

*144. [The questioner (Shri A. Vijayaraghwan) was absent. For answer *vide* page 22 *infra*.]

Losses to Air India

*145. SHRIMATI MOHSINA KIDWAI:††
SHRIMATI SHOBHANA BHARTIA:

Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the Prime Minister has recently promised to bail out crisis-hit State-owned airlines, Air India, which is running in losses;
- (b) if so, the details of losses suffered by Air India in the last three years;
- (c) the details of funds Government has agreed to provide for Air India and under what conditionalities;
- (d) whether Government has now decided to have drastic restructuring and cutting the flab in Air India; and
- (e) if so, the time by which process of restructuring the Air India is likely to be completed?

THE MINISTER OF STATE OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL):

(a) to (e) A Statement is laid on the Table of the House.

Statement

(a) A Presentation was made before the Prime Minister about the financial status of Air India. Subsequently, Air India has been advised to formulate a concrete proposal for equity induction and provision of loans.

(b) NACIL, which was formed after the merger of Air India and Indian Airlines on 1 April 2007 has reported a loss of Rs.2226 crores during 2007-08 and is estimated to incur a loss of around Rs.5000 crores during 2008-09.

(c) to (e) NACIL has been advised to formulate a restructuring plan for Air India.

‡श्रीमती मोहसिना किदवाई : सभापति जी, एयर इंडिया किसी ज़माने में दुनिया की सबसे बेहतरीन एयरलाइंस समझी जाती थी, आज अफसोस की बात है कि वह तबाही के दहाने पर है। जिस एयरलाइंस में 31,000 कर्मचारी हैं, 3,000 करोड़ रुपए सालाना का wage bill है, आज उसकी हालत यह है कि employees को तनखाह देने के लिए उनके पास पैसे नहीं हैं और मुझे उम्मीद है कि आज 14 तारीख है, आज तक उन्होंने सैलरी देने का वायदा किया था, वह मिल गई होगी। मैं माननीय मंत्री जी से जानना चाहती हूँ कि क्या आपकी मिनिस्ट्री का कोई assessment है कि यह financial crisis, जो एयर इंडिया के सामने एक चैलेंज है, इसकी वजूहात क्या हैं? क्या यह mismanagement की वजह से है या allowing unrestricted access of the foreign airlines or the anomalies which are in the agreement. What are the root-causes?

††The question was actually asked on the floor of the House by Shrimati Mohsina Kidwai.

محترمہ محسنہ قدوائی : سبھا پتی جی، انر انڈیا کسی زمانے میں دنیا کی سب سے بہترین انر لائنس سمجھی جاتی تھی، آج افسوس کی بات ہے کہ وہ تباہی کے دہانے پر ہے۔ جس انر لائنس میں 31,000 کرمچاری ہیں، 3,000 کروڑ روپے سالانہ کا ویج بل ہے، آج اس کی حالت یہ ہے کہ ایپلائز کو تنخواہ دینے کے لئے ان کے پاس پیسے نہیں ہیں اور مجھے امید ہے کہ آج 14 تاریخ ہے، آج تک انہوں نے سیلری دینے کا وعدہ کیا تھا، وہ مل گئی ہوگی۔ میں مائنٹے منٹری جی سے جاننا چاہتا ہوں کہ کیا آپ کی منسٹری کا کوئی assessment ہے کہ یہ financial crisis ، جو انر انڈیا کے سامنے ایک چیلنج ہے، اس کی وجوہات کیا ہیں؟ کیا یہ mismanagement کی وجہ سے ہے یا allowing unrestricted access of the

foreign airlines or the anomalies which are in the literal agreement. What are the root-cause?

