

GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
RAJYA SABHA
UNSTARRED QUESTION NO : 2753
(TO BE ANSWERED ON THE 20th March 2018)

Loss of Air India

2753. SHRI PARTAP SINGH BAJWA

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

- (a) whether Air India has suffered loss on almost all the routes and if so, the details for the last three years, year-wise;
- (b) the details of the income generated and the expenditure incurred by Air India during each of the last three years and the reasons for increasing loss, if any;
- (c) whether any scheme for restructuring/bail-out package for Air India was approved recently and if so, the steps taken to implement the scheme/package along with the results achieved; and
- (d) whether Government is contemplating disinvestment of Air India and if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF CIVIL AVIATION

(Shri Jayant Sinha)

(a): No, Sir.

(b): The details of the Income, Expenditure and Profits/Losses of Air India during the last three years are given here under:

Particulars	(Rs. in crores)		
	2014-15	2015-16	2016-17
Total Revenue	20606.27	20524.56	20032.29
Total Expenditure	26466.18	24361.33	25797.45
Net Loss	5859.91	3836.77	5765.16

The major reasons for the financial losses of Air India for the past many years are on account of a multitude of factors, which inter-alia, include:

- (i) High fuel prices,
- (ii) High interest burden,
- (iii) Increase in competition especially from low cost carriers,

- (iv) High Debt Equity Ratio,
- (v) High Airport User Charges,
- (vi) Liberalized bilaterals to foreign carriers,
- (vii) Adverse impact of exchange rate variation due to weakening of the Indian Rupee.

(c): Government had approved a Turnaround Plan (TAP) / Financial Restructuring Plan (FRP) 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. AI has received an Equity Infusion of Rs 26545.21 crore over the period of FY 2011-12 to FY 2017-18.

The company has shown a considerable improvement in Operational/Financial parameters during FY 2016-17 vis-a-vis 2011-12 as follows:

- (i) Operating Loss has consistently reduced since FY 2011-12 and in FY 2016-17, the Company has posted an Operating profit of Rs. 298.03 crore
- (ii) Net Loss (Before Tax & Extraordinary Items) has reduced from Rs. 8745.67 crore in FY 2011-12 to Rs. 3619.72 crore in FY 2016-17.
- (iii) Total Revenue has increased from Rs. 15901.79 crore in FY 2011-12 to Rs.22177.68 crore in FY 2016-17.
- (iv) The Company is EBIDTA positive by Rs. 244.36 crore in FY 2016-17 as against the Negative EBIDTA of Rs. 2236.95 crore in FY 2011-12.
- (v) Network OTP has improved from 68.2% in FY 2011-12 to 76.2% in FY 2016-17.
- (vi) Passenger Load factor has improved from 67.9% in FY 2011-12 to 76.3% in FY 2016-17.
- (vii) Network Yield has improved from Rs. 3.74/RPKM in FY 2011-12 to Rs. 3.87/RPKM in FY 2016-17.

(d): NITI Aayog in its recommendations, on Strategic Disinvestment of the Central Public Sector Enterprises on May 12, 2017 had given the rationale for the disinvestment of Air India and has referred to the fragile finances of the company, among various other reasons. Air India has been incurring continuous losses and has huge accumulated losses. Further, NITI Aayog in its report on Air India has 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. The Cabinet Committee on Economic Affairs (CCEA), in its meeting held on 28.06.2017, has given in principle approval for considering strategic disinvestment of Air India and its five subsidiaries.
