

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:2146

ANSWERED ON:07.12.2011

AIRLINES RUNNING INTO LOSSES

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Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether a number of airlines operators in the country are incurring losses;
- (b) if so, the reasons therefor;
- (c) the profit/loss reported in Q2 of FY 2011-12 as compared to Q2 of FY 2010-11, airline-wise;
- (d) whether the Government proposes to revitalise the Civil Aviation industry; and
- (e) if so, the details thereof?

Answer

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

(a) and (b):- The spiraling cost of Aviation Turbine Fuel (ATF) coupled with global economic stow down and low yield have contributed greatly to losses,

(c):-The details of the losses suffered by Air India are as under:

Year Rs. in Crores

2007-08 2226.16

2008-09 5548.26

2009-10 5552.44

2010-11 6865.17

Total 20192.03

Ministry does not maintain record of profit/losses of private airlines.

(d) and (e):- Yes, Madam. The Government has constantly been responding to changing scenario and formulating sector specific policies to facilitate and enable growth of the sector and to meet global standard and competition. Some of the steps undertaken by Government are as under;

(i) Easier FDI Policy for airports has been put in place vide which 100% FDI, through automatic route, has been permitted in Greenfield airports, (ii) FDI requirements for air transport side of civil aviation have been revised and separate limits have been prescribed in respect of different sectors such as schedule cargo airlines, non-scheduled operators, MRO etc. (iii) Relaxed procedure for establishment of private airports for private use has been announced, (iv) Private domestic airlines have been permitted to fly on overseas routes subject to specified guidelines. Further, bilateral arrangements with other countries have been gradually liberalized to enable better international connectivity. (v) A new Flying Training Institute has been established at Gondia, Maharashtra. Further, Indra Gandhi Rashtriya Uran Akademi has been restructured. These measures would help in putting in place better training infrastructure for skilled manpower in the aviation sector, (vi) The infrastructure at the airports, Air Traffic Control and Navigation is being constantly upgraded to meet the future demand of the airlines. (vii) to create a world class airport infrastructure upgradation/modernization of a number of metro and non-metro airports have been undertaken by Airports Authority of India (AAI) as well as through Joint Venture

Companies, (viii) AAI has undertaken upgradation & modernization of 35 non-metro airports in the country in a time bound manner. In addition, 13 more airports have also been taken up for upgradation. (ix) AAI has also undertaken the modernization and expansion of the international airports at Chennai and Kolkata. (x) DGCA from time to time reviews and amends its regulations as per international standards and aviation requirements of the country, (xi) DGCA itself has been strengthened to meet international safety obligations. (xii) City side development of specific airports has been undertaken under Public Private Participation model. (xiii) A new policy for green field airports which envisages, (xiv) An Independent regulatory Authority, namely, AERA has been established 12.5.2009 with the prime objective to create a level playing field and healthy competition amongst all major airports (Government-owned, PPP-based, private), regulation of tariffs of aeronautical services, protection of reasonable interest of users.