

Jet Airways shares rise on Tata investment speculation

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Tata Group is said to be eyeing a stake in cash-strapped Jet Airways, which has seen millions of dollars wiped off its market capitalisation this year

Shares in India's second-largest airline Jet Airways jumped almost three percent Wednesday following reports that salt-to-steel conglomerate Tata Group might invest in it.

Tata is reviewing Jet's accounts with a view to potentially buying a stake, Bloomberg News reported, while on Tuesday the Mint daily said Tata's finance chief and Jet's chairman were leading the talks.

A spokesperson for Jet termed the reports "speculative in nature" in a statement to India's stock exchange. The cash-strapped firm was not immediately available for further comment.

After reporting a loss of \$178 million for July-September, Jet on Monday announced it would cut flights on less profitable routes as part of a plan to reduce costs.

Tata already operates two airlines—Vistara in partnership with Singapore Airlines and AirAsia India with AirAsia Group.

India's aviation sector is projected to become the world's third-largest by 2025.

But high oil prices, fierce competition, a weak rupee and price wars have hit the country's carriers including the largest airline by market share, IndiGo, and loss-making national carrier Air India.

India's passenger numbers have grown six-fold over the past decade with its middle-class taking advantage of better connectivity and cheaper flights.

In August, Jet hit a media maelstrom after failing to report its [quarterly earnings](#) and failing to pay its staffers.

Subsequently, CEO Vinay Dube released the earnings and announced a "comprehensive cost reduction programme" amounting to 20 billion rupees (\$280 million) over the next two years.

Dube had also sought investments to help turn around the firm's fortunes, having seen millions of dollars wiped off its market capitalisation this year.

"Tata Group has a long-term interest in India's [aviation sector](#) and any potential investment in Jet Airways will only consolidate that position," Devesh Agarwal, editor of the Bangalore Aviation website, told AFP.

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