

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:1902
ANSWERED ON:09.03.2015
AIR INDIA MRO BUSINESS
Puttaraju Shri C.S.

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether the Government has decided to hive off Air India's Maintenance, Repair and Overhaul (MRO) business into a separate subsidiary namely Air India Engineering Services Limited; and

(b) if so, the details and the objectives thereof along with the productivity likely to be improved and costs likely to be reduced as a result thereof?

Answer

Minister of State in the Ministry of CIVIL AVIATION (Dr Mahesh Sharma)

(a): Yes, Madam. The proposal of hiving off engineering activities as a separate MRO subsidiary, was approved by Air India Board in August 2010 and the same was approved by Cabinet in August 2012.

(b): The benefits of hiving off separate MRO subsidiary are as under:-

- # Hiving off the engineering unit as a subsidiary company will ensure greater Financial Accountability and Management independence.
- # Leveraging scope economics by offering complete spectrum of services under one roof.
- # Leveraging scale economics by segregation of demand from various resources thereby reducing cost of operations.
- # Reducing cost of spare parts inventories and improving turn around time by pooling of spares.
- # Aggressively pursuing new business avenue for growth from MRO business.
- # Quicker response to market conditions.
- # Adopting world class practices.
- # Induction of new workforce on new terms & conditions to suit market potential.
- # New work culture with customer focus.