

(a) whether the State owned airline Air India proposed to borrow Rs. 600 crore from bank to pay salaries to its 31000 employees;

(b) whether the Air India is facing difficulty to pay salaries to its employees for the last one year; and

(c) if so, the details thereof and the action taken by Government in this regard?

THE MINISTER OF CIVIL AVIATION (SHRI VAYALAR RAVI): (a) It is not unusual for an airline to raise short term loan to meet its working capital requirements that includes salaries etc.

(b) Yes, Sir. Air India is facing an adverse cashflow situation because of increase payment of fuel due to a rise in fuel prices, increase in interest and depreciation costs, increase in wage bills and in leasing and maintenance costs. Hence, payment of salary is getting delayed.

(c) Government has infused an amount of Rs.800 crores during February/March, 2010 and an amount of Rs.1200 crores during January, 2011 as equity in Air India. Other measures for its turnaround are being monitored closely that are arrived at improving the company's cashflow.

Delay in payments to staff of Indian Airlines

808. SHRI GOVINDRAO ADIK:

SHRI SANJAY RAUT:

Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether it is a fact that the staff of Indian Airlines and Air India are facing problems in getting their monthly salary for the last one year;

(b) if so, the reasons therefor; and

(c) the details of measures taken or proposed to be taken to avoid such delay in payments to the Airlines staff?

THE MINISTER OF CIVIL AVIATION (SHRI VAYALAR RAVI): (a) and (b) Yes, Sir. Air India is passing through tight financial and liquidity crunch making it difficult to meet several of its liabilities. The airline is also facing an adverse cashflow situation because of increase in fuel prices, increase in interest and depreciation costs, increase in wage bills and in leasing and maintenance costs. Hence, payment of salary is getting delayed.

(c) Sir. As a long term solution to the liquidity problem, Air India has prepared a Turnaround Plan. Besides operational restructuring, the turnaround plan includes financial restructuring to enhance the cashflow of the company.