

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

STARRED QUESTION NO:2
ANSWERED ON:02.07.2009
FINANCIAL CRUNCH FACED BY AIR INDIA
Adsul Shri Anandrao Vithoba;Mohan Shri Malik Sakti

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether Air India has been facing a financial crunch;
- (b) if so, the details thereof;
- (c) whether Air India has requested the Government to provide a bailout package;
- (d) if so, the details thereof and the reaction of the Government thereto;
- (e) whether the national carrier is contemplating retrenchment of employees; and
- (f) if so, the details thereof?

Answer

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

(a) and (b): Yes, Sir. The airline has been facing a financial crunch for the past few years. The borrowings of Air India have risen steeply from Rs.6550 crores in November 2007 to Rs.15241 crores in June 2009. This has been largely due to servicing of debt on account of purchase of new aircraft as also operating losses, which have been compounded due to the present economic recession as also the high oil prices last year.

(c) and (d): National Aviation Company of India Limited has been advised to formulate a concrete proposal for equity induction and provision of loans.

(e) : No, Sir.

(f) : Does not arise.