GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 2904
(To be answered on the 4th January 2018)

Purchase of Aircraft by Air India

2904. SHRI R.P.MARUTHARAJAA
ADV. M. UDHAYAKUMAR
SHRI B. SENGUTTUVAN

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

(a) the number and types of aircraft being purchased by Air India during the current financial year and source of finance for the same;
(b) the details of income and expenditure of Air India in the year 2016-17;
(c) whether Air India has sought a loan of US $ 535 million to buy three Boeing planes including the two aircraft that would be used for ferrying VVIPs and if so, the details thereof;
(d) whether the delivery of the three Boeing B777-300 ER planes is scheduled to take place in January/February next year and if so, the details thereof; and
(e) whether such aircraft acquisitions made by Air India in 2006 was one of the reasons contributing to the enormous debt of this carrier and if so, the details thereof and the action taken by the Government on the same?

ANSWER

Minister of State in the Ministry of CIVIL AVIATION
नागर विमानन मंत्रालय में राज्य मंत्री (Shri Jayant Sinha)

(a) The information is attached as Annexure.

(b): As per the Provisional Estimates for FY 2016-17, the details of the Income and Expenditure of AI is given hereunder:

1. Operating Revenue : Rs.21919 crore
2. Operating Expenses : Rs.21704 crore
3. Operating Profit : Rs.215 crore
4. Total Revenue : Rs.22146 crore
5. Total Expenses : Rs.25789 crore
6. Net Loss : Rs.3643 crore

(c) and (d): Yes, Madam. Air India has signed a Short Term Buyers Credit Facility Agreement with First Abu Dhabi Bank PJSC jointly with Standard Chartered Bank and Mashreq Bank PSC for acquisition of three B777-300ER aircraft out of which two are for Government of India operations to be delivered to the Air India in January 2018 and one B777-300ER aircraft for use by Air India to be delivered in February 2018.

(e): The orders for acquisition of aircraft were mainly placed for replacing ageing fleet, improving schedule integrity etc. Air India has been facing losses for the past many years on account of a multitude of factors which, interalia, 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.

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 crore upto 2021 subject to achievement of certain milestones as laid down in the TAP/FRP. Till date, an amount of Rs.26545.21 crore has been released as equity support to Air India.

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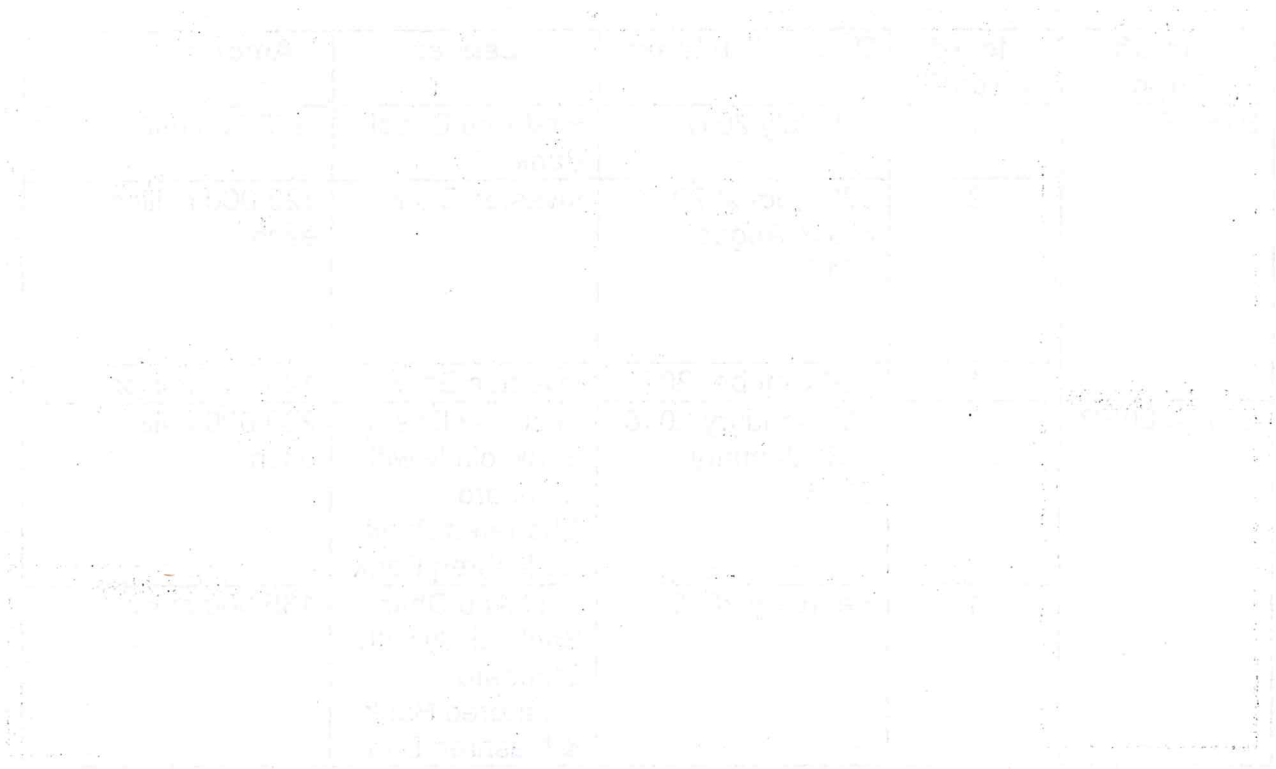
Annexure
to LSUSQ No.2904

Aircraft Type	No. of Aircraft	Date of Purchase	Lender	Amount in USD
B787-8	1	11th July 2017	First Abu Dhabi Bank	115.000 million
	2	23rd August 2017 & 30th August 2017	Investec Bank	123.000 million each
	1	11th October 2017	Investec Bank	123.000 million
B777-300ER	2	18th January 2018 & 31 January 2018	First Abu Dhabi Bank jointly with Standard Chartered Bank & Mashreq Bank	200.000 million each
	1	February 2018	First Abu Dhabi Bank jointly with Standard Chartered Bank & Mashreq Bank	135.000 million

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