

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

STARRED QUESTION NO:317
ANSWERED ON:24.08.2011
PROFITABILITY OF ROUTES
Maharaj Shri Satpal;Sampath Shri Anirudhan

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) the number of routes in which National Aviation Company of India Ltd. (NACIL)/Air India operates, at present;
- (b) whether any assessment was made about the profitability of the routes during the last three years;
- (c) if so, the details and the outcome thereof;
- (d) whether Air India envisages increasing revenues by aggressively capturing the domestic market, especially from tier-II towns; and
- (e) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF OVERSEAS INDIAN AFFAIRS & MINISTER OF CIVIL AVIATION (SHRI VAYALAR RAVI)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT IN REPLY TO PARTs (a), (b), (c), (d) and (e) OF LOK SABHA STARRED QUESTION NO.317 TO BE ANSWERED ON 24.08.2011 REGARDING PROFITABILITY OF ROUTES.

(a): Air India and its subsidiaries operate to 63 Indian cities and 33 International destinations with average 277 domestic and 203 international departure per day offering 144 domestic and 127 international city-pair connections.

(b) and (c): Air India periodically monitors the carriage of passengers/load factors/financial performance of services on its network and makes efforts to improve their performance. Whenever any services recurrently give rise to cash losses, Air India analyses the reasons for losses and, based on the strategic importance of such services to its network, arrives at a decision whether to continue or withdraw such services. Air India has withdrawn from several routes in the past 3 years as an outcome of such analysis. While determining the desirability or otherwise of discontinuing operations of loss making services, Air India takes into account the revenue contributions made by the subject services to its other services by way of feeder traffic.

Air India has continually examined ways and means of improving the profitability of its operations on both domestic and international routes. The summary of estimated benefits to the airlines out of rationalization measures taken over the past few schedules are given below:-

Measures taken during	Estimated Annualized Benefits (Rs.in crores)
-----------------------	--

Summer 2009	555.00
-------------	--------

Winter 2009	496.00
-------------	--------

Summer 2010	14.00
-------------	-------

Winter 2010 586.00

Summer 2011 123.00

Total 1774.00

(d) and (e): Yes, Madam. Air India plans to increase the utilisation of its fleet of narrow body aircraft to increase its presence in the domestic market in order to increase its revenue and market share. The airlines Turnaround plan envisages induction of some smaller aircraft which would enable the airlines to extend its services to routes covering tier 2 cities which will not be economically serviced by larger jet aircraft in the airlines current fleet. From its winter schedule 2011, the airlines has already planned several new routes such as Hyderabad-Vijayawada, Bangalore- Vishakapatnam, Pune-Indore and Delhi-Gaya routes.