

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

STARRED QUESTION NO:24
ANSWERED ON:14.03.2012
BAIL OUT PACKAGE OF AIRLINES
Patil Shri A.T. Nana;Upadhyay Seema

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the Government has taken note of the financial health of various aviation companies, operating in the country in the light of the assessment made by the Centre for Asia Pacific Aviation;
- (b) if so, the details thereof and the reasons for the poor condition of airlines, airline-wise;
- (c) whether the Government is contemplating any bailout package for loss making private and public airlines operating in the country; and
- (d) if so, the details thereof, airline-wise?

Answer

MINISTER OF CIVIL AVIATION (SHRI AJIT SINGH)

(a)to(d): A Statement is laid on the table of the House.

STATEMENT TO BE LAID ON THE TABLE OF THE LOK SABHA IN REPLY TO STARRED QUESTION NO. 24 DATED 14.3.2012 REGARDING BAIL OUT PACKAGE OF AIRLINES.

(a)and(b): No such assessment made by the Centre for Asia Pacific Aviation is available with this Ministry. However, based on returns filed by airlines with Directorate General of Civil Aviation, all scheduled airlines except IndiGo operating in the country are incurring losses.

The spiraling cost of Aviation Turbine Fuel (ATF), global economic slow down and low yield due to intense competition and consequent widening gap between revenue and expenses have contributed greatly to losses.

(c)and(d): The Ministry has no bailout package for private airlines. However, Government has recently taken several sector wide measures to resolve short term as well as long term issues to improve its sustainability and viability. These are:

(i) An inter-ministerial Working Group constituted under the Chairmanship of Secretary, Civil Aviation analyzed various factors causing stress in civil aviation.

(ii) The issue of rationalization of VAT on ATF, has been taken up with the State Govts.

(iii) Directorate General of Foreign Trade has allowed import of ATF by or on behalf of airlines as actual users and on actual use basis.

(iv) A proposal to allow FDI upto a limit of 49% by foreign airlines into domestic sector is under consideration.

As regard Air India, Government has infused Rs. 800 crores as equity in Air India in the FY 2009-2010, Rs.1200 crore in FY 2010-11, Rs.1200 crore in 2011-12. Meanwhile, Group of Ministers (GoM) has approved Turn Around Plan (TAP) and Financial Restructuring Plan (FRP) formulated by Air India.