

**Dr. Kirit Somaiya**

Chartered Accountant, Ph.D.

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**Bharatiya Janata Party**

**भारतीय जनता पार्टी**

KS/AI/09/232

June 30, 2009

The Comptroller & Auditor General of India  
10 Bahadur Shah Zafar Marg  
New Delhi

**Sub: Study-Inquiry-Evaluation about the Financial Crisis/Health of Air India**

Dear Sir,

We are sure your attention may have been drawn towards the present "Air India's financial crisis/chaos" :

- Asking officials/management to forego May/June 2009 salary
- Announcing/asking to delay payment of monthly salary by 15 days
- Rs.15,000 crore overdraft/working capital finance
- Heavy interest burden
- Heavy repayment of loan instalment
- Extraordinary/abnormal purchases of 111 aircraft at the cost of Rs.55,000 crores
- No re-evaluation about the purchases
- Unnecessary additions of costs/aircraft
- Low peak occupancy ratio
- Heavy operational cost
- Heavy, abnormal fuel bills
- Air India's loans becoming liability for financial institutions
- Incentive schemes for executives/engineers
- CAG observations/remark in 2008.
- Unwarranted purchases and delivery of new aircraft
- Civil Aviation Ministry's observations.

There are several points which need to be discussed and deliberated. We would like to draw your attention to further measures required :

1. Hefty, heavy, high cost purchases of 111 aircraft at the cost of Rs.55,000 crores
2. Need and the project proposal to purchase such aircraft
3. Re-evaluation of the above
4. Comparative prices, cost of such purchase
5. Burden on the present financial system of Air India due to the above
6. Observations and instructions of CAG, Civil Aviation Ministry, UN and such other organizations
7. Terms and conditions of aircraft purchases, delivery
8. Deferment/cancellation of aircraft purchases by Jet Airways, King Fisher, Chinese Airways and such other companies
9. The project proposal/presentation of 2008 to the Air India management/authority for further plan/proposal to purchase 155 aircraft

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→**Please Reply** : 9C, Neelam Nagar, Mulund (E), Mumbai 400 081- Tel : 21639649/21634152/ (M)9869220027

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10. Terms and conditions of financial loan, working capital loans, etc. – Study of all concerned documents
11. Market share of Air India has come down to 15-17%.

As the Government of India has given sovereign guarantee, thousands of financial loans have been given by public sector banks. As the Government of India is the sole owner and as Air India has again asked for Rs.10,000 to 15,000 crores finance from Government of India, horrible purchases of aircraft at the cost of Rs.55,0000 crores, we request yourself to study, inquire, investigate about the financial chaos, crisis of Air India.

Thanking you,

Yours truly,

**DR. KIRIT SOMAIYA**

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