

GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
RAJYA SABHA
UNSTARRED QUESTION NO : 2405
(TO BE ANSWERED ON THE 8th August 2018)

SAFEGUARDING RIGHTS OF AIR INDIA EMPLOYEES

2405. SHRI RAM KUMAR KASHYAP

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

- (a) whether Government has found no bidder for its stake sale in Air India;
- (b) if so, the details thereof and the reasons therefor along with the present debt burden of Air India;
- (c) whether Government has formulated any plan to get Air India out of its debt;
- (d) if so, the details thereof;
- (e) whether Government has received requests for not selling its stake in Air India; and
- (f) the steps taken/being taken to protect the rights of the employees of Air India?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF CIVIL AVIATION

(Shri Jayant Sinha)

(a) & (b) The Preliminary Information Memorandum (PIM) for inviting Expression of Interest (EOI) for the Strategic Disinvestment of Air India including its shareholding in Air India Express and AI SATS was issued on 28th March, 2018. No EoI/ bid was received till the last date of receipt of bids. Probable reasons as analyzed by the Transaction Advisor i.e M/s EY for non-receipt of bids inter-alia, are GOI 24% stake and corresponding rights, high amount of allocated debt, changes in macro environment, individuals not being allowed to bid, profitability track record, and bidders not being able to form a consortium within given time period.

The total outstanding debt/loan of Air India as on 31st March, 2017 as per audited accounts of financial year 2016-17 is Rs. 48447.37 crore, the details of which are as follows:

- i. Aircraft Loan - Rs.17,359.61 Crore
- ii. Working capital loans - Rs.31,087.76 Crore
- Total - Rs.48,447.37 Crore

(c) & (d) The Government has already approved and implemented a Turn Around Plan (TAP) and Financial Restructuring Plan (FRP) of Air India in 2012 in terms of

which, all Government-Guaranteed loans and interests thereon are being paid by the Government by way of equity infusion into Air India. Similarly, a Financial Restructuring Plan (FRP) has also been implemented by means of which, high cost working capital loans have been converted into long term debt carrying lesser rates of interest so as to reduce the financial burden on Air India.

The TAP/FRP includes budgetary support amounting to Rs. 30,231 crore spread over 10 years i.e. upto FY 2020-21 and also equity support for the payment of principal/interest of the Non-Convertible Debentures. Air India has received an equity infusion of Rs. 27,195.21 crore till date.

(e) Several requests made by Employees Union were received requesting for not selling Government stake in Air India.

(f) It was stipulated in the Expression of Interest that the selected bidder shall abide by the conditions set out in the Request for Proposal to safeguard employees' interest.
