - 24 months prior to delivery
- 2% - 18 months prior to delivery
- 4% - 12 months prior to delivery
- 2% - 6 months prior to delivery

The payments were made to Airbus through authorized banking channel after necessary approvals/compliances.

(c), (d) and (e): Payments are made directly by the bank arranging the money and no agency is involved in arranging the funds. The banks arranging the money is paid an Arrangement Fee.