

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 1069
(To be answered on the 8th February 2018)**

Investment in Air India

**1069. SHRI RAJESH RANJAN
SHRI N.K. PREMACHANDRAN
ADV. JOICE GEORGE**

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

(a) whether the Government proposes to privatize Air India and Indian Airlines and if so, the details thereof and the reasons therefor;

(b) whether the Government has sanctioned private investment/FDI in Air India and if so, the reasons therefor;

(c) the estimated amount likely to be accrued to the Government from privatization of other subsidiaries of Air India and the time by which process is likely to be completed; and

(d) whether the Government has conducted any study regarding scope of revival so as to continue the ownership of Air India and Indian Airlines as public undertaking and if so, the details of the study report?

ANSWER

Minister of State in the Ministry of CIVIL AVIATION

नागर विमानन मंत्रालय में राज्य मंत्री

(Shri Jayant Sinha)

(a) & (c): NITI Aayog in its recommendations, on Strategic Disinvestment of the Central Public Sector Enterprises in 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 inprinciple approval for considering strategic disinvestment of Air India and its five subsidiaries and constitution of Air India Specific Alternative Mechanism (AISAM) to guide the process of strategic disinvestment from time to time.

(b): The Cabinet considered the proposal from Ministry of Commerce and Industry and approved the proposal to delete the clause mentioned in Note (iii) of Clause 5.2.9 (c) of the consolidated FDI policy circular of 2017 with a direction that foreign investment(s) in Air India including that of foreign airline(s) shall not exceed 49 % either directly or indirectly.

(d): 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 now, Equity of Rs. 26545.21 croers has been infused in Air India Limited. 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

An Oversight Committee has been set up under the Chairmanship of Secretary, Ministry of Civil Aviation to monitor the Operational and Financial Performance of Air India vis-a-vis the milestone set. Regular meetings of the Oversight Committee are held every three months.
