

**GOVERNMENT OF INDIA  
MINISTRY OF CIVIL AVIATION  
RAJYA SABHA  
STARRED QUESTION NO : 84  
(TO BE ANSWERED ON THE 28<sup>th</sup> July 2015)**

**TURNAROUND OF LOSS-MAKING AIR INDIA**

**\*84. DR. PRABHAKAR KORE**

Will the Minister of CIVIL AVIATION be pleased to state:-

- (a) whether it is a fact that Air India (AI) has been losing money on international routes and the Dreamliner fleet that had been inducted at a huge cost is flying in losses on several international routes;
- (b) whether a number of steps that have been initiated to cut costs, failed to turnaround the loss-making airline; and
- (c) if so, what are the new steps being taken by Government to turnaround the loss-making airline and the details thereof?

**ANSWER**

**MINISTER OF CIVIL AVIATION**

(Shri Ashok Gajapathi Raju Pusapati)

(a) to (c): A statement is laid on the Table of the House.

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**STATEMENT IN REPLY TO PART (a), (b) AND (c) OF RAJYA SABHA  
STARRED QUESTION NO. 84 ANSWERED ON 28/07/2015 REGARDING  
TURNAROUND OF LOSS MAKING AI RAISED BY DR. PRABHAKAR  
KORE, MP**

(a) : Air India's International network has generated surplus over Variable Cost in the last two years. The Dreamliner Fleet which operates on 20 international routes has generated Cash Surplus as a whole.

(b) & (c) : Post the merger of Indian Airlines and Air India Ltd, the company was incurring continuous losses and had acute liquidity problems. In view of the losses suffered by Air India upto 2010-11 and its mounting debt burden, the Cabinet Committee on Economic Affairs (CCEA) in its meeting held on 12.4.2012, approved a Turnaround Plan (TAP) / Financial Restructuring Plan (FRP) for operational and financial turnaround of Air India subject to achievement of certain laid down milestones by Air India.

The Company has achieved the Targets set out in the TAP milestones, and has made substantial progress in both Operational as well as Financial Areas. The main areas in which the company has registered improvements in FY 2014-15 in comparison to FY 2011-12, when the TAP was initiated are as follows

- i. The overall Network On Time Performance (OTP) of the company has improved from 68.2% in 2011-12 to 72.7 % in 2014-15.
- ii. The Passenger Load Factor has improved to 73.1% in 2014-15 from the Seat Factor of 67.9% in 2011-12.
- iii. The Network Yield achieved is Rs 4.35/RPKM in 2014-15 as against Rs 3.74/RPKM in 2011-12.
- iv. The number of Revenue Pax has increased from 13.40 Million in 2011-12 to 16.90 Million in 2014-15.
- v. The Operating Loss has consistently reduced since merger and in 2014-15 the same stands at Rs 2171.40 crores as compared to Rs.5138.69 crores in 2011-12.
- vi. As per the provisional estimates for 2014-15 the Net Loss is expected to be Rs.5547.40 crores as against the loss of Rs.7559.74 crores in 2011-12.
- vii. The Company has turned EBIDTA positive by Rs 541.60 crores as against the negative EBIDTA of Rs 2236.95 crores in 2011-12.
- viii. Total Revenue increased from Rs 14713.81 crores in 2011-12 to Rs 19718 crores in 2014-15 i.e. by Rs.4026.31 crores viz by 33.25%.

Further, the company has taken a number of steps in order to cut costs and enhance revenues, like rationalization of certain loss making routes, induction of brand new aircraft on several domestic & international routes to increase passenger appeal, phasing out & grounding of old fleet, return of leased aircraft, freezing of employment in non-operational areas,

operationalization of Subsidiary Companies i.e. Air India Air Transport Services Limited (AIATSL) & Air India Engineering Services Limited (AIESL) and transfer of manpower and equipment to them and treating them as Independent Profit Centers

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