

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:2229

ANSWERED ON:09.03.2011

PURCHASE OF AIRCRAFT BY AIR INDIA .

Ajmal Shri Badruddin;Bheiravdanji Shri Gadhi Mukeshkumar;Danve Shri Raosaheb Patil;Nirupam Shri Sanjay Brijkishorilal ;Panda Shri Prabodh

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the Government had purchased 111 aircraft in the year 2006 from France and USA so as to improve the market share and profit of Air India;
- (b) if so, the details thereof;
- (c) the details of market share and profit earned by Air India's said acquisition of these aircraft;
- (d) whether objections were raised against acquisition of new fleet of aircraft by Air India and merger of Air India with Indian Airlines;
- (e) if so, the details thereof; and
- (f) the reasons for loss of market share and profitability by Air India during recent years?

Answer

MINISTER OF OVERSEAS INDIAN AFFAIRS & MINISTER OF CIVIL AVIATION (SHRI VAYALAR RAVI)

(a) and (b): Erstwhile Air India and Indian Airlines had placed orders with M/s Boeing and M/s Airbus Industries for purchase of 68 and 43 aircraft respectively during 2005/2006.

(c): The market share of erstwhile Air India and Indian Airlines before merger was 15.1% and 9.6% respectively. After merger, the market share of Air India for the period January-September, 2010 rose to 23.8%. Air India had incurred a loss of Rs.2226.16 crores, 5548.26 crores and 5542.44 crores during the financial years 2007-08, 2008-09 and 2009-10. As per provisional estimates, the losses before tax for the first half of the current financial year are approximately Rs.3450.57 crores.

(d): No, Madam.

(e): Does not arise.

(f): The initial aircraft were used as replacements for leased aircraft or phase out of old owned aircraft. Air India over the last four years could not increase its capacity share in its effort to curtail cost and reduce losses. The market share of Air India has gone down as a result of induction of more capacity by foreign and domestic carriers, entry of Low Cost Carriers(LCC), World wide economic recession etc. although the size of the market has not fallen. Losses are mainly on account of increase in fuel prices, increase in interest and depreciation costs, increase in wage bill and increase in leasing and maintenance cost.