

**GOVERNMENT OF INDIA  
CIVIL AVIATION  
LOK SABHA**

UNSTARRED QUESTION NO:52  
ANSWERED ON:07.07.2014  
INDUCTION OF AIR INDIA INTO STAR ALLIANCE  
Ahir Shri Hansraj Gangaram

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

- (a) whether the National Carrier Air India has joined Star Alliance in order to increase its revenue;
- (b) if so, the details thereof and the estimated revenue of Air India likely to increase as a result thereof;
- (c) whether the Government has conducted any study on the financial condition of Air India;
- (d) if so, the details thereof; and
- (e) the concrete steps taken/being taken by the Government to improve the operational and financial performance of Air India?

**Answer**

Minister of State in the Ministry of CIVIL AVIATION  
(Shri G. M. Siddeshwara)

(a) and (b): Yes, Madam. The process of Air India joining Star Alliance is on and Air India will formally join the Star Alliance on 11th July, 2014. The passenger revenue is expected to increase by 3 to 5% on account of Air India joining Star Alliance.

(c) to (e) In view of the huge losses suffered by Air India for the years 2007-08 to 2010-11 and its mounting debt burden, Air India in consultation with SBI Capital Markets Ltd. and M/s Deloitte, an independent financial consultant conducted studies and formulated a Turnaround Plan (TAP), which entails an Operational Turnaround Plan along with a Financial Restructuring Plan (FRP).

The TAP/ FRP of Air India was presented to the Group of Ministers (GoM) constituted by the Cabinet. 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 and forwarded the same to the Cabinet for their consideration.

The CCEA approved Air India's TAP and FRP on 12.04.2012, which envisages 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, including Rs.1,200 Crores provided in the budget of 2011-12 and already released, in the Financial Year 2011-12.
- (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
- (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, EPFO etc.

For the purpose of TAP/FRP, Govt. has laid down certain performance milestones for Air India to achieve and an Oversight Committee comprising of Secretary, Civil Aviation, Secretary, Expenditure, Additional Secretary & Financial Adviser and Joint Secretary of Ministry of Civil Aviation has been constituted in order to closely monitor the performance of Air India vis-a-vis milestones set in the TAP.