

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:3409

ANSWERED ON:14.12.2011

FINANCIAL CRUNCH IN AVIATION SECTOR

Antony Shri Anto;Mandal Shri Mangani Lal;Ray Shri Rudramadhab

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the Government has analyzed the reasons for the huge financial crunch being faced by the civil aviation industry in the country;
- (b) if so, the details and the outcome thereof, airline-wise;
- (c) if not, whether the Government proposes to conduct a study in this regard;
- (d) if so, the details thereof; and
- (e) the steps taken/proposed to be taken by the Government to protect the interests of the sector as well as the tax payers?

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 slow down and low yield have contributed greatly to losses. 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.

(c) and (d):- Directorate General of Civil Aviation has ordered financial surveillance of scheduled airlines from safety perspective in accordance with provisions contained in CAR Section 3, Series S Part I.

(e):- 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, Indira 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.