SHRI PRAFUL PATEL: Mr. Chairman, Sir, the Air India's financial position is certainly a matter of concern and there is no denying that. It is also a fact that all airlines in our country are generally facing hard financial crunch. This is a matter of concern for the entire global aviation industry also. I am not trying to pinpoint any one specific cause but I can certainly say that from 2007 onwards, when the global fuel prices started going up and they went almost up to 147 dollars, that was the time when the airlines across the world, and more so in India, especially to the tune of Rs.10,000 crores, was the hit on account of the global fuel prices to the Indian Carriers alone. Of course, this is one of the major reasons followed by the economic slowdown which all of us are aware compounded by the fact that incidents like 26/11 also took place in our country. This has led to a severe drop in the air traffic numbers. For the first time, after many, many years, I would say five or six years of robust growth reaching as high as almost 30 per cent, now we are seeing a decline in the numbers in the current year. But to say that this is the only reason, I would not be fair. I agree with the hon. Member that there are systemic issues also which need to be corrected and I am sure the Government has done all within its power to support the comeback of Air India but it is still a long way and I am sure there are many things which the management of Air India has to do. There is a replacement on the top; there are more changes, which the Air India management has suggested. I would also like to add that only about a fortnight ago the hon. Prime Minister also gave us a patient hearing. We explained the whole situation of the entire industry. He was understanding, the Government as a whole is looking at it very holistically. We are formulating new plans for revival. This will be, of course,

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placed before the Government very shortly. About other issues like salary, I am sure that the management has resolved that issue to a large extent and the issue of payment of salaries is not something, which is going to affect the future of the airline or the employees' future associated with the airline.

†**श्रीमती मोहसिना किवदई :** महोदय, मैं माननीय मंत्री जी से पूछना चाहती हूँ कि जैसे कि दोनों airlines का मर्जर हुआ 1 अप्रैल, 2007 को, उसके बाद से जो accumulated losses हैं, मंत्री जी ने अपने जवाब में कहा है कि 2007-08 तक ये losses 2226 crores हैं और वे जो estimate कर रहे हैं कि 2008-09 तक ये losses बढ़कर 5000 crores हो जाएंगे, तो मैं कहना चाहती हूँ कि यह बहुत huge amount है। आपने कहा कि जो इसका 'Restructuring of Air India Plan' बनाया जा रहा है, उसके कोई terms and conditions हैं या वे अपने आप formulate करेंगे और वह प्लान कब तक तैयार हो जाएगा और कब execute होगा, माननीय मंत्री जी से मैं यह पूछना चाहती हूँ और specifically पूछना चाहती हूँ कि ये 5000 crores के जो losses हैं, इनको पूरा करने का क्या प्लान है, क्योंकि it is a very huge sum.

محترمہ محسنہ قدوائی : مہودے، میں مانتے منتری جی سے پوچھنا چاہتی ہوں کہ جیسے کہ دونوں انٹرلائنز کا مرجر ہوم 1 اپریل، 2007 کو، اس کے بعد سے جو accumulated losses ہیں، منتری جی نے اپنے جواب میں کہا ہے کہ 2007-08 تک یہ losses 2226000 کروڑ ہیں اور وہ جو estimate کر رہے ہیں کہ 2008-09 تک یہ losses بڑھکر 5000 کروڑ ہو جائیں گے، تو میں کہنا چاہتی ہوں کہ یہ بہت huge amount ہے۔ آپ نے کہا کہ اس کا "Restructing of Air India Plan" بنایا جا رہا ہے، اس کے کوئی ٹرمس اینڈ کنڈیشنس ہیں یا وہ اپنے آپ فامولیت کریں گے اور وہ پلان کب تک تیار ہو جائے گا اور کب execute ہوگا، مانتے منتری جی سے میں یہ پوچھنا چاہتی ہوں اور اسپیشلی پوچھنا چاہتی ہوں کہ یہ 5000 کروڑ کے جو losses ہیں، ان کو پورا کرنے کا کیا پلان ہے، کیوں کہ it is a very huge sum.

