

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:3380

ANSWERED ON:31.08.2012

BRPSE ON AIR INDIA

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Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the Board for Reconstruction of Public Sector Enterprises (BRPSE) had asked Air India to refer itself to the BRPSE so that the debt ridden carrier could be put in a revival path;
- (b) if so, the details thereof along with the response from Air India thereto;
- (c) the reasons and justification for providing frequent bailout packages to Air India;
- (d) whether such bailout packages are in consonance with practices undertaken worldwide for companies in similarsituation; and
- (e) if so, the details thereof and the action taken and the progress made on the turnaround and financial restructuring plan of Air India?

Answer

MINISTER OF CIVIL AVIATION (SHRI AJIT SINGH)

(a): Yes, Madam.

(b): Air India had informed BRPSE that as its financial position was referred to a Committee of Secretaries in July - August, 2009 and thereafter to a Group of Ministers, no reference to BRPSE was made.

(c): Soon after the merger of Air India and Indian Airlines in 2007, global economy had undergone severe recession. ATF costs had also gone tremendously high, which had resulted in huge losses to airlines industry. Air India has also incurred losses since then. In order to balance adverse debt-equity ratio and to tide over severe resource crunch, Government has infused funds by way of equity on different occasions.

(d) and (e): Yes, Madam. Many airlines have received financial support from their Governments from time to time. The details are given in the attached Annexure. The Financial Restructuring Plan (FRP) and Turn Around Plan (TAP) of Air India has been approved by the Government on 12.04.2012.