

**GOVERNMENT OF INDIA  
CIVIL AVIATION  
LOK SABHA**

UNSTARRED QUESTION NO:871  
ANSWERED ON:23.10.2008  
MERGER OF INDIAN AIRLINES WITH AIR INDIA  
Naik Shri Shripad Yasso

**Will the Minister of CIVIL AVIATION be pleased to state:**

- (a) the objectives behind merger of Indian Airlines with Air India;
- (b) whether these objectives have been achieved;
- (c) if so, the details thereof; and
- (c) the details of the losses being suffered by these companies during pre and post period merger separately?

**Answer**

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

(a): Effective 27 August, 2007, Air India Limited and Indian Airlines Limited have amalgamated with National Aviation Company of India Limited in accordance with the Scheme of Amalgamation. The integration of the two airlines will lead to developing seamless connectivity, network of regional operations, short to medium haul trunk operations and long haul operations resulting in an improved product offering through wider network coverage. The merger will also provide significant synergy for procurement, sales and distribution besides affording an opportunity for leveraging common assets. The new airline, with more than 112 aircraft, having an international and domestic footprint would set fresh benchmarks for efficiency and reliability, thus benefiting the civil aviation sector in the country, specially the travelling public.

(b) and (c):- The objectives which have been fulfilled are:-

- (i) Air India has become the largest airline in India and comparable to other airlines in Asia;
- (ii) The integration of routes has also been initiated effective Winter 2007, thereby the routes operated by both erstwhile Air India and Indian Airlines concurrently have been discontinued, the domestic sectors are now operated by A320 aircraft whereby A310 capacity has been redeployed on more lucrative routes etc.
- (iii) A new organisation structure has been finalised and Functional Directors and Executive Directors appointed;
- (iv) Seniority integration principles finalized
- (v) Common branding at key touch points have been initiated;
- (vi) Administrative and Financial powers harmonized; and
- (vii) Functioning of Star Alliance Plans.

(d): The net losses being suffered by erstwhile Air India and Indian Airlines during pre and post merger period are as under:-

Company Pre-merger (2006-07)  
(Rs. in crores)

Air India 447.93

Indian 240.29

Post merger 2007-08 accounts are yet to be finalized.