

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 2365
(To be answered on the 5th March 2020)**

DISINVESTMENT OF AIR INDIA

2365. SHRI P.K. KUNHALIKUTTY

Will the Minister of CIVIL AVIATION

लागर विमानन मंत्री

be pleased to state:-

- (a) whether the Government has commenced the disinvestment process of Air India through open bidding route to sell 100 percent of its equity share capital and if so, the details thereof along with the reasons therefor;
- (b) whether Air India has to pay several crores of rupees to vendors/agents/representatives of foreign airlines which are pending for 5-7 years and if so, the names of such SMSEs with payments payable to them, company-wise; and
- (c) whether Air India will clear all outstanding dues of small enterprises before sale, if so, the details thereof and if not, the reasons therefor?

ANSWER

Minister of State (IC) in the Ministry of CIVIL AVIATION

लागर विमानन मंत्रालय में राज्य मंत्री (स्वतंत्र प्रभार)

(Shri Hardeep Singh Puri)

(a): The Preliminary Information Memorandum (PIM) for inviting Expression of Interest for sale of 100% equity share capital of Air India Limited (AIL) including AIL's 100% shareholding in the Air India Express Limited (AIXL) and 50% shareholding in Air India SATS Airport Services Private Limited (AISATS) has been issued on 27.01.2020 which is available on the website of Ministry of Civil Aviation (<https://www.civilaviation.gov.in>). Air India has been incurring continuous losses and had accumulated huge losses. NITI Aayog in its recommendations, on Strategic Disinvestment of the Central Public Sector Enterprises in May, 2017 while referring to the fragile finances of Air India, had stated that further financial support in a mature and competitive aviation market would not be the best use of scarce financial resources of the Government.

(b): An amount of USD 222,537 is outstanding with Air India towards Orbest Airlines incorporated in Spain who had operated Haj 2012 flights. For Haj 2012 operations, Air India had entered into contract with Orbest Airlines. Further, Orbest Airlines had appointed M/s. BKP Enterprise as their Authorised Representative in India. As per the agreement, an amount of USD 3,435,419 was due to Orbest Airlines towards fare. A payment of USD 2,275,000 was made to Orbest in due course after deducting the amount of expenses of USD 937,882 incurred by Air India on behalf of Orbest Airlines and the balance payment of

USD 222,537 was due to Orbest. The said airline went into liquidation. Air India learnt about Orbest's bankruptcy on 11/03/2013.

On 11/03/2013 M/s. BKP Enterprise requested Air India to remit the balance amount to the Bank Account of BKP Enterprise. BKP Enterprise also filed a Writ Petition in Delhi High Court demanding USD 222,537 along with interest @ 18% from Air India. On 28th November 2018, Hon'ble Court dismissed the petition of M/s BKP Enterprise.

As per legal advice, Air India is contractually bound to pay the balance amount due either to Orbest Airlines or to the liquidators or to the new Board of Directors of Orbest Airlines. Further, in addition, Air India has a total outstanding of Rs. 2.77 lakh pending for more than 5-7 years against two MSMEs vendors viz Venmitra Systems and Freeda Enterprises Private Limited.

(c): Air India clears all dues of small enterprises in a timely manner in the normal course of business. All payment to MSMEs Vendors covered under the Micro Small and Medium Enterprises development act are made within the prescribed time limit/date agreed upon with such suppliers by Air India.
