



Private sector Jet Airways in trouble

Public sector Air India steps in to help Jet Airways international passengers

Air India's special offer

Air India, in a communication to passengers, announced that it would make a special offer to stranded international passengers due to cancellations of Jet Airways flights.

“As a gesture of goodwill and to mitigate the hardship of the 9W stranded passengers at international stations, Air India will be offering special fares to such passengers,” it said.

“The offer will be available on 19 routes, including Singapore-Delhi, Jeddah-Bombay, Hong Kong-Bombay, Bangkok-Mumbai and London-Bombay.”

The offer applies to economy class passengers with a valid cancelled Jet Airways ticket, among other conditions. “The offer is valid till April 28,” Air India added.

Last year, during Kerala's devastating floods, private telecom players were absconding. Public Sector BSNL alone was serving the people

Yet, Govt. wants privatisation !!!

.... AIBEA

If no bidder, government should take over jet airways and save the jobs of the employees - AIBEA

As the crisis in Jet Airways is deepening, AIBEA General Secretary C H Venkatachalam has written to Prime Minister that if no bidder is coming forward to invest and take over the ailing Jet Airways, Government should take over the Airline and save the jobs and future of thousands of employees and their families.

AIBEA has pointed out that overstretching by Naresh Goyal has been responsible for the woes of the Airlines. When Banks are already saddles with more than Rs. 10 lac crores of NPAs, one cannot expect Banks to pump in further money without certainty of money coming back.

Already Banks' outstanding with Jet Airways is around Rs. 8500 crores and Banks cannot take further risk when the airline is facing losses.

It is very strange that everyone is expecting State Bank and other Banks to lend further money to save Jet Airways as though it is the prime responsibility of the Banks, AIBEA General Secretary Venkatachalam said. Still Naresh Goyal is holding 51% shares and it is his headache to bring further money or hand over to someone who can invest. Expecting Banks to salvage all the sins of private sector is too much, he said.

Venkatachalam said that if any bidder is coming forward to take over the company, well and good. Otherwise, Government should take over and airline. The salaries of the staff have not been paid. The future of the employees, most of who are very young, is hanging. Government should not be a spectator and should act swiftly.

He welcomed the decision of Mumbai High Court refusing to order the Government to ask the Banks to provide further loans to Jet Airways. When these companies make huge profit, they declare dividend and do not pay any tax on this income but when the company in loss due to their mismanagement, they expect Banks and Government to rescue them, he lamented.

Jet suspends all flights after banks refuse to release funds

Aditya Anand MUMBAI , APRIL 17, 2019 THE HINDU



The airline said the decision follows the lenders refusing to offer a lifeline.

Jet Airways on Wednesday announced temporary suspension of all its international and domestic flights, with the last flight operating between Amritsar and Mumbai.

In a filing before the Bombay Stock Exchange (BSE) and a statement to the media, Jet Airways said it was informed by the State Bank of India (SBI), on behalf of the consortium of Indian lenders, that they were unable to consider its request for critical interim funding.

“Since no emergency funding from the lenders or any other source is forthcoming, the airline will not be able to pay for fuel or other critical services to keep the operations going. Consequently, with immediate effect, Jet Airways is compelled to cancel all its international and domestic flights. The last flight will operate on Wednesday,” it said.

Kuldeep Sharma, vice- president, global compliance, and company secretary, in the filing to BSE, said the decision had been taken after a painstaking evaluation of all alternatives that were made available to the

company and after receiving guidance and advice from its Board of Directors.

DGCA informed

Jet Airways said it had informed the Directorate General of Civil Aviation and the Ministries of Civil Aviation and Finance and other relevant government institutions of this course of action.

“Over the last several weeks and months, the company has tried every means possible to seek both interim and long-term funding,” the filing said.

It added that this has been a very difficult decision but without interim funding, the airline was simply unable to conduct flight operations in a manner that delivers to the very reasonable expectations of its guests, employees, partners and service providers.

On Wednesday, Jet Airways operated just three aircraft, one Boeing 737 NG and two ATR turbo-props.

“After 25 years of sharing the Joy of Flying with Indian and international guests, Jet Airways has been forced to take this extreme measure as prolonged and sustained efforts with lenders and authorities did not yield the desired results,” it said.

