

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:3900

ANSWERED ON:08.12.2016

Performance of Air India

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Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the Ministry is aware that out of top 40 posts in present Air India, only 2 posts are from former Air India and the rest are from former Indian Airlines, if so, the details thereof;
- (b) whether the Ministry is also aware that promotions have been given to the officials of former Indian Airlines who were junior in the seniority list, if so, the details thereof;
- (c) whether the Ministry is aware that anomalies in terms of qualification, responsibility and work performance in human resource sector of Air India has been causing losses for years;
- (d) if so, the steps taken by Air India during the last two years to augment work performance, reduce over staffing, make the staff more professional and to boost their morale;
- (e) the impact of the merger of erstwhile Air India and erstwhile Indian Airlines in terms of operating ratio, net profits, loans and debts;
- (f) the market share of erstwhile Air India and erstwhile Indian Airlines in the aviation industry before and after the merger; and
- (g) the total assets and liabilities of Air India at present and the steps taken by the Government to improve the performance of Air India?

Answer

Minister of CIVIL AVIATION

(Shri Ashok Gajapati Raju Pusapati)

(a) to (c): Out of 19 Executive Directors in Air India Limited 12 are from erstwhile Indian Airlines and 07 are from erstwhile Air India . Further, out of 04 CEOs of subsidiaries of Air India Limited, 03 are from erstwhile Air India and 01 is from erstwhile Indian Airlines.

Consequent to the merger of Air India & Indian Airlines, a Committee under the Chairmanship of Retd. Justice Dharmadhikari was appointed by the government to look into the harmonization of wage, salary, seniority, career progression etc. of all categories of employees of both the erstwhile Companies. The Justice Dharmadhikari Committee submitted its report to the Ministry of Civil Aviation which was accepted by the Government and implemented w.e.f. 01.07.2012. The promotions have been granted to the employees from the date it was due to them as per policies.;

(d) In Financial Year 2015-16, trainings have been conducted/ arranged on all India basis (including soft skill management and functional training programme) at Corporate and Regional Level. Also, from 01.01.2015 till date, 5020 promotions have been carried out in Officers category and from 1.1.2015 till 30.06.2016, 4218 promotions have been carried out in staff category. The aircraft employee ratio and revenue per employee has also shown a positive trend. In order to have the objective assessment, responsibility and work performance in human resource sector of Air India, Key Performance Indicators/ Key Performance Areas have been defined and communicated to Air India staff.;

(e) Air India immediately after the merger in 2007-08 had been facing acute liquidity problems leading to losses on account of a multitude of factors which were impacting the entire aviation industry as a whole.

However, the company has been constantly improving its operational and financial performance since the implementation of Turnaround Plan. AI has made substantial improvements in both its financial as well as operational workings since 2012, the year in which TAP was implemented. The Net Losses of the company have been consistently going down since the implementation of the Turnaround Plan of Air India. The Operating Ratio has also improved from 135.02% to 99.47% on account of which the company has posted an Operating Profit of Rs 105 crores in 2015-16.

The total outstanding loans on Air India as on 30th September 2016 are Rs 46570.35 crores.;

(f) The merger of Air India and Indian Airlines was effective from August, 2007.

Market Share of Air India in 2006-07
(before merger) : 14.75 % (International)

Market Share of Air India 2007-08
(after merger) : 11.8 % (International)

Market Share of Indian Airlines in 2006-07
(before merger) : 17.37 % (Domestic)

Market Share of Indian Airlines in 2007-08
(after merger) : 15.55 % (Domestic);

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(g) The Gross value of the Fixed assets (including surplus assets) of the company as on 31st March 2016 are Rs 46,074.67 crores, whereas the long term borrowings/liabilities are Rs 35806.38 crores.

Govt. has already approved a Turnaround Plan (TAP)/ Financial Restructuring Plan (FRP) for Air India in the year 2012 for operational and financial turnaround of Air India. The TAP/FRP envisages equity induction by the Government subject to achievement of certain financial and operational parameters. The TAP/FRP includes budgetary support amounting to Rs 30231 crores spread over 10 years i.e. upto FY 2020-21 and also equity support for the payment of principal/interest of the Non Convertible Debentures. Air India Ltd is constantly improving its performance both on operational as well as financial fronts since the implementation of TAP/FRP.;

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