

GOVERNMENT OF INDIA  
MINISTRY OF CIVIL AVIATION  
LOK SABHA  
UNSTARRED QUESTION NO. : 789  
(To be answered on the 28<sup>th</sup> April 2016)

PRIVATIZATION OF AIR INDIA

789. DR. SHRIKANT EKNATH SHINDE  
SHRI SHRIRANG APPA BARNE  
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SHRI ASHOK MAHADEORAO NETE

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) Whether indebted Air India has seen its market share shrink in recent years and the Finance Ministry has shown reluctance to pump in more funds;
- (b) If so, the reasons therefor;
- (c) whether Air India was earning an annual profit till 2007, if so, the details thereof;
- (d) whether the Union Government proposes to privatize the Air India by selling its 49% shares and if so, the details thereof;
- (e) whether the Union Government has constituted a committee to consider and prepare a plan for privatizing formalities of Air India;
- (f) if so, the details thereof and the time by which the committee is likely to submit its report; and
- (g) the income and expenditure of Air India during the last three years and the current year, year-wise and the reasons for losses suffered by Air India?

ANSWER

Minister of State in the Ministry of CIVIL AVIATION

नागर विमानन मंत्रालय में राज्य मंत्री

(Dr Mahesh Sharma)

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(a) & (b): The domestic market share of Air India in the last 03 years is given as under:

Year	Domestic Market Share of Air India
2013-14	19 %
2014-15	18 %
2015-16*	16 %

(Up to Feb 16)

The market share of Air India has declined in the last three years. There has been capacity induction to Air India whereas the capacity of competitor Airlines has grown substantially in the domestic market. The capacity in domestic market of Air India is not in line with the capacity induction by the competitors. The capacity share of Air India in 2013-14 was 17% which has come down to 15% in FY 2015-16.

(c): Air India Ltd was formed with the merger of erstwhile Indian Airlines and erstwhile Air India Ltd w.e.f. 2007-08. Both these erstwhile companies were in profit during 2003-04 to 2005-06. However, during FY 2006-07 both the companies suffered losses. The details of the year-wise Profit/Loss are given as under:

Year	Net Profit/(Loss) (Rs in Crores)	
	Indian Airlines	Air India Ltd
2003-04	44.17	92.33
2004-05	65.61	96.36
2005-06	49.50	14.94
2006-07	(240.29)	(447.93)

(d) and (e): No, Madam.

(f): Does not arise in view of (d) & (e) above.

(g): The details of Total Revenue, Expenses and Net Loss of Air India for the last three years are given below:

Particulars	(Rs. in Crores)			
	2012-13	2013-14	2014-15	2015-16 (BE)
Total Revenue	18213.79	20140.59	20606.27	21315.00
Total Expenses	23703.95	26420.19	26466.18	23951.00
Net Profit/ (Loss) after Tax	(5490.16)	(6279.60)	(5859.91)	(2636.00)

Air India Ltd has been facing losses in the past few years on account of a multitude of factors. The main reasons for the losses of the company are as under:

- High fuel prices
- High interest burden
- Increase in competition especially from low cost carriers
- High Airport User Charges
- Adverse impact of exchange rate variation due to weakening of the Indian Rupee.