

GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
RAJYA SABHA
UNSTARRED QUESTION NO : 1461
(TO BE ANSWERED ON THE 4th March 2020)

STATUS ON THE BID TO PRIVATISE AIR INDIA

1461. SHRI NARAIN DASS GUPTA

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

- (a) what is the status on the bid to privatise Air India;
- (b) whether Government is willing to cede full control of the airline to private hands;
- (c) what safeguards has Government put in place to provide job security to current employees;
- (d) whether any study has been conducted on potential effects of privatisation of Air India on the aviation market; and
- (e) if so, the details thereof?

ANSWER

MINISTER OF STATE (IC) IN THE MINISTRY OF CIVIL AVIATION

(Shri Hardeep Singh Puri)

(a) and (b) The Government has initiated the process of strategic disinvestment of Air India. The Preliminary Information Memorandum (PIM) for inviting Expression of Interest for sale of 100% equity share capital of Air India Limited (AIL) including AIL's 100% shareholding in the Air India Express Limited (AIXL) and 50% shareholding in Air India SATS Airport Services Private Limited (AISATS) has been issued on 27.01.2020 which is available on the website of Ministry of Civil Aviation (<https://www.civilaviation.gov.in>). Corrigendums have been issued wherein time period upto 06.03.2020 has been given for submission of written queries on PIM and Share Purchase Agreement (SPA). Last date for release of response to queries on PIM (and SPA, if so provided by the GOI at its discretion) is 16.03.2020.

(c): The interest of the employees of Air India will be safeguarded in accordance with the guidelines of Department of Investment and Public Asset Management,

Ministry of Finance on strategic disinvestment of CPSEs and same will be reflected in the Share Purchase Agreement to be signed with new owner post disinvestment.

(d) & (e): NITI Aayog in its recommendations, on Strategic Disinvestment of the Central Public Sector Enterprises in May, 2017 while recommending the strategic disinvestment of Air India and its subsidiaries referred to the fragile finances of Air India and observed that further financial support in a mature and competitive aviation market would not be the best use of scarce financial resources of the Government.

NITI Aayog had made the recommendations after evaluation of various aspects, inter-alia, including potential effects of privatisation of Air India on the aviation market and had come to the conclusion that the strategic disinvestment option of Air India was superior over its closure. It was felt that strategic disinvestment will ensure Air India survives as a going concern and Air India's continued presence in the market would also ensure that competition is not reduced.
