

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

STARRED QUESTION NO:190
ANSWERED ON:22.08.2013
PROBLEMS IN CIVIL AVIATION SECTOR
Lingam Shri P.;Tarai Shri Bibhu Prasad

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether civil aviation sector in the country is facing financial and liquidity problems;
- (b) if so, the details thereof including the state of financial performance of Air India and Jet Airways;
- (c) whether the deal between Jet Airways and Etihad Airways will help the debt laden private airlines to come out of its financial problems and if so, the details in this regard;
- (d) whether there is any other similar proposal under consideration of the Government;and
- (e) if so, the details thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF CIVIL AVIATION (SHRI AJIT SINGH)

(a), (b), (c), (d) and (e): A Statement is laid on the Table of the House.

STATEMENT TO BE LAID IN REPLY OF THE LOK SABHA STARRED QUESTION () NO. 190 FOR ANSWER ON 22.08.2013 REGARDING 'PROBLEM IN CIVIL AVIATION SECTOR'

(a) and (b) Yes, Madam. The major challenges of the civil aviation sector include the high and growing debt burden of the airline companies. Airline industry in India suffers from huge debt burden close to US\$ 20 billion (estimated for 2011-12). The Ministry of Civil Aviation does not maintain records on financial performances of the private airlines. However, Jet Airways has informed that its net loss for the year 2012-13 was Rs. 485.50 crores. As regard Air India, the gap between income and expenditure was around Rs.3162 crores during the year 2012-13 which also includes repayment of aircraft loans of Rs.1635 crores.

(c) The purpose of removing the restriction on investment in Indian carriers by foreign airlines is to bring in strategic investors, as few private equity investors are to invest in a highly capital intensive business like airlines. However, the impact of any such investment depends upon the market condition and performance of the airlines. As such, no assessment of Jet-Etihad deal can be made at this stage. The actual impact can be assessed only after operationalization of the deal and observing the performance of the Jet Airways afterwards.

(d) and (e) The Govt.has approved the following proposals of Foreign Direct Investment (FDI) by foreign airlines:

(i) Investment by M/s. Air Asia Investment Ltd., Malaysia (Subsidiary of Air Asia Berhad) in a Joint Venture Company in India together with Telestra Tradeplace Private Limited and Tata Sons Ltd.

(ii) Investment by Farnair in the Quickjet Cargo airline.