GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
RAJYA SABHA
UNSTARRED QUESTION NO : 2744
(TO BE ANSWERED ON THE 20th March 2018)

Failure in bailing out AI

2744. SHRI BHUBANESWAR KALITA

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

(a) whether it is a fact that Government owned Air India is saddled with huge debt burden and if so, the details thereof;
(b) whether it is also a fact that huge funds were injected by Government to bail out the flagship carrier; and
(c) if so, the details thereof together with the reasons for failure on the part of Air India?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF CIVIL AVIATION

(Shri Jayant Sinha)

(a): The total outstanding loans on Air India at the end of 31st March, 2017, as per the Audited Accounts of FY 2016-17 is Rs 48447.37 crore. The details of which are as follows:

i) Aircraft Loans - Rs.17,359.61 crore
ii) Working Capital Loans - Rs.31,087.76 crore

(b) & (c): Government had approved a Turnaround Plan (TAP) / Financial Restructuring Plan (FRP) in 2012 for operational and financial turnaround of Air India. The TAP/FRP provides equity infusion of Rs.30231 crore upto 2021 subject to achievement of certain milestones as laid down in the TAP/FRP. Out of this amount, the Government has released a total Equity Support of Rs 26545.21 crore till 2017.

AI has been consistently improving its financial as well as operational performance and has in fact operationally turned around. However, Air India has been facing losses for the past many years on account of a multitude of factors which, inter-alia, include:

(i) High Fuel Prices
(ii) High Interest Burden
(iii) Increasing competition specially from low cost carriers
(iv) High Debt Equity Ratio
(v) High Airport user charges
(vi) Adverse Impact of exchange rate variation due to weakening of the Indian Rupee.