Will the new terms of Air India (AI) disinvestment meet the desired objective of Govt. of India? Comment?

Govt. of India has been trying to disinvest AI for two years, but no bidders were attracted due to various reasons. Now the GoI has sweetened the AI offer to attract bidders.

Terms of AI disinvestment

To make attractive to bidder, GoI has relaxed its stance on AI sale

i) Putting 100% stake for sale (earlier 78%)

ii) Employee perks like free travel, medical facilities were decided

iii) Waiving the debt to the amount of Rs. 40000 crore

New challenges

- though GoI waived off entirely non-air related debts, potential bidders will still have a liability of RS. 30000 crore approximately

- Opposing from trade unions for employees job security
- Element of inefficiency due to bureacratic red tapism - Cease to operate loss-making routes

Attractiness of New terms

i) AI's prime landing slots across slots

ii) AI's market share of 19% of international traffic

iii) By selling 50% stake of AI-SATS, a ground handling firm, will provide boost.

Objective of Disinvestment

- By relaxing terms, GoI will push hard to sale this debt-ridden company.
- It will further invest in other social agenda programmes

But GoI has to clearly lay down post-sale terms on retired employees, retaining current employees and consideration consumer angle for covering its role.