

Civil Aviation

9.59 The activities of the civil aviation sector can be categorised as regulatory-cum-developmental in the area of operations and infrastructure. Air services within the country are provided by Indian Airlines Ltd. and private airlines (scheduled and non-scheduled). The international air services are handled by Air India Ltd., Indian Airlines Ltd., and other international airlines operating to India. Pawan Hans Helicopters Ltd. basically provides helicopters support services to the petroleum sector including ONGC and Oil India Limited and connects remote and inaccessible areas of the northeastern region of the country. It also provides air support services to several customers including State and Union Territory Governments, Public Sector Undertakings and Private sector companies. Infrastructure facilities are taken care of by the Airports Authority of India (AAI).

9.60 At present, there are 2 scheduled private airlines, which provide regular domestic air services along with Indian Airlines. In addition there are 47 non-scheduled operators providing air-taxi/non-scheduled air transport services. Private operators presently cater to nearly 46.5 per cent of the domestic air traffic. The number of passengers availing of private sector air services (both scheduled and non-scheduled) has increased from 15,000 in 1990 to 56,92,000 in 1999.

9.61 After incurring losses continuously for a period of 8 years from 1989-90 to 1996-97, this is the third consecutive year when Indian Airlines has made a profit. It has retained its position as the major player in domestic air transport services. During the year 1999-2000, Indian Airlines Ltd., has made a net profit (before tax) of Rs. 51 crore. To cope with the sluggish market conditions during the year, innovative and aggressive marketing strategies were initiated by the company to maintain and improve its revenues and market share.

9.62 During the period April, 2000 to September, 2000 the company earned a total revenue of Rs. 1,805 crore and incurred total expenses of Rs. 1,904 crore resulting in Net Loss of Rs. 109 crore which is mainly due to

low seat factor, high ATF cost and increase in Landing, Parking and Navigation Charges.

9.63 It is proposed to disinvest Government of India's shareholding in Indian Airlines within the framework of 'Domestic Air Transport Policy'. Fifty one per cent of equity of Indian Airlines is proposed to be disinvested, of which 26 per cent equity is to be given to a group, company or individual that may be called joint venture (JV)/strategic partner. The remaining 25 per cent is proposed to be offered to employees, financial institutions and the public.

9.64 The year 1999-2000 was an eventful year for Air India. The company, for the first time in five years, turned around its loss making financial performance and registered an operating profit of Rs. 76 crore. It also registered lowest net loss of Rs. 38 crore in the same five-year period. The operating and net profits would have been substantially higher but for increased fuel prices, which have substantially higher, but for increased fuel prices, which reached a nine year peak during the year under review resulting in additional fuel cost of Rs. 178 crore.

9.65 As per the provisional results for the period April-September, 2000 Air India has incurred a Net Loss of Rs. 4.3 crore (against budgeted loss of Rs. 61.7 crore) as compared to a Net Loss of Rs. 5.7 crore during the corresponding period last year. The Net Loss of Rs. 4.3 crore is after taking into account an extraordinary item of Rs. 18.8 crore towards profit on sale of Boeing 747-200 aircraft and adverse impact of Rs. 154 crore on account of additional fuel cost due to steep increase in Aviation Turbine Fuel (ATF) prices. Decision has been taken to disinvest upto 60 per cent of Government equity in Air India of which 40 per cent would be offered to the private sector and the balance 20 per cent being offered to employees, financial institutions and public. However, it has been stipulated that not more than 26 per cent of the total equity would be held by a foreign airline.

9.66 The total revenue flying hours of Pawan Hans Helicopters Ltd. during 1999-2000 was 18,104 compared to 18,563 during 1998-99. The revenue earnings and net profits after tax during 1999-2000 were Rs. 117 crore and Rs. 67 crore

compared to Rs. 126 crore and Rs. 70 crore respectively in 1998-99. The flying hours in April-September, 2000 were 9,390 and revenue and net profit after tax in the same period were Rs. 61 crore and Rs. 32 crore respectively.

9.67 The Airport Authority of India has earned profit after tax of Rs. 211 crore in 1999-2000 (provisional) compared to Rs. 208 crore in 1998-99. The higher profit is mainly due to increase in airport charges and normal traffic growth.

9.68 Government of India, had in January 2000, accorded its in-principle approval to restructure the airports of Airports Authority of India as and when found suitable through long term lease. At the first instance, the airports located at Delhi, Mumbai, Chennai, and Calcutta have been selected for this purpose. A consortium led by M/s KPMG has been appointed to act, as financial consultant to advise on all aspects relating to long term leasing of these airports.