

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:1245
ANSWERED ON:21.03.2012
RESTRUCTURING PLAN FOR AI
Mahtab Shri Bhartruhari

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the Government has asked Air India to improve its performance and take cost cutting measures;
- (b) if so, whether Air India has prepared any cost cutting plan so far;
- (c) if so, the details thereof; and
- (d) the extent to which the cost cutting plan has been implemented so far and the outcome thereof?

Answer

MINISTER OF CIVIL AVIATION (SHRI AJIT SINGH)

(a): Yes Madam.

(b) and (c): Air India has taken several initiatives towards cost cutting and revenue enhancement. These measures are

i) Complete route rationalization of erstwhile Air India and Indian Airlines routes and elimination of route network involving;

ii) Rationalization of certain loss making routes;

iii) induction of brand new aircraft on several domestic & international routes to increase passengers appeal;

iv) Phasing out of old fleet and consequential reduction in maintenance cost;

v) Return of leased aircraft at the end of their tenure or prematurely;

vi) Freezing of employment in non-operational areas;

vii) Redeployment of staff to cut in-fructuous expenditure;

ix) Grounding of ageing fleet including B747-400 which would be used only for certain lines of operations and for operating VVIP flights;

xii) Relocation of EDs/IBOs from abroad back to India;

xiii) Closure of overseas offline offices at certain locations;

xiv) Dismantling of the Frankfurt hub and establishment of the Delhi hub resulting in substantial saving due to restructuring of routes;

xv) Establishment of Integrated Operations Control Centres.

(d): The various cost cutting measures implemented by Air India have resulted in savings of approximate Rs.800 crores during 2010-11.