

**GOVERNMENT OF INDIA  
CIVIL AVIATION  
LOK SABHA**

UNSTARRED QUESTION NO:3123

ANSWERED ON:12.12.2012

PRODUCTIVITY LINKED INCENTIVES

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

- (a) whether the Government has decided to stop paying Productivity Linked Incentives (PLIs) and other allowances to Air India staff;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether Air India is considering to introduce Profit/Productivity-Related Pay (PRP) to its employees and if so, the details thereof along with the norms/conditions therefor;
- (d) the total outstanding dues to be paid by Air India to its employees; and
- (e) the steps taken by the Government to ensure timely payment of dues to AI employees?

**Answer**

Minister of State in the Ministry of CIVIL AVIATION (SHRI K. C. VENUGOPAL)

(a) and (b) : Effective July, 2012, PLI for all categories of employees has been abolished. However, in the case of licensed categories of employees i.e. pilots, Cabin Crew & Engineers, certain allowances, like Flying allowances, license related allowances as per industry standard are required to be paid. Ministry has circulated a draft Cabinet Note for Inter-Ministerial Consultation before it is put up for consideration of Cabinet Committee on Economic Affairs for the payment of such allowances for Licensed Category employees.

As per the Financial Restructuring Plan (FRP), PLI is required to be ceased till the company achieved Profit Before Taxes (PBT).

(c) : As per Dharmadhikari Committee report, PRP as per DPE norms may be paid to employees depending upon achievement of targets as signed between Government and Air India.

(d): The total outstanding dues to be paid by Air India to its employees which includes Flying Allowances for August-November, 2012, Salary for November, 2012 and PLI for June, 2012 are Rs.405.58 crores.

(e) The Government has approved Air India's Turn Around Plan and Financial Restructuring Plan on 12.04.2012, which includes financial support from the Government, on achievement of specified milestones as under:

(i) Induction of upfront equity of Rs.6,750 crores. Rs.5200 crores equity already released so far.

(ii) Equity for Cash deficit Support of Rs.4,552 crores from FY 2012-13 to FY 2017-18.

(iii) Equity for already guarantee aircraft loan of Rs.18,929 Crores till FY 2021

(iv) GOI Guarantee for repayment of Principal amount and payment of interest on the Non-Convertible Debentures (NCDs) of Rs.7400 crore proposed to be issued by Air India to the Financial Institutions, Banks, LIC, EPFO etc.

With these improved financials and improvement in Air India Performance, salary payments are expected to be regularised.