

**GOVERNMENT OF INDIA  
CIVIL AVIATION  
LOK SABHA**

STARRED QUESTION NO:4

ANSWERED ON:07.07.2014

LOSSES IN AIR INDIA

Maragatham Smt. K.;Rajesh Shri M. B.

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

- (a) whether Air India is incurring huge losses for the last three years and if so, the details thereof, year-wise along with the reasons therefor;
- (b) the steps taken or being taken by the Government to reduce the losses;
- (c) whether the Government has any plan for restructuring of the Air India and if so, the details thereof;
- (d) whether employees of the Air India including cabin crew have reportedly been absenting themselves from duty without informing the authorities concerned; and
- (e) if so, the action taken or proposed to be taken against such erring employees?

**Answer**

Minister of CIVIL AVIATION  
(Shri Ashok Gajapati Raju Pusapati)

(a) to (e): A Statement is laid on the Table of The House.

STATEMENT IN REPLY TO PARTS (a) to (e) OF LOK SABHA STARRED QUESTION NO. 4 TO BE ANSWERED ON 07.07.2014 REGARDING LOSSES IN AIR INDIA

(a): Yes, Madam. Air India incurred a loss of Rs.7559.74 crores in 2011-12, Rs.5490.16 crores in 2012-13 and Rs.5388.82 crores in 2013-14 (provisional). The main reasons for the losses are:

- (i) Adverse market conditions,
- (ii) Increase in Fuel Prices, and
- (iii) Adverse movement in Exchange rate.

(b) & (c): (I) In view of the losses suffered by Air India upto 2010-11 and its mounting debt burden, Air India formulated a Turnaround Plan (TAP), comprising an Operational Turnaround Plan and a Financial Restructuring Plan (FRP).

(II) The TAP/FRP of Air India was presented to the Group of Ministers (GoM) on Civil Aviation. The GoM further constituted a Committee of Group of Officers (GoO) under the Ministry of Finance. The GoO submitted their recommendations to GoM in October, 2011. The GoM accepted the recommendations of GoO, which were placed before the Cabinet for consideration.

(III) The CCEA approved Air India's TAP and FRP on 12.04.2012, that provided for infusion of additional equity by the Government, cost reduction and improved operational performance. The financial support approved under TAP from the Government is as under:-

- (i) Induction of upfront equity of Rs.6,750 Crores,
- (ii) Equity for Cash deficit support of Rs.4,552 crores from FY 2012-13 to FY 2017-18.
- (iii) Equity for already guaranteed aircraft loan of Rs.18,929 Crores till FY 2021, and
- (iv) GOI Guarantee for repayment of Principal amount and payment of Interest on the Non-Convertible Debentures (NCDs) of Rs.7400 crores proposed to be issued by Air India to the financial institutions, Banks, LIC and EPFO.

(IV) As a part of the TAP/FRP, Govt. has laid down performance milestones for Air India and constituted an inter Ministerial Oversight Committee to monitor the performance of Air India vis-À-vis milestones set in the TAP.

(d) & (e): Yes Madam. Some employees, including Cabin Crew are unauthorisedly absenting themselves from duty. Disciplinary

action against such erring employees is being taken as per rules.