

GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
RAJYA SABHA
UNSTARRED QUESTION NO : 3525
(TO BE ANSWERED ON THE 27th March 2018)

Poor performance of Air India

3525. SHRI C.P. NARAYANAN

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

- (a) at what rate does the number of new air travellers increase yearly;
- (b) if it is growing why Air India is in a serious financial crisis; and
- (c) since many other airlines are profitable, what ails Air India?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF CIVIL AVIATION

(Shri Jayant Sinha)

(a): No analysis specific to number of new air travellers increase on yearly basis has been carried out by this Ministry.
However, passengers carried by scheduled domestic during the last five years from 2013 to 2017, along with growth rates are given in the Annexure.

(b)&(c): The major reasons for the 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) 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.
- (vii) Liberalized bilaterals to foreign carrier

However, the Company has been consistently improving its financial and operational performance since the implementation of the Turnaround Plan by the Government. The company has in fact posted substantial improvements in 2016-17 when compared to 2015-16 which can be seen from the following:

-- Company has earned an Operating Profit of Rs 298.03 crores in 2016-17 as compared to the Operating Profit of Rs.105.00 crores in the previous year.

- This is the second consecutive year that the Company has achieved an Operating Profit since its merger in 2007-08.
- Net Loss (Before Tax & Extraordinary Items) has reduced from Rs 3835.21 crores in 2015-16 to Rs 3619.72 crores in 2016-17.
- Net Loss has increased by Rs. 1928.39 crores from Rs. 3836.77 crores in 2015-16 to Rs. 5765.11 crores in 2016-17. The Net Loss has increased mainly on account of Exceptional/Extra-Ordinary Provisions of Rs 2145.39 crores made during the year.
- Capacity offered (ASKMs) improved by 5.75% from 51208.0 million in 2015 -16 to 54155.0 million in 2016 -17 .
- Capacity Utilization (RPKMs) improved by 6.78% from 38694.0 million in 2015 -16 to 41316 million in 2016-17 .
- Number of Passengers carried has also increased from 18.0 million in 2015 -16 to 19.1 million in 2016 -17 i.e. 6.1%.
- Seat Factor achieved 76.3% on enhanced capacity as against 75.6% in the previous year.

ANNEXURE

Annexure for Rajya Sabha Unstarred Question No. 3525 for reply on 27.3.2018 tabled by Shri C.P Narayanan regarding Poor performance of Air India

Year	Passengers Carried (in lakhs)	Growth (%)
2013	614.26	--
2014	673.83	9.70
2015	810.91	20.34
2016	998.88	23.18
2017	1171.76	17.31