“Jet Airways will now await the bid finalisation process by SBI and the consortium of Indian lenders,” a spokesperson said.

The airline informed BSE that in its response to the airline, the lenders have said, “The Expressions of Interest (EOI) have been received and bid documents have been issued to the eligible recipients today. The bid documents *inter alia* have solicited plans for a quick revival of the company.

“The bid process will conclude on 10th May 2019 ... We are actively working to try and ensure that the bid process leads to a viable solution for the company.”

A spokesperson informed that the airline will continue to support the bid process initiated by the lenders.

Jet Airways shut down temporarily for want of funds

18 Apr 2019, Rhik Kundu LIVE MINT

- **Lenders are unsure if the funds pumped into Jet Airways at this stage could be recovered at a later date**
- **Jet Airways is now awaiting the outcome of the bid process that is likely to bring in fresh equity by the end of May**

Mumbai: Jet Airways (India) Ltd flew its last flight on Wednesday night—9W 2502 from Amritsar to Mumbai—after lenders declined to hand out emergency funds, bringing the curtains down on an era in which it broke into a state monopoly sector to become India’s largest private airline at one point.

It’s unclear whether the airline will ever return to the skies, but if it does so, it will be under a new ownership structure.

“Late last night, Jet Airways was informed by the State Bank of India (SBI), on behalf of the consortium of Indian lenders, that they are unable to consider its request for critical interim funding,” Jet Airways said in a statement on Wednesday.

“Since no emergency funding from the lenders or any other source is forthcoming, the airline will not be able to pay for fuel or other critical services to keep the operations going.”

The airline said it would await the bid finalization process by the lenders that is likely to bring in fresh equity by the end of May.

If the stake sale process to induct a new investor fails, it will mark the end of the airline that started operations on 5 May 1993, and then went on to become the first Indian airline outside government control to fly overseas destinations. The suspension of operations also marks the end of a year-long effort made by the airline and its lenders to save it from being

grounded. The airline had already halted international flights. It operated about 40 flights using five aircraft on Tuesday and Wednesday.

"A decision like this is never easy to make, but without the interim funding, which we have been repeatedly requesting for, we are simply unable to conduct flight operations in a manner that delivers to the very reasonable expectations of our guests, employees, partners and service providers," CEO Vinay Dube said in an email to Jet Airways employees, adding that the company was working to ensure the bid process leads to a viable solution.

The developments on Wednesday are similar to the events that led to the grounding of Vijay Mallya's Kingfisher Airlines about seven years ago.

Kingfisher Airlines was grounded temporarily when the aviation regulator suspended its flying licence, but the airline could never take to the skies again. Kingfisher Airlines shut down its operations on 20 October 2012.

"History and our business dynamics prove that once an airline shuts down in India, it never does restart," said Mark D. Martin, founder and CEO of aviation consultancy Martin Consulting Llc. "We were given to understand by SBI in explicit terms that they'd do all that is possible with ensuring Jet Airways does not shut down; and to think that no money was pumped in to resolve liabilities such as lessor outstanding, fuellers and salaries is unforgiving."

"With no aircraft, pilots, flight attendants and engineers, I certainly don't see how any bidder will continue to see value in Jet Airways," Martin added.

Two senior bankers told *Mint* that the lenders to the airline had rejected its request for emergency funds as they were unsure if the funds pumped into the airline at this stage could be recovered later.

"All along, we have neither declined nor accepted Jet Airways' request for interim funding," one of the two bankers said on condition of anonymity.

"We have always wanted some assurance that this money that we give will not go down the drain and can be recovered at a later stage."

"Whatever money we give, we would want to get it back and that assurance is not visible. Things will be clearer once we are able to move ahead with the planned resolution process," the person added.

The interim emergency funding of Rs 400 crore sought by Jet Airways was supposed to help the airline keep at least some of its planes flying till the lenders found a buyer.

"We are not going to give emergency funding until we have a clear visibility of their cash flow. A large portion of the current revenue of the airline is being used to settle pending dues, IATA (International Air Transport Association) and credit card charges, etc.," said the second banker.

"There is no point of additional funding at this moment, since valuation of the airline will not change during the bidding process. Even if the services are grounded completely, the bidding process will not change," the banker said. "As lenders, we have to see whether we will get back our money and in this case, we are not sure."

