

the unions agitated. They also went to court against the proposal of privatisation. It is because of the Government's policy that Chennai airport remains criminally neglected. As Minister, you can visit Chennai airport. You can see the international terminal. The area between the international terminal and the domestic terminal looks like a ghost house and unutilised. I do not know why it is being wasted. It is because of Government's policy. If you make an assurance that the Chennai airport will not be privatised, that the Chennai airport will be under the Airports Authority of India and that the Airports Authority of India will be given adequate powers to manage that airport, then only, Chennai airport can be saved. I request the Minister to make such an assurance on the floor of the House.

SHRI ASHOK GAJAPATHI RAJU PUSAPATI: Sir, I have already mentioned that no decisions have been taken. We are open to all suggestions. Hon. Members can send us their suggestions. ...*(Interruptions)*...

MR. CHAIRMAN: Question No. 25. ...*(Interruptions)*...

SHRI TAPAN KUMAR SEN: It is not a suggestion. ...*(Interruptions)*... You are spending public money to build a national asset. ...*(Interruptions)*...

MR. CHAIRMAN: Please, let us go on to Question No.25. ...*(Interruptions)*... That is not under discussion at the moment. ...*(Interruptions)*... Please ...*(Interruptions)*...

Performance of Air India

*25. SHRI ANIL DESAI: Will the Minister of CIVIL AVIATION be pleased to state:

(a) whether it, is a fact that in spite of receiving more than ₹ 12,200 crores financial help, Air India is not showing any financial improvement and it is surviving on taxpayers money;

(b) the total income of the national carrier during the last five years and losses suffered by it during the same period; and

(c) the total debt on it and the details of measures Government is proposing to tackle this problem including the option of its privatisation ?

THE MINISTER OF CIVIL AVIATION (SHRI ASHOK GAJAPATHI RAJU PUSAPATI): (a) to (c) A Statement is laid on the Table of the House.

Statement

(a) No, Sir. Air India has shown improvement both in terms of Operational and Financial Parameters in FY 2013-14 as compared to FY 2012-13:

- Passenger Load Factor (PLF) has improved from 72.4% in 2012-13 to 73.6% in 2013-14.
- Passengers travelled on total network have increased from 14.10 million to 15.30 million *i.e.* by 8.5%.
- Passenger Revenue has increased from ₹ 12494.44 crores in 2012-13 to ₹ 14300 crores in 2013-14 *i.e.* by 14.45%.
- Total Operating Revenue has increased from ₹ 16072.11 crores to ₹ 19170.38 crores *i.e.* by 19.6%.
- Total Expenses have increased from ₹ 23703.95 crore to ₹ 25050.60 crores *i.e.* only by 5.7% .
- The Operating Loss has declined from ₹ 3807.15 crores to ₹ 2123.78 crores *i.e.* by 44.2%.
- Net Loss has declined from ₹ 5490.16 crores to ₹ 5388.82 crores.
- Cash Losses have reduced from ₹ 3647.18 Crores to ₹ 3371.95 crores *i.e.* by 7.5%.
- EBIDTA has improved from ₹ 191.67 crores in 2012-13 to ₹ 770.94 crores *i.e.* an improvement of almost 300%.

(b) Details of the total income and losses suffered by Air India during the last 5 years are as follows:

	(₹ in crores)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Total Revenue	13402.27	14255.11	14173.81	16027.84	19170.38
Total Expenses	19035.83	21319.65	23459.48	23703.95	25050.60
Net Profit/(Loss)	(5550.90)	(6863.67)	(7557.69)	(5490.16)	(5388.82)

(c) As on 31st March, 2014, there is an Aircraft debt outstanding of ₹ 17,565.05 crores and Working Capital Loan of ₹ 21257 crores NCD of ₹ 7,400 crores.

The details of measures taken by Government to tackle the debt related problem in Air India are as under :

(1) In view of the losses suffered by Air India upto 2010-11 and its mounting debt burden, Air India formulated a Turnaround Plan (TAP), comprising an Operational Turnaround Plan and a Financial Restructuring Plan (FRP), which was approved by Cabinet Committee on Economic Affairs (CCEA). The FRP provides for infusion of additional equity by the Government, cost reduction and improved operational

performance. The financial support approved under TAP from the Government is as under:-

- (i) Induction of upfront equity of ₹ 6,750 crores.
- (ii) Equity for cash deficit support of ₹ 4,552 crores from FY 2012-13 to FY 2017-18.
- (iii) Equity for already guaranteed aircraft loan of ₹ 18,929 crores till FY 2021, and
- (iv) GOI Guarantee for repayment of Principal amount and payment of interest on the Non-Convertible Debentures (NCDs) of ₹ 7400 crores proposed to be issued Air India to the financial institutions, Bank, LIC and EPFO.

