

GOVERNMENT OF INDIA  
MINISTRY OF CIVIL AVIATION  
LOK SABHA  
STARRED QUESTION NO. : 312  
(To be answered on the 23<sup>rd</sup> March 2017)

SALE OF STAKE IN AIR INDIA

\*312. SHRI KONDA VISHWESHWAR REDDY  
KUNWAR HARIBANSH SINGH

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

(a) whether the Air India has incurred huge losses since 2007 and if so, the details thereof and the funds provided by the Government to Air India to offset the losses and also bailout plan, so far;

(b) whether Air India's share in the local market has also shrunk to 14% from 35% a decade back and if so, the reasons therefor and corrective measures taken/being taken by the Government in this regard;

(c) whether the Government proposes to sell a majority stake in Air India to a strategic partner and if so, the details thereof along with the reasons therefor;

(d) whether the Government has held discussions with strategic investors in this regard and if so, the details thereof along with the outcome thereof; and

(e) whether a detailed inter-ministerial discussion has been sought to avoid a situation where there are no buyers after the offer is announced and if so, the details thereof and the steps taken by the Government in this regard?

ANSWER

Minister of CIVIL AVIATION

नागर विमानन मंत्री

(Shri Ashok Gajapathi Raju Pusapati)

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(a) to (e): A statement is laid on the Table of the House.

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**STATEMENT IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO.312 TO BE ANSWERED ON 23.03.2017 REGARDING SALE OF STAKE IN AIR INDIA TABLED BY SHRI KONDA VISHWESHWAR REDDY AND SHRI KUNWAR HARIBANSH SINGH, MPs.**

**(a): Yes, Madam. Air India (AI) has been incurring Net Losses since its merger in FY 2007-08, the details of of losses are as follows:**

<b>Year</b>	<b>Net Loss (Rs in Crores)</b>
2007-08	(2226.16)
2008-09	(5548.26)
2009-10	(5552.44)
2010-11	(6865.17)
2011-12	(7559.74)
2012-13	(5490.16)
2013-14	(6279.60)
2014-15	(5859.91)
2015-16	(3836.78)

In view of the losses suffered by Air India upto 2010-11 and its mounting debt burden, the 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 crores upto 2021 subject to achievement of certain milestones as laid down in the TAP/FRP. Till date, an amount of Rs.24723.74 crores has been released as equity support to Air India.

The Company has made substantial progress in both Operational as well as Financial areas as per TAP milestones. As a part of the Turnaround strategy for Air India, the company with the overall support of the Govt has initiated a number of steps in order to cut costs and losses. As a result, the AI has made operating profit of Rs.105 crores in FY 2015-16.

The cost reduction steps coupled with the implementation of the TAP/FRP has resulted into an improved performance as the company is showing a turnaround on almost all laid down parameters under TAP/FRP.

**(b):** There has been massive growth in the domestic aviation market in India in the last decade with the entrance of private players in the market. The market share of an airline is directly related to its capacity share in the market. The private carriers have added capacity in the domestic market whereas the capacity induction of AI is not in line with the private carriers. This has resulted in decrease in market share of AI to 14.1 % from 16.9 % during the period from 2008-09 to 2016-17.

The following steps have also been taken by Air India to improve market share:

- i. Introduction of New Routes.
- ii. Preferred seat selection on domestic and international routes.
- iii. Flash Sale of seats to increase revenues and PLF.

- iv. To utilize unsold inventory/launching of airfare equivalent to Rajdhani IIAC fare on select sectors.
- v. Dynamic pricing and introduction of Advance Purchase fare.
- vi. Various sales and Marketing Initiatives.

(c): No, Madam.

(d)&(e): Do not arise in view of (c) above.

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