

# Govt May Take on Some Costs to Cut Load for AI Buyer

Likely to pay for medical & flight ticket entitlements of retired employees

Mihir Mishra  
@timesgroup.com

**New Delhi:** In a move that would help reduce the liability of Air India's future owners, the government may take over the cost of medical facilities and flight ticket entitlements of retired employees fully or partially, a senior aviation ministry official said.

The government is likely to declare this in the Request for Proposal (RFP), the official said. It is expected to put out the RFP in a couple of months' time, inviting bidders for a majority stake in the state-owned airline.

The government has already decided to pay ₹ 1,300 crore of salary arrears to employees related to the Dharmadhikari committee proposals, the official said, speaking on the condition of anonymity. "Liabilities on account of retired employees are being ascertained and a decision on whether the government will absorb it fully, partially or not will be conveyed in the RFP."

Retired employees of Air India are entitled for passage benefits, which are free airline tickets for

## Cost Calculations

### Govt to bear

Cost of medical facilities of retd. staff

₹ 1,300-cr salary arrears related to Dharmadhikari panel proposals

Their flight ticket entitlements



them and family members. They are also entitled for health benefits.

Another position that will be clarified in the RFP is on government representation on the AI board after privatisation. According to the stake-sale proposal, the government will hold a 24% stake in the airline post privatisation. It is aiming to sell it later at a premium.

"The government has decided to divest 76% and that is being done to give future owners complete authority over the airline and its functioning. This clearly indicates that the government does not want to interfere in the functioning of the airline," the official said. He also clarifi-

ed that the government was not looking at veto rights.

An analyst said the government should not seek a board position.

Kapil Kaul, the chief executive of the Centre for Asia Pacific Aviation in India, said the government should have a total hands-off approach on the day-to-day functioning of the airline. "Absorbing all the benefits of retired staff is logical and on expected lines," he said.

The government, on Wednesday, released the Expression of Interest (EOI) document, announcing that it would sell 74% of Air India. The assets also include the entire stake in low-cost international subsidiary Air India Express and 50% of Air India Sats Airport Services, a ground-handling company with presence at six airports.

Other entities — Air India Engineering Services, ground-handling company Air India Air Transport Services, Airline Allied Services (which operates Alliance Air) and Hotel Corporation of India — have been transferred to a SPV called Air India Asset Holding Ltd. EOIs for these companies will come in a few weeks from now, said an aviation ministry official.