

GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 3050
(To be answered on the 11th July 2019)

PRIVATISATION OF AVIATION SECTOR

3050. SHRI N.K. PREMACHANDRAN

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) whether the Government proposes to privatize the aviation sector and if so, the details thereof and the reasons therefor;
- (b) the details of the steps taken/being taken by the Government for the privatization of aviation sector including airports;
- (c) whether the Government has evaluated the functioning of ground handling services after the entry of private sector and if so, the details and the outcome thereof;
- (d) whether the Government obtained the opinion of the passengers regarding the services of private agencies and if so, the details thereof;
- (e) whether the Government proposes to promote the aviation sector with low cost air service and if so, the details of action taken thereon; and
- (f) the profit or loss of Air India during the last five years and the initiative taken by the Government to make Air India profitable?

ANSWER

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

नागर विमानन मंत्रालय में राज्य मंत्री (स्वतंत्र प्रभार)

(Shri Hardeep Singh Puri)

(a) & (b): Government of India has accorded 'In-principle' approval for leasing of six airports of Airports Authority of India (AAI) viz. Ahmedabad, Jaipur, Lucknow, Guwahati, Thiruvananthapuram and Mangaluru for Operation, Management and Development through Public Private Partnership (PPP). GoI has also given 'in principle' approval for disinvestment of GoI's entire shareholding in Pawan Hans Limited (PHL). In addition, GoI is committed to the strategic disinvestment of Air India.

(c): In the field of Ground Handling at airports, no demarcation has been drawn between Government and private entities, as the Ground Handling Regulations, stipulated that in addition to the airport operator and airline carrier, the ground handling services can be carried out by any handling agency licensed by AAI.

(d) Opinion of the passengers about the services provided at the airport, including that of private agencies at the major airports are regularly collected and published by Airports Council International (ACI). In the survey conducted by ACI, all PPP airports constantly feature among the top global airports in their respective categories.

(e): In order to provide affordable air services, Government has launched Regional Connectivity Scheme (RCS) - UDAN (Ude Desh Ka Aam Nagrik) which is a market driven mechanism and supported by Central Government, State Governments and Airport Operators. Development of regional air connectivity routes is left to the market forces such that airlines undertake assessment of demand and nature of supply required on particular routes and lead the process under RCS-UDAN. Ministry of Civil Aviation has targeted an indicative airfare of Rs. 2500 per passenger approximately, indexed to inflation, for a 50% of the capacity of the aircraft (subject to minimum 9 and maximum 40 seats) for a distance of 500 kms to 600 kms on RCS - UDAN routes (equivalent to about one hour of flight).

(f): Air India has incurred a net loss of Rs. 27,777.36 crore during last five years (2013-14 to 2017-18). To improve the financial condition of Air India, the Government has prepared a Revival Plan for Air India which includes a comprehensive financial package. This includes transferring debt of Rs.29,464 crore and non-core assets to Air India Assets Holding Company (AIAHL) an SPV. In this regard, proposal for transfer of Non-Convertible Debenture (NCD) of Rs. 7,400 crore of AIL to AIAHL, new NCDs of Rs.15,064 crore and raising of funds upto Rs.7000 crore by AIAHL for re-financing of debt transferred to it from AIL through issuance of bonds or other suitable instruments has been approved by the government. Further, 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 of 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 Government however remains committed to the strategic disinvestment of Air India.**
