

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:886
ANSWERED ON:08.08.2013
CAPITAL GAP IN AIR INDIA
Owaisi Shri Asaduddin

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether Air India faces a capital gap of Rs. 400 crore in its income and expenditure and if so, the details thereof;
- (b) whether the Government has set up a committee to suggest ways in this regard and if so, the details thereof;
- (c) whether the said committee has submitted its report to the Government;and
- (d) if so, the details thereof and if not, the time by which the committee is likely to submit its report to the Government?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF CIVIL AVIATION (SHRI K. C. VENUGOPAL)

(a) No, Madam. The gap between income and expenditure as per the budgeted figures is around Rs.3162 crores which includes repayment of aircraft loans of Rs.1635 crores. As such the average monthly gap is around Rs.263 crores.

(b) to (d) Yes, Madam. The Committee on `Cost Saving & Resource Optimization in Air India` set up under the chairmanship of Prof. Dholakia to suggest way and means to cut down cost of the Company has submitted its report to the Government on 28.03.2013.

Some of the recommendations made by the Committee are as follows:-

- (i) An efficiency audit be carried out for the whole organisation by an independent reputed firm.
- (ii) Govt. of India should allow Air India to issue tax free bonds, guaranteed by the Govt. of India for an amount of Rs.10,000 crores, this would reduce the interest burden by approx Rs.300 crores per annum.
- (iii) The hived off, MRO and Ground Handling entities should be revenue generating Strategic Business Units and operate as profit centres, and must undertake activities for Air India and also solicit business from other airlines.
- (iv) Charges for excess baggage should be simplified and rationalised.
- (v) All flights not meeting ATF costs during major part of the last one year should be suspended and withdrawn.

Air India has constituted a Committee to implement its recommendations.