

**GOVERNMENT OF INDIA  
CIVIL AVIATION  
LOK SABHA**

UNSTARRED QUESTION NO:1533  
ANSWERED ON:16.07.2004  
DECLINE IN PROFITS  
Manoj Kumar Shri

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

- (a) whether the profits of the Air India have declined during 2003-2004;
- (b) if so, the details thereof; and
- (c) the steps being taken by the Government to enhance the profits?

**Answer**

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

(a) and (b): As per the provisional results, Air India will end the Financial Year 2003-04 with a profit of Rs.105.50 Crores as against Rs.133.86 Crores achieved in 2002-03. The reasons for the decline in profit during 2003-04 are (i) cancellation/withdrawal of flights due to SARS resulting in drop in traffic, (ii) non-cooperation by pilots during April/May 2003, (iii) Iraq war, (iv) increase in prices of Aviation Turbine Fuel (ATF) and (v) overall recessionary trend in the international market.

(c): Measures taken by Air India Limited to generate more revenues as well as to reduce cost are (i) dry lease of aircraft to increase frequencies to the existing and to operate services to new stations, (ii) route rationalization by withdrawal of capacity from inherently loss making and re-deployment on more profitable routes, (iii) implementation of Automated Revenue Management System (ARMS), (iv) reduction of staff strength at foreign stations, close/downsize offices abroad and surrender space, (v) ban recruitment/appointment except in operational areas and redeployed staff from non-operational to operational areas, (vi) lowering of retirement age and (vii) reduction of agency commission from 9% to 7% etc., (viii) disposal of non-performing assets.