

**GOVERNMENT OF INDIA  
CIVIL AVIATION  
LOK SABHA**

UNSTARRED QUESTION NO:6632  
ANSWERED ON:16.05.2012  
LOAN TO RE-FINANCE AIRCRAFT  
Ramasubbu Shri S.;Reddy Shri K. Jayasurya Prakash

**Will the Minister of CIVIL AVIATION be pleased to state:**

- (a) whether Air India plans to raise a long term loan of \$ 1.150 million to refinance its 21 new A-320 aircraft;
- (b) if so, the complete details thereof alongwith the present position in this regard;
- (c) whether Air India's cargo business is incurring huge losses and there is a proposal to sell all the cargo flights;
- (d) if so, the details thereof;
- (e) whether the proposal of Air India to setup a cargo hub at Nagpur has been shelved; and
- (f) if so, the reasons therefor?

**Answer**

MINISTER OF CIVIL AVIATION ( SHRI AJIT SINGH )

- (a): The re-financing of new 21 A-320 family aircraft has already been completed on 27.09.2011.
- (b): The re-financing was through issuance of Rated, Unsecured, Taxable, Redeemable, GoI Guaranteed Non-Convertible Debentures (NCDs) aggregating to Rs.5,500 crores across Series 1 aggregating to Rs.4,000 crores and Series 2 aggregating to Rs.1,500 crores on 27.09.2011.
- (c) and (d): A tender has been floated for sale of the six B737-200 freighter aircraft, because of the highly uneconomic nature of the Cargo business operated by this fleet.
- (e) and (f): Yes, Madam. The proposal for Air India to set up a cargo hub at Nagpur was based on planned operation of a cargo freighter fleet. Since Air India has decided to phase out/dispose off the 6 X B737-200 freighter aircraft, the proposal to set up a cargo hub at Nagpur has been shelved for the present.