

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

STARRED QUESTION NO:119

ANSWERED ON:17.08.2012

AIR INDIA LOSSES

Agarwal Shri Jai Prakash;Patil Shri C. R.

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the Air India is continuously incurring losses;
- (b) if so, the details of the losses suffered by Air India during the last one year and the current year and the reasons therefor;
- (c) the details of the routes operated by Air India/NACIL, both domestic and international which are running in losses;
- (d) whether any comparative study of operational efficiency of Air India has been made and if so, the details thereof; and
- (e) whether the Government has constituted any Committee / task force in this regard and to rationalise its costs and if so, the details thereof and the action taken thereon?

Answer

MINISTER OF CIVIL AVIATION (SHRI AJIT SINGH)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT IN REPLY TO PARTS (a) to (e) OF THE LOK SABHA STARRED () QUESTION NO.119 FOR 17.8.2012 REGARDING AIR INDIA LOSSES TABLED BY S/SHRI C.R. PATIL AND JAI PRAKASH AGARWAL MP_s

(a) and (b): Yes, Madam. Air India has been incurring losses over last few years. The estimated loss incurred by Air India during FY 2011-12 is Rs. 7853.00 crore (Provisional estimates). The estimated loss before tax during quarter ending on 30th June, 2012 is Rs.1776 crores. The reasons for losses are: (i) Abnormal increase in Aviation Turbine Fuel Cost (ATF); (ii) High taxes on ATF; (iii) High airport fees and levies; (iv) High operating costs resulting in lower yields/losses; (v) Increase in interest burden on aircraft loans due to strengthening of dollar; (vi) Interest burden on account of working capital; (vii) High overhead costs compared with industry norms; and (viii) Increase in wage bills and other staff costs.

(c): 71 services operated on international sectors and 97 services operated on domestic sectors by Air India do not meet the operating cost of these services. Details of such routes are annexed.

(d): A comparative study of Air India's operational parameters vis-à-vis its competitors was done during the formulation of Air India's Turn Around Plan (TAP) and Financial Restructuring Plan (FRP). While finalizing the TAP and FRP, performance of its competitors with regard to Revenue Passengers Kilometers, Available Seat Kilometers, Passenger Load Factors, On Time Performance etc. have been evaluated. Based on the findings of the study, performance targets have been set for Air India.

(e): A task force, headed by a Joint Secretary of the Ministry, has been constituted to examine route economics and to find ways and means to rationalize the routes so as to make the operations more cost effective.