

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 2700
(To be answered on the 2nd August 2018)**

INCREASE IN BUDGET FOR MAINTENANCE OF AIR INDIA FLIGHTS

2700. SHRI P. NAGARAJAN

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) whether the Union Government has decided to increase the annual budget for maintenance of Air India Boeing flight used for VVIPs i.e. President, Vice-President and Prime Minister;
- (b) if so, the details thereof;
- (c) the reasons to increase the annual budget for above purpose;
- (d) the total number of aircrafts being utilised for the use of VVIPs at present;
- (e) whether the Union Government would take necessary steps to improve the function/operations of the loss making Air India; and
- (f) if so, the details thereof and if not, the reasons therefor?

ANSWER

Minister of State in the Ministry of CIVIL AVIATION

नागर विमानन मंत्रालय में राज्य मंत्री

(Shri Jayant Sinha)

(a) & (b): The Government has decided to revise the compensation towards maintenance costs on VVIP flight (SESF- Special Extra Section Flights) operations with Boeing 747 aircraft from Rs.336.24 Crore + applicable taxes to Rs.534.38 Crore + applicable taxes for FY 2016-17 with an annual escalation of 10% to compensate for inflation for maintenance of B747-400 aircraft.

(c): The B747-400 aircraft are maintained by Air India exclusively for the purpose of operating SESF flights. The Government reimburses the maintenance cost of 3 B-747-400 aircraft to Air India. However, the maintenance cost compensation towards B747-400 aircraft for SESF operations has been constant since 2011-12. There has been a substantial increase in expenditure incurred by Air India on the maintenance of this aircraft during this time.

These aircraft are now due for higher maintenance checks. Furthermore,

escalation in cost is also due to expenses on spares, as procurement is in dollar terms. There has also been overall cost increase due to rise in cost of spares services and cost related to wages of crew and overheads.

Therefore, it was necessary for the Government to review the reimbursement provided to Air India.

(d) Air India has 4 B747-400 aircraft available for SESF. Only one of them is configured for VVIP and one aircraft is kept as standby.

(e) & (f): In order to help Air India in mitigating its continuing losses and to take it back on the path of profitability, the Government has already approved and implemented a Turn Around Plan (TAP) and Financial Restructuring Plan (FRP) of Air India in 2012 in terms of which, all Government Guaranteed loans and interests thereon are being paid by the Government by way of equity infusion into Air India. Similarly, a Financial Restructuring Plan (FRP) has also been implemented by means of which, high cost working capital loans have been converted into long term debt carrying lesser rates of interest so as to reduce the financial burden on Air India.

The TAP/FRP includes budgetary support amounting to Rs.30231 crore spread over 10 years i.e. upto FY 2020-21 and also equity support for the payment of principal/interest of the Non-Convertible Debentures (NCD). Air India has received an equity infusion of Rs.27195.21 crore till date.

ANSWER

Minister of State in the Ministry of Civil Aviation

(Shri Jagat Singh)