

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

STARRED QUESTION NO:140

ANSWERED ON:30.11.2011

BAILOUT PACKAGE FOR AI

Hegde Shri Anant Kumar;Mahajan Smt. Sumitra

Will the Minister of CIVIL AVIATION be pleased to state:

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- (a) the total debt burden on Air India (AI) alongwith the companies/ entities to whom such debt is payable;
- (b) whether the Government proposes to provide financial assistance to revamp Air India and if so, the details thereof;
- (c) whether the said assessment was made after conducting a comprehensive study of the company and if so, the details thereof;
- (d) the quantum of expenditure incurred by Air India and Indian Airlines on account of complimentary/discounted air tickets during the last three years and the current year;
- (e) whether the major factors for the losses incurred by the Airline have been identified; and
- (f) if so, the details thereof?

Answer

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

(a), (b),(c),(d),(e) and (f): A statement is laid on the Table of the House.

STATEMENT IN REPLY TO PARTS (a), (b). (c), (d), (e) AND (f) OF LOK SABHA STARRED QUESTION NO.140 TO BE ANSWERED ON 30.11.2011 REGARDING BAILOUT PACKAGE FOR AI

(a): Apart from aircrafts loans of Rs.21412 crore and working capital loan of Rs.22368.43 crore, Air India owes Rs.1950 crore to Oil Companies, Rs.180 crore to vendors for aircraft spares, Rs.620 crore to others and. Rs.300 crore towards employees' wage arrears.

(b)and(c): Government has so far infused fresh equity of Rs. 3200 crore in Air India and has constituted a Group of Ministers(GoM) to review/monitor the financial and operational performance of Air India. On the directions of Group of Ministers(GoM), Air India had prepared its Turn Around Plan (TAP) and Financial Restructuring Plan (FRP), duly vetted by independent consultants, which has been examined by a Group of Officers (GoO). The recommendations of GoO have been accepted by GoM and RBI's views and regulatory forbearance on FRP has been sought. Further equity infusion, if any, would be made with the approval of Cabinet.

(d): No expenditure has been incurred by Air India on account of complimentary/discounted air tickets.

(e)and(f): Air India's losses are on account of a multitude of factors such as : high fuel prices, high interest burden on account of working capital and aircraft loans, increase in competition especially from Low Cost Carriers, high debt equity ratio, high staff costs, operational deficiencies on account of delay in human resource merger, mismatch of aircraft deliveries etc.