

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 706
(To be answered on the 6th February 2020)**

SALE OF NATIONAL CARRIER

706. SHRI CHANDRA SEKHAR SAHU

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) whether the Government proposes to float Expression of Interest (EoI) for selling its stake in the national carrier in near future and if so, the details thereof;**
- (b) whether the options for the revival of the Government airline has been worked out before finalising the selling of stake and if so, the details thereof;**
- (c) whether the factors responsible for running airline in heavy loss have been identified and if so, the details in this regard;**
- (d) whether in view of the Government, privatisation is the only option to keep the airline afloat and sought employees cooperation in carrying out the disinvestment process; and**
- (e) if so, the manner in which existing employees will be safeguarded and the response of the employees thereon?**

ANSWER

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

नागर विमानन मंत्रालय में राज्य मंत्री (स्वतंत्र प्रभार)

(Shri Hardeep Singh Puri)

(a): Yes Sir. The Preliminary Information Memorandum (PIM) for inviting Expression of Interest for sale of 100% equity share capital of Air India Limited (AIL) including AIL's 100% shareholding in the Air India Express Limited (AIXL) and 50% shareholding in Air India Airport Services Private Limited (AISATS) has been issued on 27.01.2020 which is available on the website of Ministry of Civil Aviation (<https://www.civilaviation.gov.in>).

(b): 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 losses even after an equity infusion of Rs. 30520.21 crore, since FY 2011-12. NITI Aayog in 2017 while considering the fragile finances of the Air India had recommended that further financial support in a mature and competitive aviation market would

not be the best use of scarce financial resources of the Government. Further, a meeting was held in September, 2018 under the Chairpersonship of the then Finance Minister wherein a plan to bring operational and financial efficiency in Air India was finalized with an objective to achieve substantial increase in revenue and cost savings. The operational and financial performance parameters and milestones of the plan were regularly reviewed to meet the objectives and prepare Air India for disinvestment.

(c): The main reasons for the high operating losses 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.

(d): Yes Sir.

(e): The interest of the employees of Air India will be safeguarded in accordance with the guidelines of Department of Investment and Public Asset Management, Ministry of Finance on strategic disinvestment of CPSEs and same will be reflected in the Share Purchase Agreement to be signed with new owner post disinvestment.
