

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:2168

ANSWERED ON:07.12.2011

MERGER OF IA AND AI

Bajirao Shri Patil Padamsinha ;Khaire Shri Chandrakant Bhaurao

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) the details of the grounds of merger of Indian Airlines and Air India;
- (b) whether C&AG has held in its report that there were no valid grounds to justify the merger of AI and IA; and
- (c) if so, the details thereof?

Answer

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

(a): It was observed that most major international carriers have grown by ensuring seamless connectivity between international and domestic networks to build extensive access. The integration of the two national airlines would also lead to developing a seamless connectivity network of regional operations, short to medium and long haul operations that leads to an improved product through increased network coverage. Their merger could also provide significant synergy for procurement, sales and distribution beside affording an opportunity for financial restructuring/ strengthening by leveraging common assets. Further, the merger may result in creation of a much bigger airline, as compared to nearest domestic competitor, with dominance in domestic/international market position.

(b)and(c): The report of the CAG has been placed on the Table of the House.