SHRI PRAFUL PATEL: Mr. Chairman, Sir, they will have to resort to a lot of cost cutting, trying to rationalise the capacity. Of course, there is a Calling Attention after this and there will be a much more comprehensive answer. But I would only like to state that, of course, it is accumulative build up. It has not happened over night. It is not something which is arising out of only one factor i.e. the fuel prices. It is also within our country. A lot of more capacity has come in. As I mentioned, there was a period of robust growth of 30 per cent plus and at that time there was a need to induct more and more capacity. I would just like to inform in the House that in

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2004 there were only 50 cities connected by air. Now, that number goes to 90. In the ensuing period, a lot of more private airlines also have started operations, some which were there earlier have added capacity. Some more have also started functioning in the last five years. Again, if you go by numbers, India in 2004 had just over 100 planes for the whole country. That included Air India, private airlines, domestic, international all put together. Even today, after all these years of high growth we have just under 400 aircraft. If you compare that number with anywhere else in the world, I am sure we are still a very, very minuscule aviation power, if at all we would like to call ourselves, and that is why in a large part of our country people are asking for connectivity. You asked a question about bilateral rights. By the definition of the word 'bilateral' is a two way street. If a foreign airline can operate into India so is an Indian carrier equally entitled to operate to that destination. But the fact is that we have not been able to seize the opportunities which came our way. Many constraints were there, especially, for Air India, I would like to say. I am not talking for the sector. But for Air India, the last planes were bought during the Prime Ministership of late Shri Rajiv Gandhi. At one state, we were being told and all in this House also were in unanimity that Air India and erstwhile Indian Airlines needed new planes. When the planes have come, now there is a counter argument as to why so many planes are required. It is catch 22 situation. If you want to run an airline in a competitive environment you shall require planes and newer planes. Otherwise, on time performance, service standards, quality standards, a lot of things are going to be effective. Therefore, I would just like to explain to the hon. Member that this is a cumulative build up. Of course, I cannot explain the entire problem within just a span of my short answer.

SHRIMATI SHOBHANA BHARTIA: Sir, I would just like to ask the hon. Minister for specific figures. The entire merger between the two airlines were done for economies of scale. It now seems from newspaper report that has not been achieved. In fact, it is dis-economies of scale, if I may say so. Do we have specific numbers? Can the Minister let us know? After the merger has there been rationalisation of manpower? If so, to what percentage have offices shut down? Have both the airlines jointly seen on the need to have so many outlets, whether it is all over the world or in the country? What are the steps that have been taken in actual percentage terms of rationalising and leveraging each other's asset to try and have a leaner organisation?

SHRI PRAFUL PATEL: Mr. Chairman, Sir, the hon. Member is right that the merger was conceived with the specific objective to synergise, to reduce costs and streamline operations in a larger context, including manpower. Unfortunately, all the advantages of the merger have not been accrued. In fact, I would say, there is some kind of resistance for unknown reasons. Nobody had lost his job. That was an assurance given by the Government. Nobody was going to be downgraded. In fact, there has been an upward move in the ladder. Anyway, the fact is, there are no specific numbers available. But, I am sure, there have been a lot of synergies which

have accrued after the merger. Unfortunately — I must admit this as one of the reasons which has not worked in favour of the merger — the delay on account of IT integration, for various reasons, including systemic issues, has not worked in favour of merger. I do not know why the issue has not been addressed by the Air India management in a time-bound manner. We have to go by the rules and the prescribed regulations for public sector undertakings. But, the delay in IT integration has been — I would say this as an admission — one of the reasons why the integration of IA and AI has not taken place. The merger was also one of the reasons for Air India's proposed entry into Star Alliance. That has also been delayed. We have taken, I would say, a strong decision and we have told the management that this issue must be resolved in a time-bound manner. Otherwise, it will further affect the advantages which were to accrue from the merger, as also AI's entry into the Star Alliance which will, in the long-run, help it in a big way to come out of this current financial crisis.

श्री राजीव शुक्ल : सर, इस पर कालिंग अटेंशन आगे लगा हुआ है इसलिए दूसरा सवाल ले लें तो अच्छा होगा।