(2) As a part of the TAP/FRP, Government has laid down performance milestones for Air India and constituted an inter Ministerial Oversight Committee to monitor the performance of Air India *vis-a-vis* milestones set in the TAP.

At present, there is no proposal under consideration in the Ministry in respect of privatization of Air India.

SHRI ANIL DESAI: Mr. Chairman, Sir, it is heartening that the Minister has given answer that the Air India is making a turnaround and the Civil Aviation Ministry has started its moves. Now on 11th July Air India will be joining elite international group of airlines, that is, Star Alliance. It will be its 27th member. I want to know this, through you, Sir, Will it really be a commercial move for Air India? As our past experience shows, Air India management was really doing mismanagement in the profitable sectors. They have sold out their profitable routes to the private airlines. By joining the Star Alliance, Air India will really be making profits out of it and that turn around will be helpful as far as the Government is concerned.

SHRI ASHOK GAJAPATHI RAJU PUSAPATI: Sir, Air India by joining Star Alliance will have greater reach and will provide seamless travel and facilities to the passengers who use the airline. Profitability is another thing. So, I think, these two things have to be looked at a bit differently. As far as joining the Star Alliance is concerned, increasing the reach will definitely help in a small percentage of revenue increase. It could be four to five per cent. I don't think that it will be more than that. Reviews ought to be taken on the profitability of various routes and steps have to be taken to reduce the losses. We are at it.

SHRI BHUBANESWAR KALITA: Sir, the bail out package of ₹ 12,200 crores is welcome. We have contribution from the North Eastern Region also. But, unfortunately

Air India has withdrawn the flight from Guwahati to Bangkok; and all the flights from Tezpur Airport and Lakhimpur Airport. Sir, as the Minister knows, the Guwahati Airport had been upgraded as an international airport; and also upgraded the Tezpur Airport and Lakhimpur Airport. I am putting my specific question and I want a categorical answer. When is Air India going to reintroduce the Guwahati to Bangkok flight; and utilise upgraded Tezpur Airport and Lakhimpur Airport by operating Air India flights?

SHRI ASHOK GAJAPATHI RAJU PUSAPATI: Sir, certain airports and certain airlines of either public sector or private sector do withdraw, or, do operate. It is our endeavour that airports should be covered by airlines. *..(Interruptions)...*

MR. CHAIRMAN: Mr. Kalita, please sit down.

SHRI SITARAM YECHURY: Sir, I seek your indulgence before putting this question. I had been Chairman of the Department-related Parliamentary Standing Committee that dealt with the Ministry of Civil Aviation also. There have been a number of reports that we had submitted on the issue of Air India. There have been various suggestions that have been made as to how Air India could turn around. All of us are patriotically interested in our Maharaja flying high; and our National Flag to be upheld. That is something that none of us would oppose.

Now, in reply to this question, the hon. Minister has mentioned, I am not going into the larger ambit, that the total network has increased, the passenger revenue has increased and the operating revenue has increased. All these have increased and expenses also have increased. This is a contradiction which you will agree. Now, why is this happening? That is the question. I entirely sympathise with your problem because you have just come and taken over the portfolio. Why are the expenses rising? You have not examined the actual area as to why this is happening. We have normally heard and we continue to hear even today, that indication is there, per aircraft manpower in India is very high in Air India. That is one of the reasons for Air India losses. All our examination has shown that wage bill of Air India is less than one third of its total expenses. Much of the irrational expenditure is because of your leasing in, because of your bilaterals and because of all political decisions taken by the Government. Are you going to...

MR. CHAIRMAN: Question Hour is over. I go by my word.

SHRI SITARAM YECHURY: Sir, just one minute. Are you going to re-examine this entire gamut? That is my question.

MR. CHAIRMAN: Thank you very much. I am afraid Question Hour is over.
