

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 378
(To be answered on the 19th July 2018)**

FINANCIAL ASSISTANCE TO AIR INDIA

**378. SHRI VINAYAK BHAURAO RAUT
SHRI CHANDRA PRAKASH JOSHI
SHRI P. KUMAR
ADV. M. UDHAYAKUMAR
PROF SAUGATA ROY
DR. SHRIKANT EKNATH SHINDE
SHRI NARANBHAI KACHHADIYA
SHRI RAMDAS C. TADAS
SHRI DHARMENDRA YADAV
SHRI SHRIRANG APPA BARNE
SHRI ANANDRAO ADSUL
SHRI ADHALRAO PATIL SHIVAJIRAO**

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) the details of losses incurred, profit/revenue earned by Air India during the last three years and the current year, year-wise;**
- (b) the amount of outstanding loan on Air India at present and the steps taken to clear the same;**
- (c) whether the Government has identified the reasons for Air India not earning profit and the efforts made by the Government to deal with the same;**
- (d) the details of income and expenditure of Air India during the last three years and the profits being earned on account of flights operated by Air India;**
- (e) whether the Government has sanctioned/released financial assistance to save Air India and if so, the details thereof for the last three years;**
- (f) whether the Government has any proposal to sell off some Air India properties in this regard, if so, the details thereof; and**
- (g) the details of challenges being faced by Air India and the plan prepared by the Union Government to bailout debt laden airline and the current status of disinvestment plan for Air India?**

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ANSWER

Minister of State in the Ministry of CIVIL AVIATION

नागर विमानन मंत्रालय में राज्य मंत्री

(Shri Jayant Sinha)

(a): The details of the net losses and revenue earned by Air India during the last three years as per the audited accounts are given below:

Particulars	(Rs in crores)		
	2014-15	2015-16	2016-17
Total Revenue	20613.16	20526.12	22177.68
Net Profit/ (Loss) after tax	(5859.91)	(3836.78)	(5765.16)

The revenue and profit/loss statements for the current year for Air India Limited are under audit.

(b): The total outstanding loan on Air India as on 31st March 2017, as per the audited accounts of FY 2016-17, is Rs 48447.37 crore, the details of which are given below:

a) Aircraft Loans	Rs 17,359.61 crore
b) Working Capital Loans	Rs 31,087.76 crore
Total	Rs 48,447.37 crore

Air India Limited has always examined all options in order to improve its operational and financial performance. Air India Limited is exploring all the possibilities to restructure its debt in order to reduce its interest costs. Such measures, inter-alia, includes substitution of high cost debt by low cost debts by the way of negotiating lower rates of interest, conversion of foreign currency debt by INR Loans to override the exchange rate impact etc. The debt burden is the main source of worry for the smooth implementation of the Turn Around Plan (TAP) of Air India. In this regard banks have also been requested to look into the possibility of restructuring the debt of the company. This would substantially bring down the interest costs and will help the airline in its revival.

(c): The main reasons for Air India Limited for facing losses in the past few years are given below:

- (i) high interest burden,
- (ii) increase in competition especially from low cost carriers,
- (iii) high airport user charges,

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(iv) adverse impact of exchange rate variation due to weakening of the Indian Rupee, and

(v) high cost of operation.

In order to help Air India in mitigating its continuing losses, the Government formulated and approved the Turn Around Plan (TAP) and Financial Restructuring Plan (FRP) of Air India.

(d): The details of the audited income, expenditure and profit/loss of Air India Limited during the last three financial years are given below:

Particulars	(Rs in crores)		
	2014-15	2015-16	2016-17
Total Revenue	20613.16	20526.12	22177.68
Total* Expenditure	26466.18	24361.33	25797.40
Net Profit/(Loss) after tax	(5859.91)	(3836.78)	(5765.16)

* Total expenditure does not include extraordinary and exceptional items.

(e): Under the Turnaround Plan (TAP) approved for Air India Limited, the Government has released an equity infusion of Rs. 27195.21 crores till date. The details of equity infused in Air India Limited in the last three years are given below:

Year	Equity Infused(Rs in Crores)
2015-16	3300
2016-17	2465.21
2017-18	1800

(f): Air India has initiated the monetization of its assets. In the 1st phase, sale of 30 properties have been taken by e-auction through MSTC, a PSU. Out of the these Air India properties, a total of 20 units have been sold through e-auction. Further, Ministry of External Affairs, Government of India have purchased vacant land at Chennai and also two Air India Flats in Hong kong. NBCC have purchased vacant land at Coimbatore and SBI have purchased 06 Air India flats in Sterling Apartments at Mumbai. The revenue generated, including rentals for space at different locations, till date is Rs. 724 crore.

(g): The challenges faced by Air India are as under:

(i) high cost of debt,

(ii) increase in competition,

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(iii) rising fuel costs,

(iv) high operational costs.

In view of this precarious financial condition of Air India Limited and to take AIL back on the path of profitability, the Government has already approved and implemented a Turnaround Plan (TAP) for Air India Limited in 2012 in terms of which all Government Guaranteed Aircraft Loans and interest thereon are being paid by the Government by way of equity infusion into Air India. Similarly, a Financial Restructuring Plan (FRP) has also been implemented by means of which high cost working capital loans have been converted into long term debt carrying lesser rates of interest so as to reduce the financial burden on AIL.

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. AIL has received an equity infusion of Rs 27195.21 crores till FY 2018.

Air India has shown a considerable improvement both in terms of operational and financial parameters in the recent past. EBITDA has become positive since 2012-13 and continues to be positive even today as compared to the negative EBITDA before the implementation of TAP.

The Preliminary Information Memorandum (PIM) for inviting Expression of Interest (EOI) for the strategic disinvestment of Air India including its shareholding in Air India Express and AI SATS was issued on 28th March, 2018. No EoI/ bid was received till the last date of receipt of bids i.e 31.05.2018.

(ii) Air India has initiated the monetization of its assets. In the 1st phase, sale of 30 properties have been taken by e-auction through M&TCL. Out of these Air India properties, a total of 20 units have been sold through e-auction. Further, Ministry of External Affairs, Government of India have purchased vacant land at Chennai and the two Air India Flats in Hong Kong. WHCC have purchased vacant land at Coimbatore and 281 have purchased 68 Air India flats in Sterling Apartments at Mumbai. The revenue generated including rentals for space at different locations, till date is Rs. 734 crore.

(iii) The challenges faced by Air India are as under:

(i) High cost of debt.

(ii) Increasing competition.