श्री रवि शंकर प्रसाद : माननीय मंत्री जी, आप पिछले पांच साल से इस विभाग के मंत्री हैं और अभी भी हैं। हम ऐसा मान सकते हैं कि आपको इस विभाग का पर्याप्त अनुभव है। मेरा सवाल है यह है कि आपने जो मर्जर किया था, वह इस चिंता से किया था कि प्रतिस्पर्धा में बड़ी entity से फायदा होगा। अभी जो आपका उत्तर मैंने देखा, उससे मुझे निराशा हुई है। मेरा कहना यह है कि एयर इंडिया की तरफ से सदन के प्रति उत्तरदायित्व तो आप ही का है, इसलिए सवाल तो हम आप ही से करेंगे। मेरा सवाल है कि आप दो तीन कारण बताएं कि यह स्थिति क्यों है? इसके अतिरिक्त हम आपसे यह उत्तर भी स्पष्ट जानना चाहेंगे कि जो प्राइवेट एयरलाइन्स आयी हैं, उनमें प्रतिस्पर्धा की बजाय यह गिरती जा रही है, इसके लिए कहीं कोई वेस्टिड इंटरस्ट तो काम नहीं कर रहा है जो एयर इंडिया को competitive नहीं होने देना चाहता?

श्री प्रफुल्ल पटेल : एक बात मैं स्पष्ट करना चाहता हूं कि भारत की संसद को ही यह चिंता होनी चाहिए क्योंकि यह हमारा कैरियर है, राष्ट्रीय कैरियर है, इसमें कोई दो राय नहीं है कि इसके बारे में हम उत्तरदायी हैं और इसके बारे में आगे जो भी कामकाज या सुधार की आवश्यकता होगी, हमें ही उसके बारे में देखभाल करनी होगी। लेकिन साथ-साथ मैं यह भी कहना चाहता हूं कि जब से हमने हमारे देश में उदारीकरण की नीति अपनाकर openness और liberalization करके नयी-नयी कम्पनीज़ को स्पर्धा में आने का मौका दिया, कहीं न कहीं उसका प्रभाव, हमारा जो नैशनल कैरियर है, इसके कामकाज पर हुआ है। इसमें कोई दो राय नहीं है। लेकिन यह कहना कि हम स्पर्धा में सही तरह से सामना नहीं कर पा रहे हैं, यह बात भी ठीक नहीं होगी। कई पब्लिक सेक्टर्स हैं जिन्होंने competitive environment में भी अच्छा काम किया है तो एयर इंडिया क्यों नहीं कर सकती, यह सवाल निश्चित रूप से आपके मन में आना स्वाभाविक है। लेकिन उसके बावजूद मेरा आपको यह सुझाव देना जरूरी है कि हम जब तक competition नहीं लाए जब तक हमने ज्यादा एयरलाइन्स को मौका नहीं दिया, तब तक हमें connectivity, बेहतर सेवा, कम किराए - यह सब कुछ देखने का मौका नहीं मिला था। मैं आपको भी धन्यवाद दूंगा कि आपकी सरकार के समय में भी आपने उदारीकरण की नीति को काफी गति दी थी।

श्री रवि शंकर प्रसाद : किन्तु तब घाटा इतना नहीं था।

श्री प्रफुल्ल पटेल : घाटा तो अभी-अभी हुआ है। मैं स्वयं कह रहा हूँ। घाटा तो अभी हुआ है। 2007 से ज्यादा हुआ है, उसके कारण मैंने बताए हैं और मैं आपको यह भी कहना चाहता हूँ..(व्यवधान)..

श्री प्रवीण राष्ट्रपाल : गलती की शुरुआत आपसे हुई।

श्री प्रफुल्ल पटेल : देखिए, गलती की बात नहीं है। जो स्थिति है, जो वस्तुस्थिति है, वह तो संसद के सामने रखना मेरा कर्तव्य है। इसीलिए मैं कहता हूँ कि जहां तक कम्पिटिशन का सवाल है, किसी भी क्षेत्र में अब monopoly नहीं हो सकती या सिर्फ सरकार ही पूरे काम का उत्तरदायित्व निभाएगी, यह तो अब ना-मुमकिन है। यह 1994-95 से, जब से प्राइवेट एयरलाइन्स की 1993 onwards शुरुआत हुई, तब से लगातार एयर इंडिया का या इंडियन एयर लाइन्स का, जो मार्केट शेयर था, वह घटता गया। यह बात भी सही है कि जितना सैक्टर बढ़ेगा, उसके पूरे उत्तरदायित्व को एक ही एयर लाइन्स नहीं निभा सकती। लेकिन हमारी पूरी कोशिश रहेगी कि इसमें जो भी सुधार हो सकते हैं, उनको समय बाउंड हम करेंगे।

