

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
UNSTARRED QUESTION NO. : 1717
(To be answered on the 11th February 2021)**

FINANCIAL PERFORMANCE OF AIR INDIA

1717. MS. RAMYA HARIDAS

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) whether civil aviation sector of the country is facing financial and liquidity problems;
- (b) if so, the details thereof including state of financial performance of Air India and other airlines services in the country;
- (c) whether there is any proposal under consideration of the Government for above stated problems; and
- (d) if so, the details thereof?

ANSWER

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

नागर विमानन मंत्रालय में राज्य मंत्री (स्वतंत्र पदधार)

(Shri Hardeep Singh Puri)

(a) & (b) Based on the information received from the stakeholders, the airline carriers have been severely affected due to restrictions on domestic and international passenger movements in the wake of the COVID-19 pandemic, as per details given below:

(i) Revenues of major Indian scheduled carriers fell from INR 46,711 crore during April-September 2019 to about INR 11,810 crore during April-September 2020.

(ii) The revenue of AAI airports has reduced from INR 12,837 crore during FY 2019-20 to estimated revenue of around INR 4755 crore during FY 2020-21.

(iii) M/s. Deccan Charters Pvt. Ltd. and M/s. Air Odisha Aviation Pvt. Ltd. have ceased operations from 24 July 2020 and 30 July 2020 respectively.

(iv) Domestic air cargo handled fell from 1.15 million metric tonnes (MMT) during March-December 2019 to 0.72 MMT during March-December 2020, while international air cargo handled fell from 1.74 MMT to 1.19 MMT.

The details of the financial performance of Air India during the last five years are as under:

FY	Total Revenue	(Rs. in crore)
		Net Loss
2015-16	20,526.12	3836.78
2016-17	22,177.68	5765.11
2017-18	23,900.50	5348.18
2018-19	26,430.58	8556.35
2019-20(Prov)	27,546.58	7982.83

(c) & (d) All efforts have been made to support the aviation sector in the country. Some of the measures taken are as under:

1. Domestic air services have been restarted in a calibrated manner. Initially, only one-third (33%) of the summer schedule 2020 was allowed to be operated which was subsequently increased progressively to 45% on 26 Jun 2020 then to 80% on 03 December 2020.
2. Operation of Regional Connectivity Scheme (RCS) - UDAN (Ude Desh Ka Aam Nagrik) flights were allowed without the above-mentioned restrictions.
3. As on 29 Jan 2021, exclusive air-links or Air Bubbles have been established with 24 countries namely Afghanistan, Bahrain, Bangladesh, Bhutan, Canada, Ethiopia, France, Germany, Iraq, Japan, Kenya, Kuwait, Maldives, Nepal, Netherlands, Nigeria, Oman, Qatar, Rwanda, Tanzania, Ukraine, UAE, UK and USA. These are temporary arrangements aimed at restarting international passenger services while regular international flights remain suspended due to COVID-19. In addition to this, international flights are being operated on many sectors under Vande Bharat Mission.
4. Provide airport infrastructure through Airports Authority of India (AAI) and the private operators.
5. Provide an efficient Air Navigation System.
6. Regulate the aviation industry through Directorate General of Civil Aviation to ensure safety standards.
7. Coordinate with stakeholders to resolve issues.
8. Provide Viability Gap Funding and other concessions to selected airline operators under Regional Connectivity Scheme (RCS) - UDAN (Ude Desh ka Aam Nagrik) as per the scheme document.
9. Reduction of Central Excise Duty applicable on ATF from 14% to 11% w.e.f. 11 October 2018 and rationalization of Goods and Services Tax (GST) provisions across aviation services.
10. Rationalization of Category-I routes under Route Dispersal Guidelines on the basis of criteria given in National Civil Aviation Policy 2016.
11. Modified the requirement for 5/20 and all airlines can commence international operations provided that they deploy 20 aircraft or 20% of total capacity (in terms of average number of seats on all departures put together) whichever is higher for domestic operations.
12. Liberalized domestic code share points in India within the framework of Air Service Agreements.
13. 100% Foreign Direct Investment (FDI) under automatic route allowed in

brownfield airport projects. FDI for Scheduled Air Transport Service/ Domestic Scheduled Passenger Airline has been allowed upto 49% under automatic route. For Non-Resident Indians (NRIs), 100% FDI will continue to be allowed under automatic route. Foreign airlines would be allowed to invest in capital of Indian companies operating scheduled and non-scheduled air transport services up to the limit of 49% of their paid up capital, subject to the condition, inter alia, that the scheduled and non-scheduled operators permit would be granted only to a company substantial ownership and effective control of which is vested in Indian nationals.

14. Government of India provides some financial assistance to Air India.

15. GST rate reduced to 5% for domestic Maintenance, Repair and Overhaul (MRO) services.

16. Permit 100% FDI in MRO on automatic route.

17. Encourage Indian carriers to increase their share in international air cargo traffic.

18. Route rationalization in Indian airspace in coordination with Indian Air Force for efficient airspace management, shorter routes and lower fuel consumption.

19. The Government has been actively supporting the revival package of Air India Ltd. as laid down in the Turnaround Plan (TAP) as well as the Financial Restructuring Plan (FRP) keeping in view the committment of the Government for disinvestment of Air India Ltd.

