

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
STARRED QUESTION NO. : 293
(To be answered on the 15th March 2018)**

Privatization of Air India

***293. SHRI M.B. RAJESH**

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

(a) whether the Government has explored all the options to keep Air India as a State run national carrier before taking a decision to privatize it;

(b) if so, the details thereof;

(c) whether the Government would ensure that the physical assets of Air India like land, parking and bilateral flying rights to global cities will be protected; and

(d) if so, the details thereof;

ANSWER

Minister of CIVIL AVIATION

नागर विमानन मंत्री

(Shri Suresh Prabhu)

(a) to (d): A statement is laid on the table of the House.

Statement in reply to parts (a) to (d) of the Lok Sabha Starred Question No. 293 for 15.03.2018 regarding 'Privatization of Air India' tabled by Shri M.B. Rajesh, MP.

(a) & (b): Government had approved a Turnaround Plan (TAP) / Financial Restructuring Plan (FRP) in 2012 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. Out of this amount, the Government has released a total Equity Support of Rs 26545.21 crore till 2017. However, at the end of FY 2016-17, the total debt of Air India Ltd is Rs 48,876.81 crore.

Air India has been incurring continuous losses and the details of the Net Losses made by Air India from FY 2013-14 to FY 2016-17 are as follows:

Year	Net Loss Rs. in (crore)
2013-14	6279.60
2014-15	5859.91
2015-16	3836.77
2016-17	5765.16

NITI Aayog in its recommendations, on Strategic Disinvestment of the Central Public Sector Enterprises on May 12, 2017 had given the rationale for the disinvestment of Air India and has referred to the fragile finances of the company, among various other reasons. Air India has been incurring continuous losses and has huge accumulated losses. Further, NITI Aayog in its report on Air India has stated that further financial support in a mature and competitive aviation market would not be the best use of scarce financial resources of the Government.

The Cabinet Committee on Economic Affairs (CCEA), in its meeting held on 28.06.2017, has given in principle approval for considering strategic disinvestment of Air India and its five subsidiaries.

(c) & (d): CCEA constituted an Air India Specific Alternative Mechanism (AISAM) to guide the process on strategic disinvestment from time to time and decide on issues which, inter-alia, include hiving off of certain assets to a shell company, the quantum of disinvestment and the universe of bidders etc. The contours of the bid would be contained in the bid documents as approved by AISAM.