SHRI MOINUL HASSAN: Sir, the hon. Minister has stated in his reply that one of the main reasons for the losses was the hike in the prices of fuel internationally and domestically. My simple question, through you, to the hon. Minister is this. Is it not a fact that the prime time, especially in the metro cities, is allotted to the private carriers, and not to the national carrier? I would like to listen from the hon. Minister regarding the scheduling and re-scheduling of the carriers from one metro city to another metro cities during the prime time.

SHRI PRAFUL PATEL: Sir, it is not true that there is any discrimination for or against the national carrier. All carriers are given a level playing field. And, to say that prime slots are given to private carriers and not to the national carrier is not correct. ...*(Interruptions)*... No, that is not true. That may be your impression. In fact, a lot of impression is being created, rightly or wrongly, in various sections of the media through many employees' organizations also that the national carrier is being discriminated. I can enumerate ten steps taken by the Government where we have taken special measures to protect the interests of the national carrier. Even sometimes charges are levelled that we are favouring the national carrier. Anyway, whatever that may be, but so far as your special query is concerned, I don't think there is any truth in that.

DR. T. SUBBARAMI REDDY: Sir, the hon. Minister, in his reply, has mentioned that the Air India has been advised to formulate a concrete proposal for equity, induction and provision of loans. I would like to know, in a business — it is also like a commercial business — can you, by merely equity, induction and provision of loans, make profits. You have shown losses to the tune of Rs. 2,226 crores, and again, next year, to the tune of Rs. 5,000 crores. So, can you reduce these losses by merely inducing equity and loans? I don't think it is possible because there is something wrong somewhere where you keep on incurring losses. Even if you increase the equity and capital, I don't think you will be able to make profits. I want a categorical reply in this regard. ...*(Interruptions)*

MR. CHAIRMAN: Please put your question. We are running out of time.

DR. T. SUBBARAMI REDDY: Please clarify this.

SHRI PRAFUL PATEL: Sir, my good friend, Dr. Subbarami Reddy, has good business knowledge. He will appreciate that any company of the size of Air India, with an equity of only 145 crores, cannot do such a big quantum of business, or, can go for such a large acquisition programme. Equity, as you know, is something that comes to the company. It is not to be serviced; it is not to be paid back. Therefore, equity for such a large company is vital. And, as an owner of an airline, either you raise it from the public through IPOs, or, you as the owner, that is, the Government will have to put in the equity. This is as a private owner of a private airline who will bring in his own equity. Here it is the case of the Government. So, the Government shall have to bring in the equity. Dr. Karan Singh is also here, I would also like to state that the Air India, in its sixty years of existence, has never been paid even a single rupee by the Government. It had only got equity of Rs. 145 crores then. That is what is continuing till now. In fact, the Government has been paid back by the Air India many times, by way dividends, in the last sixty years.

MR. CHAIRMAN: The Question Hour is over.

WRITTEN ANSWERS TO STARRED QUESTIONS

Employment to agricultural workers through NREGS

*144. SHRI A. VIJAYARAGHAVAN: Will the Minister of RURAL DEVELOPMENT be pleased to state:

- (a) whether Government is keeping any data base with regard to the employment provided through National Rural Employment Guarantee Scheme (NREGS) to the agricultural workers;
- (b) the details of annual working days for agricultural workers including the Statewise data;
- (c) whether Government would enact a comprehensive Central Legislation for these agricultural workers; and
- (d) if so, the details thereof?

THE MINISTER OF RURAL DEVELOPMENT (DR C.P. JOSHI): (a) No, Sir.

(b) Does not arise.

(c) and (d) The Ministry of Rural Development has no proposal under consideration for a comprehensive Central legislation for agricultural workers.

Approval of Private Universities

*146. DR. RAM PRAKASH: Will the Minister of HUMAN RESOURCE DEVELOPMENT be pleased to state: