

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:2478

ANSWERED ON:06.02.2014

PERFORMANCE OF AIR INDIA

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Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the Government had assessed the performance of Air India after its merger with Indian Airlines;
- (b) if so, the details thereof;
- (c) whether the functioning of Air India has improved after merger;
- (d) if so, the extent to which it has been improved after its merger; and
- (e) the steps taken by the Government to make Air India more competitive and Profit earning PSU?

Answer

Minister of CIVIL AVIATION (SHRI AJIT SINGH)

(a) & (b): Yes Madam. The Government has been regularly assessing the performance of Air India after the merger. The Government has approved Turnaround Plan (TAP) and Financial Restructuring Plan (FRP) of Air India in 2012, under which the Government shall infuse equity in Air India over next 10 years. The equity would be brought in by the Government against achievement of specific milestones in terms of load factors, yield and on time performance. An Oversight Committee has also been formed to review Air India's performance regularly before the release of Equity. Till today, the Oversight Committee met 7 times to review the performance of Air India.

(c) & (d): Passenger Load Factor has improved from 58.3% in 2006-07 (pre-merger) to 72.5% in 2012-13. Air India today has one of the youngest fleet, with average age of the fleet being 7 years, compared to the average age of more than 10 years pre merger.

(e): Air India has taken various steps to improve its operational and financial performance, such as (i) Complete route rationalization of erstwhile Air India and Indian Airlines routes and elimination of route network involving parallel operations; (ii) Rationalization of certain loss making routes; (iii) induction of brand new aircraft on several domestic & international routes to increase passengers appeal; (iv) Phasing out of old fleet and consequential reduction of maintenance and engineering costs; (v) Return of leased aircraft at the end of their tenure or prematurely; (vi) Freezing of employment in non-operational areas; (vii) Redeployment of staff to cut in-fructuous expenditure; (viii) Grounding of ageing fleet including B747-400 which would be used only for certain lines of operations and for operating VVIP flights.