

Title: The Minister of State of the Ministry of Civil Aviation laid a statement regarding merger of Air India Limited and Indian Airlines Limited.

MR. SPEAKER: Shri Praful Patel to make a Statement. Mr. Minister, you can lay the Statement on the Table of the House.

...(Interruptions)

THE MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL): Mr. Speaker, Sir, with your permission, I beg to lay a Statement on an issue of significant importance for the civil aviation sector in the country. ...(Interruptions)

The two national carriers Air India Ltd. and Indian Airlines Ltd. Share the proud legacy of being the pioneers of civil aviation in the country. However, in the past decade, their market position has been adversely affected due to intense competition and their inability to induct new fleet. Further, there has been a growing tendency of consolidation and merger in the civil aviation sector, which enables the airlines to achieve synergies and reduce costs. This august House is aware that our Government have already approved the induction of 68 new aircraft by Air India and 43 new aircraft by Indian Airlines. I am, now, happy to announce that the Government have decided to merge the two airlines into a new company, which would further strengthen the public sector airlines. It is estimated that this decision would result in net benefit of Rs. 600 crore at the end of third year of merger.

We expect to put in place an airline which would be comparable to any other major airline, at least in this region. The merger of the two airlines would be completed in a phased manner over the next two years. The technical and procedural formalities for merging the two airlines would begin immediately and one company with one name, one brand, one logo, one code and single financials is expected to be in place within the coming 16 weeks. This new airline, with about 112 aircraft, with both international and domestic footprint would set fresh benchmarks for efficiency and reliability; thus benefiting the civil aviation sector in the country, specially the traveling public.

While taking this decision, employee interests have been foremost in our mind. The Government is committed to ensure that all legitimate employee interests, including their current compensation, status, etc. are protected. There will be no retrenchment and all employees will continue in the merged company. Besides, to keep the exercise as smooth as possible, the integration of man power would be completed in a phased manner, on the basis of transparent and objective criteria. A well-defined Grievance Redressal Machinery will also be put in place.

It is our objective to create a world class airline, in the public sector, in close cooperation with all its employees.

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