

# India's Jet extends international cancellations as airline teeters

April 13 2019, by Peter Hutchison



Jet Airways employees hold placards as they gather for a protest march at the Chhatrapati Shivaji International Airport, in Mumbai

India's Jet Airways extended a suspension of all of its international flights until Monday, the latest blow to the debt-stricken carrier battling

to stay afloat.

The development Friday came after the government said it would investigate Jet's ability to continue flying as lenders seek a buyer to keep the beleaguered airline running.

Passengers have been left stranded, and on Friday airline staff protested at Mumbai's airport.

A collapse would deal a blow to Prime Minister Narendra Modi's pro-business reputation as Indians vote in a mega six-week-long election that started Thursday.

A Jet Airways source told AFP that all of Jet's international flights out of and into India until Monday had been scrapped, extending a series of cancellations announced on Thursday.

Aviation minister Suresh Prabhu earlier tweeted on Friday that his ministry would "review issues related to Jet Airways" and "take necessary steps to minimise passenger inconvenience and ensure their safety".

Jet was until recently India's second-biggest airline by market share but is close to going under with debts of more than \$1 billion.

The Mumbai-based carrier has been forced to ground the majority of its fleet after months of defaulting on loans and struggling to pay lessors and staff.

It told the Bombay Stock Exchange Thursday that 10 more planes could not fly due to non-payment.

The airline has a fleet of 119 aircraft but Civil Aviation Secretary

Pradeep Singh Kharola said it would fly only six or seven of them over the weekend on domestic routes, after flying 11 on Friday, the Press Trust of India (PTI) reported.

That is below the 20 required by Indian aviation regulators to fly overseas.

Thousands of customers have been stranded in recent weeks after hundreds of flights were cancelled, in some cases with little or no notice.

Flights to London, Paris, Amsterdam, Colombo and Singapore were among those cancelled Thursday and Friday.

Airline staff are also in limbo. Dozens of uniformed Jet workers protested on Friday at Mumbai's Chhatrapati Shivaji Maharaj International Airport, where they carried signs saying "Save Jet Airways" and "Save Our Future."



Jet Airways cancelled most of its international flights as lenders desperately seek a buyer to keep the beleaguered airline running

Close of play Friday was the deadline for prospective bidders to express an interest in acquiring a 75-percent stake in Jet.

A consortium of lenders led by the State Bank of India started the stake sale process on Monday. Any interested parties will then have until April 30 to make a formal bid.

Kharola said bankers asked the airline to "rework its proposal" on interim funding, and a meeting with bankers is scheduled for Monday, according to PTI.

"Depending on what the banks decide, the future course of action would be taken," he said.

Several [airlines](#), including Etihad, are interested in bidding, according to reports.

## **Etihad interested**

The consortium took control of Jet Airways last month after creditors injected \$218 million of "immediate funding support" as part of a debt resolution plan.

The deal saw founder Naresh Goyal step down as chairman.

Etihad Airways, which owns a 24-percent stake in Jet, has submitted an expression of interest to buy a controlling stake of up to 75 percent,

according to Indian business dailies.

PTI, quoting sources, said Goyal has put in a bid for the airline, although it was not clear whether he had partnered with another entity or airline.

Alarm bells for Jet Airways first rang in August when it failed to report its quarterly earnings or pay staff, including pilots. It later reported a loss of \$85 million.

In February, it secured a \$1.19 billion bailout from lenders to bridge a funding gap, but its crisis has deepened.

The carrier has been badly hit by fluctuating global crude prices and a weak rupee, as well as fierce competition from budget rivals.

Mismanagement has also plagued the airline. Analysts trace the start of Jet's financial problems to its 2006 purchase of Air Sahara for \$500 million in cash.

Goyal reportedly ignored the advice of associates who said the cost was too much.

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