

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 2238
(To be answered on the 4th July 2019)**

DISINVESTMENT OF AIR INDIA

2238. SHRI KODIKUNNIL SURESH

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) whether the Government has decided to proceed with strategic disinvestment of 76% of stake in Air India and if so, the reasons therefor;
- (b) whether the disinvestment has failed to materialize, owing to differences in the economic viability and differences on sale related preconditions and if so, the details thereof;
- (c) whether a Ministerial panel is set to explore alternative options regarding the disinvestment of Air India, including a comprehensive privatization or a cancellation of disinvestment process altogether and if so, the details thereof; and
- (d) whether the employees of Air India and various sections of passenger groups were consulted before the decision for divestment and allay their concerns about air traffic monopolization and fare monopoly by private airlines and if so, the details thereof?

ANSWER

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

नागर विमानन मंत्रालय में राज्य मंत्री (स्वतंत्र प्रभार)

(Shri Hardeep Singh Puri)

(a): The Government is committed to the strategic disinvestment of Air India. Based on recommendations of NITI Aayog in May, 2017, the Cabinet Committee on Economic Affairs (CCEA) on 28.06.2017 approved strategic disinvestment of Air India group. The Air India Specific Alternative Mechanism (AISAM) in its earlier meetings held on 21.3.2018 and 26.3.2018, inter-alia, approved disinvestment of Air India (AI) with transfer of management control and sale of 76% equity share capital of AI held by Gol.

(b): Probable reasons as analyzed by the Transaction Advisor, i.e., M/s EY for non-receipt of bids, inter alia, are Government of India's 24% stake and corresponding rights, high amount of allocated debt, changes in macro environment, individuals not being allowed to bid, profitability track record and bidders not being able to form a consortium within given time period.

(c): An Air India Specific Alternate Mechanism (AISAM) was constituted to guide the process of strategic disinvestment from time to time and decide issues which include:-

- i. treatment of unsustainable debt of Air India,**
- ii. hiving off of certain assets to a shell company,**
- iii. demerger and strategic disinvestment of three profit making subsidiaries,**
- iv. the quantum of disinvestment and**
- v. the universe of bidders.**

Further, an AISAM with new members is likely to be re-constituted soon.

(d): Air India Limited had held consultations with its employees during the process of strategic disinvestment. No consultations were carried out with sections of passenger groups to allay their concerns about air traffic monopolization and fare monopoly by private airlines.