Jet Airways CEO says all jobs can't be secured during sale process

17 Apr 2019, PTI / LIVE MINT

- CEO Vinay Dube says the airline does not have an 'answer' at present on the fate of its 20,000-odd employees during the stake sale process
- Dube says the decision to shut the operations temporarily was taken after painstaking evaluation of all alternatives

MUMBAI: Hinting at job losses going forward, grounded carrier Jet Airways chief executive Vinay Dube Wednesday said the airline does not have an "answer" at present on the fate of its 20,000-odd employees during the stake sale process.

The SBI-led consortium of lenders has offered prospective bidders ownership of the airline anywhere between 31.2% and 75% for which it had run an online bidding process between April 8 and 12 and had

shortlisted four - Etihad Airways, NIIF, private equity funds TPG Capital and Indigo Partners-who can submit the final bids by May 10.

"However, we must also be realistic that the sale process will take some time and will throw up several more challenges for us, many of which we don't have the answer today," Dube said in a communication to the harried employees who have not been paid since March.

"For example, we don't have an answer today to the very important question of what happens to employees during the sale process," he added.

Nevertheless, he said the leadership team is working on answering such questions alongside the lenders.

Jet owes over three months salaries to 15% of the staff comprising senior management, pilots and engineers.

Besides, it has also defaulted on the March salary of its entire workforce.

Dube, in the letter said the decision to shut the operations temporarily was taken after painstaking evaluation of all alternatives and guidance and advice of the board.

"A decision like this is never easy to make, but without the interim funding, which we have been repeatedly requesting for, we are simply unable to conduct flight operations in a manner that delivers to the very reasonable expectations of our guests, employees, partners and service providers," he said.

Over the past several weeks and months, the airline has tried every means possible to seek funding, both interim as well as long-term funds, to keep the operations going, but could not succeed, he said.

"Late last night we were informed by SBI, on behalf of the consortium of the lenders, that they are unable to consider our request for interim funding of Rs 983 crores," he said adding, however, this was declined.

But public statements from the airline, and government officials Tuesday said the management was looking for a lifeline of Rs 400 crore.

"But, tomorrow is another day and tomorrow provides us with new hope, new opportunity and new expectations we are worth investing in, you are worth investing in and we confident that we will be back to share the joy of flying with our fellow-guests once again," Dube signed off with an emotional touch.

'Can't sleep at night': Despair over jobs as India's Jet Airways grounded

BY REUTERS | APR 18, 2019,

MUMBAI: Bhoja Poojari has handled baggage for India's Jet Airways Ltd since it began flying nearly 26 years ago. Now, like many other Jet employees, he fears for the future as the debt-laden airline descends into crisis.

"If this continues, I do not know what to do," said the 53-year-old father of two, who has not been paid in nearly two months and may be forced to sell his house.

"I feel like my hands are tied and I can't sleep at night," Poojari told Reuters. "I haven't told my children anything. They are very young, but they know something is wrong."

Thousands of employees have been stung by the rapid unravelling of Jet Airways, which, saddled with more than \$1.2 billion in bank debt, grounded all its planes on Wednesday after lenders rejected a plea for emergency funds.

The shutdown has deepened the crisis as dues to lessors, staff and suppliers pile up and lenders scramble to find a buyer for what was once India's largest private airline.

Jet Airways CEO Vinay Dube told employees on Wednesday that the sale would take time and could throw up more challenges, but he was confident the airline would fly again.

Failure would threaten more than 16,000 staff jobs and thousands more tied to the airline, which at its peak operated over 120 planes and more than 600 daily flights. More than a dozen employees told Reuters they had gone two to four months without pay. Many grapple with unpaid bills, overdue home loans, school and tuition fees.

"We have stopped going out for movies, to restaurants or any other form of entertainment," said a Jet engineer, who is self-tutoring his children after cancelling private tuitions.

He is listed as a defaulter in his community for failing to meet his building maintenance fee payments. "It's a huge stigma for my family," he said, declining to be named

'SAVE OUR FAMILY'

Hundreds of angry employees have protested in New Delhi and Mumbai, accusing management of leaving staff in the dark about the airline's worsening crisis.

