

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
STARRED QUESTION NO. : 87
(To be answered on the 27th June 2019)**

DISINVESTMENT OF AIR INDIA

***87. SHRI ANTO ANTONY**

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) whether the Government intends to disinvest Air India and its subsidiaries and if so, the details thereof and the reasons therefor;
- (b) the present stage of disinvestment and the steps taken by the Government in this regard;
- (c) whether the Government has taken any steps to improve Air India's operations and financial performance; and
- (d) if so, the details thereof including the financial assistance given to Air India during each of the last five years and its resultant impact on the financial health of Air India?

ANSWER

Minister of State (IC) in the Ministry of CIVIL AVIATION

नागर विमानन मंत्रालय में राज्य मंत्री (स्वतंत्र प्रभार)

(Shri Hardeep Singh Puri)

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

Statement in reply to part (a) to (d) of Lok Sabha Starred Q.No.87 for 27.06.2019 regarding "Disinvestment of Air India" tabled by Shri Anto Antony, MP.

(a) & (b): 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, had given an in-principle approval for considering strategic disinvestment of Air India and its five subsidiaries. CCEA constituted an Air India Specific Alternative Mechanism (AISAM) to guide the process on strategic disinvestment from time to time and decide issues which, inter-alia, include treatment of unsustainable debt of Air India, hiving off of certain assets to a shell company, demerger and strategic disinvestment of three profit making subsidiaries, the quantum of disinvestment and the universe of bidders.

The Preliminary Information Memorandum (PIM) for inviting Expression of Interest (EOI) for the strategic disinvestment of Air India including its shareholding in Air India Express and AI SATS was issued on 28th March, 2018. No EoI/ bid was received till the last date of receipt of bids i.e 31/05/2018. The Government remains committed to the disinvestment of Air India. In this regard, the Air India Specific Alternative Mechanism (AISAM) has decided as follows:

In view of volatile crude prices and adverse fluctuations in exchange rates, the present environment is not conducive to stimulate interest amongst investors for strategic disinvestment of Air India in immediate near future. The issue would be revisited once global economic indicators including oil prices and forex conditions stabilize.

Further, AISAM has, inter-alia, approved the contours for sale of subsidiaries of Air India and directed to expedite the sale of AIATSL. Subsequently, the Preliminary Information Memorandum (PIM) for inviting Expression of Interest (EOI) for the Disinvestment of Air India Air Transport Services Limited was issued on 12th February, 2019.

(c) & (d): Government has prepared a revival plan for Air India which includes a comprehensive financial package. The revival plan of Air India focuses on the operational efficiencies so that substantial increase in revenue or cost saving can be achieved. The Revival Plan, inter-alia, comprises several

major elements including:

- (i) Higher levels of operational efficiency by strengthening management and implementing best practice business processes
- (ii) Robust organizational and governance reforms to be implemented by an eminent Board
- (iii) Differentiated business strategies for each Air India's core businesses
- (iv) World-class HR practices to ensure a talented and motivated workforce and
- (v) Sale of non-core real estate assets and strategic disinvestment of subsidiaries such as Air India Air Transport Services Ltd. (AIATSL).

The details of the funds infused into Air India by the Government and profit/loss earned by Air India during the last 5 years are as under :

Year	Amount (Rs in Crore)	Profit/(Loss) (Rs. in Crore)
2014-15	5780.00	(5859.91)
2015-16	3300.00	(3836.78)
2016-17	2465.21	(6452.59)
2017-18	1800.00	(5348.18)
2018-19	3975.00	(7635.46) (Prov.)

The continued support from the Govt has resulted into improvements in the financial as well as operational performance of the company. As per the last audited accounts of FY 2017-18 of Air India as per Indian Accounts Standard System (INDAS), net loss of Air India has decreased by Rs. 1104.73 crore from Rs. 6452.90 crore in 2016-17 to Rs. 5348.17 crore in 2017-18. Further, Company has earned an Operating Profit of Rs.105.00 crores in F.Y 2015-16 and Operating Profit of Rs 298.03 crores in F.Y 2016-17.
