

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 489
(To be answered on the 13th December 2018)**

CAG REPORT ON AIR INDIA

489. DR. UDIT RAJ

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

the steps taken by the Ministry to rectify lacunae identified by the Comptroller and Auditor General (CAG) in the functioning of Air India?

ANSWER

Minister of State in the Ministry of CIVIL AVIATION

नागर विमानन मंत्रालय में राज्य मंत्री

(Shri Jayant Sinha)

CAG in its Performance Audit Report of 2016 on the Turn Around Plan and Financial Restructuring Plan of Air India, had mainly observed and recommended inter-alia that:

- i. Air India had high short term loans and there is a need to reassess the fund requirements of Air India.**
- ii. Monetization of assets had failed to take off and efforts should be made to fast track monetization of assets.**
- iii. Leasing of additional A320 aircraft to be expedited to counter the acute shortage of Narrow Body Aircraft.**
- iv. Steps to be taken to improve availability of spares to ensure proper utilization of aircraft.**
- v. Optimal utilization of crew,**
- vi. Strengthening of IT system,**
- vii. Better crew management**
- viii. Timely infusion of equity**

Consequent upon the various observations of the CAG on the functioning of Air India Ltd, the Govt. has taken various steps towards the improvement in the financial and operating performance of the company. These steps, inter-alia, include the following:

1) The Government has prepared a Revival Plan for Air India. Air India's Revival Plan is focused on building a competitive and profitable airline group. The Revival Plan comprises several major elements including:

- (i) A comprehensive financial package, as approved by Government of India - this includes transferring non-core debt and assets to a SPV;**
- (ii) Higher levels of operational efficiency by strengthening management and implementing best practice business processes;**

- (iii) Robust organizational and governance reforms to be implemented by an eminent Board;**
 - (iv) Differentiated business strategies for each of Air India's core businesses;**
 - (v) World-class HR practices to ensure a talented and motivated workforce;and**
 - (vi) Sale of non-core real estate assets and strategic disinvestment of subsidiaries such as Air India Air Transport Services Ltd.**
- 2) The monetisation of assets has also been expedited. Till date, properties worth Rs.410.32 crore have been monetized.**
- 3) Air India had placed an order for 27 A320 New aircraft out of which 22 aircraft have already been inducted in the fleet. A number of new destinations have been introduced both in international and domestic sectors with better utilisation of aircraft.**
