

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 2373
(To be answered on the 5th March 2020)**

CRISIS FACED BY AIR INDIA

2373. SHRI M. BADRUDDIN AJMAL

Will the Minister of CIVIL AVIATION

जागर विमानन मंत्री

be pleased to state:-

- (a) whether Air India is facing huge loss due to which it is unable to pay fuel prices to the oil companies;
- (b) if so, the reasons for this loss and crisis faced by the national carrier;
- (c) the steps being taken to make Air India stable and also for its continuous operation;
- (d) whether the Government would consider to find out the reasons due to which Air India is unable to compete with other airlines despite enjoying the Government's help and facilities; and
- (e) if so, the details thereof?

ANSWER

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

नागर विमानन मंत्रालय में राज्य मंत्री (स्वतंत्र पक्ष)

(Shri Hardeep Singh Puri)

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- (a) and (b): Air India has been facing/suffering huge losses over the past few years. Notwithstanding this, Air India has been paying the PSU Oil companies on daily basis to the tune of their daily sales. The accumulated loss of Air India as per the audited account of FY 2018-19 was Rs. 62,614.42 crore. The main reasons for the high operating losses of Air India include the following:
- (i) High interest burden,
 - (ii) Increase in competition especially from low cost carriers,
 - (iii) Adverse impact of exchange rate variation due to weakening of the Indian Rupee, and
 - (iv) High operating costs.
- (c): Government approved a Turnaround Plan (TAP) / Financial Restructuring Plan (FRP) for operational and financial turnaround of Air India in 2012. Air India, however, has continued reporting losses even after an equity infusion of Rs. 30520.21 crore, since FY 2011-12. At present, the Government is committed to disinvestment of Air India. In order to prepare Air India for strategic disinvestment, a strategic plan had been approved by the Government to establish a strong competitive and self-sustaining airline. The plan had several components, which, inter-alia, included financial package and focus on increasing the operational efficiencies whereby substantial increase in revenue or cost saving could be achieved.
- (d) and (e): The probable reasons, due to which Air India is unable to compete with other airlines are mentioned at (a) and (b) above.