

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:2604

ANSWERED ON:13.03.2013

FINANCIAL POSITION OF AIR INDIA

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Will the Minister of CIVIL AVIATION be pleased to state:

- (a) the present financial status of Air India and its restructuring plan;
- (b) whether the Ministry has sought more budgetary allocation for strengthening Air India (AI);
- (c) if so, the details thereof and the reaction of the Government thereto;
- (d) whether AI has not been able to spend the allocated amount completely during the 11th Five Year Plan;
- (e) if so, the reasons therefor and the number of times the national carrier has been infused with funds along with the purposes for which the funds have been utilised during each of the last three years and the current year;
- (f) whether salaries/perks of AI employees are still pending to be released; and;
- (g) if so, the details thereof, category-wise and the time by which these are likely to be released?;

Answer

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

(a) : Air India's financial and operational performance during April-December, 2012 has shown improvement in comparison to the corresponding period of 2011. As per the provisional data available, Air India's net losses declined from Rs.5850.79 crores to Rs.4740.30 crores (improvement of Rs. 1110.49 crores), the cash losses declined from Rs.4539.75 crores to Rs.3414.25 crores (improvement of Rs.1125.5 Crores) and the EBIDTA (Loss) declined from Rs.1699.36 crores to Rs.768.46 crores (improvement of Rs.930.89 crores). The Passenger Revenue went up by Rs.680.13 crores (improvement of 8.1 percent) and the Passenger Load Factor also improved from 68.4 percent to 70.4 percent.

Despite improvement in operational performance, Air India continues to face the liquidity crunch due to cash losses.

The Government considered the Financial Restructuring Plan and Turn Around Plan of Air India on 12.04.2012 and approved the following:

- (i) Induction of upfront equity of Rs6,750 crores, including Rs 1,200 crores provided in the budget of 2011-12 and already released, in the financial Year 2011-12.
- (ii) Equity for Cash deficit support of Rs. 4,552 crores from FY 2012-13 to FY 2017-18.
- (iii) Equity for already guaranteed 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 Deventures (NCDs) of Rs 7400 crore to be issued by Air India Limited to the financial institution, Banks, LIC, EPFO, etc. In case of GOI guaranteed NCDs, Government outgo will be Rs 11,951 crore towards interest and Rs 7400 crore towards principal with NPV of Rs 8,637 crore on both principal and interest (as on September 30, 2012 at a discount rate of 8 percent).

(b) and (c) : As per the Turn Around and Financial Restructuring Plan, Government is required to infuse the equity of Rs.11014 crores during 2012-13. So far equity amounting to Rs.6000 crores has been infused in the current year. Accordingly, a further requirement of Rs.5014 crores for this year has been conveyed to the concerned Ministry.

(d) and (e) : No, Madam. During 11th Plan period (2007- 2012) Air India has been provided Gross Budgetary Support of Rs.3200 crores (Rs.800 crores during 2009-10, Rs.1200 crores during 2010-11 and Rs.1200 crores during 2011-12) in the form of equity and AI has fully utilised this amount.

(f) and (g) : Salary upto January, 2013, has been paid to all categories of employees of Air India . Productivity Linked Incentive (PLI) to all categories of employees has been paid upto June 2012 and has been discontinued w.e.f. 1st July 2012 in accordance with the Financial Restructuring Plan (FRP) implemented by the Company. Full Layover Allowance has been paid to Pilots upto August, 2012 and the Cabin Crew upto July, 2012. Pending revision of pay and allowances of licensed category of employees like Pilots, Engineers, Cabin Crew, ad-hoc payment of 75 percent of the allowances has been made upto November 2012, subject to adjustment against the final payable amount.

Ad-hoc payments for the months of July 2012 to November 2012 have also been made to non-licensed categories of employees in respect of the differential salaries, pending final adoption of the revised pay and allowances of the Justice Dharmadhikari Committee Report and the same will be adjusted against the final amount payable.