

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:514

ANSWERED ON:11.11.2010

INFUSION OF EQUITY INTO AIR INDIA

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Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the Government proposes equity infusion of Rs. 2000 crore into the debt ridden Air India;
- (b) if so, the details thereof;
- (c) the reasons therefor; and
- (d) the road map visualised to have debts restructured with a favourable debt-equity ratio for the national carrier?

Answer

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

(a), (b) and (c): The present paid up equity capital of NACIL is 145 crores which is not sufficient for an aviation company of its size. NACIL while facing an acute financial crisis had approached the Government for equity support. Accordingly, Government had constituted a Group of Ministers (GOMs) on the Civil Aviation Sector to consider the present problems of the sector, including the financial situation of the airlines and possible remedial measures. GOM approved infusion of equity to the extent of Rs. 2000 crores in five equal instalments subject to NACIL achieving specified targets. Subsequently, with the approval of the Cabinet Committee on Economic Affairs, Government had released an equity infusion of Rs. 800 crores in NACIL. Further release of equity infusion is being considered.

(d): With the increase in the equity base of NACIL, the debt-equity ratio shall alter favourably. NACIL has also embarked on a financial restructuring programme.