

**GOVERNMENT OF INDIA  
CIVIL AVIATION  
LOK SABHA**

STARRED QUESTION NO:235  
ANSWERED ON:06.02.2014  
DEBT ON AIR INDIA  
Bais Shri Ramesh

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

- (a) whether the public sector aviation company Air India is burdened with huge debt;
- (b) if so, the details of the total amount of debt outstanding against Air India as on 31 December, 2013;
- (c) the details of the estimated loss likely to be suffered by the Air India during the current financial year 2013-14; and
- (d) the corrective measures taken/being taken by the Government to address the issue?

**Answer**

Minister of CIVIL AVIATION (SHRI AJIT SINGH)

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

STATEMENT IN REPLY TO PARTS (a), (b), (c) AND (d) LOK SABHA STARRED QUESTION NO.235 TO BE ANSWERED ON 06.02.2014 REGARDING DEBT OF AIR INDIA.

(a) and (b): Yes, Madam. The aircraft debt outstanding is Rs.26032.93 crores and working capital loans are approximately Rs. 21125 crores as on 31.12.2013.

(c): As per the Budget Estimates of Air India (AI) for the year 2013-14. a loss of Rs. 3989.58 crores is estimated. The details of the same are as under:

Rs. (in crores)	
Operating Revenue	19313.24
Operating Expenses	20852.35
Operating Profit/(Loss)	(1539.11)
Total Revenue including Extraordinary Items	20259.24
Total Expenses	24248.82
Net Profit/ (Loss) before Tax	(3989.58)
Net Profit/ (Loss) after Tax	(3989.58)

(d): The following corrective measures have been taken to address the issue,:

1. Fuel Efficiency and Gap Analysis conducted with the help of International Air Transport Association (IATA) and all the recommendations of IATA are being implemented resulting in substantial savings on fuel. Critical analysis of fuel consumption on all flights by setting up a Fuel Council and Fuel Manager;
2. Route rationalization of erstwhile Air India & Indian Airlines routes and elimination of route network involving parallel operations;
3. Rationalization of certain loss making routes;
4. Induction of new aircrafts on several domestic & international routes to increase passenger appeal;
5. Phasing out of old fleet and consequential reduction in maintenance cost;
6. Return of leased aircraft at the end of their tenure or prematurely;
7. Freezing of employment in non-operational areas;
8. Enhanced utilization of new fleet resulting in production of higher Available Seat Kilometres (ASKMs);
9. Grounding of ageing fleet including B747-400 which would be used only for certain lines of operations and for operating VVIP

flights;

10. Curtailment of overtime and certain staff perks and relocation of officers from abroad to India.

11. Closure of overseas offline offices at certain locations;

12. Upgradation of IT Infrastructure & Implementation of Quick Win IT solutions:

13. Introduction of PSS (Passenger Service System) to have single code and System Application Products Enterprise Resource Planning (SAP ERP) based solutions throughout the organization in terms of increase in revenue and decrease in Cost;

14. Plans to Operationalize Subsidiary Companies such as Air India Air Transport Services Ltd. (A1ATSL) and Air India Engineering Services Ltd. (AIESL) and transfer of manpower and equipment to these subsidiary companies;

15. Upgradation of Frequent Flyer Programme (FFP) and Introduction of several marketing initiatives including Companion Free Scheme, Apex fare, GOI packages. Preferred Agents Partnership, Promotion of web bookings and other promotional schemes like AI Holidays, Get Upfront scheme, etc.

16. Induction of independent Directors on Board of AI and formation of Board Committee to monitor closely the financial and operating performance of the Company;

17. Signing of the Financial Restructuring Plan with the lenders resulting in saving in interest costs and moratorium on repayment of Loans.