

GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 2708
(To be answered on the 27th December 2018)

DISINVESTMENT OF AIR INDIA

2708. SHRI ANANDRAO ADSUL
SHRI ADHALRAO PATIL SHIVAJIRAO
SHRI ABHIJIT MUKHERJEE
SHRI VINAYAK BHAURAO RAUT
SHRI RAJAN VICHARE
SHRI KUNWAR PUSHPENDRA SINGH CHANDEL
SHRI DHARMENDRA YADAV
DR. SHRIKANT EKNATH SHINDE

Will the Minister of CIVIL AVIATION

नागर विमानतल मंत्री

be pleased to state:-

- (a) whether the Government is considering any proposal to privatise Air India;
- (b) whether the Government is still committed to the disinvestment of Air India, if so, the present status in the matter;
- (c) whether the process of disinvestment is likely to get delayed due to mutual clash among the members of the Standing Committee of Parliament;
- (d) the air passenger growth over the last five years;
- (e) whether the Government are aware that inspite of the growth of air passenger traffic some of the airlines were facing problems;
- (f) if so, the details thereof and the steps being taken by the Government in this regard;
- (g) whether Civil Aviation industry of the country is growing at a rapid pace and is considered the third largest domestic civil aviation market in the world;
- (h) whether the Government are aware that India has the potential to become a global aviation hub for manufacture, repair and overhead (MRO) following a growing aviation business huge pool of engineering talent and low labour cost; and
- (i) if so, the action taken or being taken by the Government in this regard?

ANSWER

Minister of State in the Ministry of CIVIL AVIATION

नागर विमानतल मंत्रालय में राज्य मंत्री

(Shri Jayant Sinha)

(a) and (b): The Government remains committed to the disinvestment of Air India (AI). In this regard, AISAM has directed to separately decide the contours of the mode of disposal of the subsidiaries viz. Air India Engineering Services Limited

(AIESL), Air India Air Transport Services Limited (AIATSL) and Airline Allied Services Limited (AASL). Further, AISAM has, inter-alia, approved the contours for sale of subsidiaries of AI and directed to expedite the sale of AIATSL.

(c) No such information is available in Ministry of Civil Aviation.

(d): The total air passenger growth over last five years is attached as Annexure.

(e): The spiraling cost of Aviation Turbine Fuel (ATF), the global economic slow down, low yields due to intense competition and the consequent widening gap between revenue and expenses have contributed to a downturn in the airline industry. Over the years, the operational costs for airlines have gone up mainly due to the increase in fuel prices and the depreciation of Rupee.

(f): The Government constantly responds to the needs and challenges faced by the airline industry and has taken several measures, including reduction of Central Excise Duty applicable on Aviation Turbine Fuel (ATF) from 14% to 11% w.e.f. 11th October, 2018 and rationalization of Goods and Service Tax (GST) provisions, with a view to revive the industry and ensure the long term viability and health of the Civil Aviation sector.

(g): Yes, Madam. According to International Air Transport Association (IATA), India is set to become the third largest aviation market in the world by 2023.

(h) Yes, Madam.

(i): Given our technology and skill base, the government is keen to develop India as an MRO hub in Asia, attracting business from foreign airlines. Accordingly, the following provisions were made in the Budget announcements for 2016-17 :

i) The tools and tool-kits used by the MRO have been exempted from Customs duty. The exemption shall be given on the basis of list the tools and tool kits certified by the Directorate General of Civil Aviation (DGCA) approved Quality Managers of aircraft maintenance organisations.

ii) MROs were required to provide proof of their requirements of parts, or orders from their client airlines. The process for the clearance of the parts has been brought in line with that of the tool kits for a one time certification by DGCA approved Quality Managers in MROs.

iii) To enable economies of scale, the restriction of one year for utilization of duty free parts has been extended to three years.

iv) To allow import of unserviceable parts including aircraft components like engines and landing gears by MROs for providing exchange/advance exchange, the concerned notification has been revised to enable advance export of serviceable parts.

v) Foreign aircraft brought to India for MRO work will be allowed to stay for the entire period of maintenance or up to 6 months, whichever is lesser, provided it undertakes no commercial flights during the stay period. The aircraft may, however, carry passengers in the flights at the beginning and end of the stay period in India. For stay beyond 6 months, DGCA's permission will be required.

2

ANNEXURE TO LSUO 2708

Scheduled Domestic and international passengers carried by scheduled Domestic and foreign carriers.

Passengers in crore				
Year	Domestic passengers carried by scheduled domestic Airlines	International Passengers Carried by scheduled Indian & Foreign carriers To & From India	Total Passenger (Domestic+ International)	% Growth over previous year
2012-13	5.79	4.03	9.82	
2013-14	6.07	4.31	10.38	5.70
2014-15	7.01	4.57	11.58	11.56
2015-16	8.52	4.98	13.50	16.58
2016-17	10.38	5.47	15.85	16.41
2017-18	12.33	6.06	18.39	16.03

