

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF INVESTMENT AND PUBLIC ASSET MANAGEMENT  
(DIPAM)  
LOK SABHA  
UNSTARRED QUESTION No.1311  
TO BE ANSWERED ON MONDAY, DECEMBER 6, 2021  
Agrahayana 15, 1943 (Saka)

**Disinvestment of Air India**

1311: SHRI MANISH TEWARI:

Will the Minister of FINANCE be pleased to state:

- (a) the details of the Terms of Disinvestment of Air India and its subsidiaries;
- (b) the details on amount of haircut on reserve price in the deal to disinvestment Air India as compared to the price originally set in 2018-19;
- (c) the details of Equity that Tata Sons will bring in to Air India after assuming control of the airline;
- (d) the details of the upfront amount that the government will receive for the sale;
- (e) whether it is a fact that according to the terms of the deal signed, there is no obligation on Tata Sons to retain even permanent employees beyond a period of one year; and
- (f) the details of the steps that are taken to protect the jobs of permanent employees along with retirement benefits and other remunerations that they receive or would have received?

**ANSWER**

**THE MINISTER OF STATE IN THE MINISTRY OF FINANCE**

**(DR. BHAGWAT KISHANRAO KARAD)**

(a): The financial bid criteria for the competitive bidding process for the strategic disinvestment transaction of Air India and its identified subsidiaries was Enterprise Value of Air India including AI's 100% shareholding of AIXL and AI's 50% shareholding in AISATS.

(b): As per the process of strategic disinvestment, Reserve Price is fixed only after

sealed financial bids have been received in the second stage. However, during first iteration of disinvestment, the process could not even proceed to the second stage as there was no Expression of Interest (EoI).

(c): As per the terms and conditions of the transaction, the buyer shall ensure that Air India and its subsidiary (AIXL) continue their business of providing air transport services on a going-concern basis for a period of three years at the least from the closing date. No specific stipulation regarding equity infusion by the buyer, post transfer, has been made in the SPA.

(d): The highest bidder M/s Talace Pvt Ltd, a wholly owned subsidiary of M/s Tata Sons Pvt Ltd quoted an Enterprise Value of Rs. 18,000 crore of which the cash component is Rs 2700 crore and the balance is the debt component.

(e) & (f): The sale is on a 'going concern' basis and the employees shall continue to be employees in terms of the agreed SPA signed on 25<sup>th</sup> October, 2021. Employees cannot be retrenched for a period of one year from the closing date and will be eligible for voluntary retirement scheme with maximum benefits in case of retrenchment in the second year from closing. The employees will also be eligible for other benefits like gratuity, provident fund benefits, passage rights, in accordance with applicable law/ industry practice. Employees have been allowed to stay in the residential colonies for a six-month period from closing. There is a provision post-closing for ESOP scheme for employees. Medical benefits will be provided to existing employees by the strategic buyer as per industry practice. Government has the obligation to provide medical facilities to all retired employees (as on closing date) and eligible existing employees (who have attained 55 years of age or above or have completed 20 years of service) and their spouses, post retirement.

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