

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 1034
(To be answered on the 21st December 2017)**

Loss incurred by Air India on International Routes

1034. DR. RAMESH POKHRIYAL "NISHANK"

Will the Minister of CIVIL AVIATION

तागर विमानत मंत्री

be pleased to state:-

- (a) the details of the foreign sectors/ flight routes in which the Air India is facing operational losses;
- (b) the time since when the above losses are being suffered;
- (c) whether these routes are likely to be discontinued, if so, the details thereof;
- (d) whether proper marketing and research was done prior to launching of operation on the routes causing losses, if so, the details thereof;
- (e) the steps taken to reduce the losses of the Air India during the last three years; and
- (f) the specific steps being taken to tackle huge challenges regarding shortage of manpower in aviation sector?

ANSWER

Minister of State in the Ministry of CIVIL AVIATION

तागर विमानत मंत्रालय में राज्य मंत्री

(Shri Jayant Sinha)

(a) & (b): During the April-October, 2017 there are 3 flights which are not meeting variable costs which are as follows:

1. AI-965/966 Mumbai-Hyderabad-Jeddah and vice versa.
2. AI-963/964 Cochin-Jeddah and vice versa. and
3. AI-227/228 Kolkata-Yangon and vice versa.

(c): Air India (AI) continually monitors the carriage / load factors / financial performance of services on its network and makes efforts to improve their performance. Whenever any services give rise to cash losses, AI analyses the reasons for the losses and based on the strategic importance of such services to its network arrives at a decision whether to continue or withdraw such services. While determining the desirability or otherwise of discontinuing operations of loss-making services Air India also takes into account the revenue contributions made by the subject services to its other services by way of feeder traffic. As such non-profitability of any one flight is not taken in isolation as the sole criteria of its financial performance.

(d): AI conducts market research and studies the market developments / potential with an objective to introduce new routes / increase or decrease frequency on

existing routes /modifying the existing schedule/changing the equipment on a particular route etc.

(e): As a part of the Turnaround strategy for AI, the company with the overall support of the Government, has initiated a number of steps in order to cut costs and losses. These steps inter-alia include the following:

1. Setting up a Route Rationalization Committee to ensure revenue maximization by continuously looking at load factors, revenue yields and competitor fare structure and responding immediately to the same.
2. Joining of Star Alliance.
3. Induction of brand new aircraft on several domestic & international routes to increase passenger appeal.
4. Phasing out & grounding of old fleet.
5. Leveraging the assets of the Company to increase MRO revenue and revenue from Company's real estate properties.
6. Introduction of PSS (Passenger Services System) to have a single code and SAP ERP based Solutions.
7. Establishment of Integrated Operations Control Centre and Hub Control Centre in Delhi.
8. Operationalization of Subsidiary Companies such as AIATSL & AIESL and transfer of manpower and equipment and treating them as independent Profit Centers.
9. Induction of the B-787 aircraft on Medium Capacity/Long Haul Routes.
10. Ban on staff overtime/holiday pay, except when operationally required.
11. Freeze on Privilege/Sick Leave Encashment.
12. Encouraging of same day return duty travel to avoid unnecessary hotel expenses.

(f): In order to meet manpower requirements in merged Air India for operational categories like pilots, Cabin Crew, Flight Despatcher, Security Agent etc., AI has been carrying out recruitment in operational categories from time to time as per requirement. Other Private Airlines/ Airport Operators have their own strategy to meet their manpower requirement.