"Management never gives us a clear picture," airline union leader Chaitanya Mainkar shouted during a protest at Mumbai's international airport on Friday where employees chanted slogans and waved posters that read "Save Jet Airways, Save Our Family."

Jet pilots appealed for intervention from Prime Minister Narendra Modi, who is facing wider criticism over the scarcity of jobs as he campaigns for re-election in polls now underway.

Last month, Modi asked state-run banks to rescue Jet Airways without pushing it into bankruptcy, averting thousands of job losses. But the airline never received the agreed stop-gap loan of about \$217 million.

"At least now we know the talks about caring for employment, creating jobs is all an eyewash," Captain Asim Valiani, vice president of the National Aviator's Guild representing Jet pilots, told Reuters after the shutdown.

"I've been with Jet for 23 years and am shattered today. I don't know what I will tell our pilots," he said, adding the guild would take the airline to court to seek unpaid wages.

MURKY FUTURE

Jet Airways has lost key employees as the crisis unfolded. About 400 pilots have moved to other airlines, leaving Jet with about 1,300 pilots, said a senior Jet pilot.

About 40 engineers have also left, a senior engineer said. Some veteran employees remain loyal to the airline and hope it can be restored to its former glory.

"I have worked here from the beginning - first day, first show," said Anil Sahu, a 50-year-old baggage handler with 25 years of service.

"Even after all of this, we have trust in Jet. It's a tsunami that has come, but we hope everything will return to normal," he said.

Other senior employees like Poojari say they will struggle to find work if the airline fails.

"If I had quit earlier there was still a chance of moving on, but after 26 years and having crossed 50 (years of age), where will I find a job?"

HC dismisses plea seeking revival of Jet

Sonam Saigal MUMBAI, APRIL 18, 2019 THE HINDU

Can't ask government to rescue a sick company, says Bench

The Bombay High Court on Thursday dismissed a petition seeking to revive Jet airways saying, "can't ask the government to rescue a sick company."

A Division Bench of Chief Justice Pradeep Nandrajog and Justice N.M. Jamdar was hearing a petition filed by Mathews J. Nedumpara, Md. Ibrahim Maulana, Amritpal Singh Khalsa and Ramanathan Lakshmanan.

The petition sought a direction to the consortium of banks and financial institutions led by the State Bank of India to provide bare minimal funds to the airlines to operate flights, to meet the cost of fuel, pay salaries to employees and to meet other essential expenses.

The petition stated, "It is the duty of the Ministry of Finance to ensure that the consortium of lenders of Jet Airways continues to provide the requisite operational finance to the Airways to ensure that the interests of consumers and its employees numbering nearly 23,000 and of those associated with the said services are protected."

The court said, "We cannot ask the government to rescue a sick company. The only thing we can do is that if you get a hat, we can pass it around this courtroom for collecting money for charity."

The petitioners blamed chairman Naresh Goyal for the grounding of the airline and said, "it is all because of the folly of Mr. Goyal, particularly his refusal to quit and pave the way for new investors. He failed to realise that the only solution for him was to quit the management in favour of the new investors and allow them to take the driver's seat, but he tried to hold on, keep his private interest in preference to that of the company, its employees and thousands of its consumers."

While dismissing the plea, the High Court directed the petitioners to approach the National Company Law Tribunal.

Your Jet Airways tickets are unlikely to be refunded soon

Jagriti Chandra NEW DELHI, APRIL 18, 2019 THE HINDU

Ministry says regulators monitoring situation to ensure rules are followed

Passengers who booked Jet Airways flights are unlikely to get refund for their tickets soon though the airline announced cancellation of its domestic and international flights from Wednesday.

“Passengers can be provided a refund only if the airline processes it, which is unlikely to happen unless it is resurrected,” said an executive from one of the leading travel booking portals.

The industry source said that until Wednesday, passengers were being compensated in case of cancellations.

The airline had written to the Prime Minister’s Office, the Finance Ministry as well as the Ministry of Civil Aviation on Tuesday informing them that if an emergency fund of Rs 400 crore was not released by banks it would not be in a position to refund passengers for cancellations.

Following the announcement from Jet on Wednesday, the Civil Aviation Ministry tweeted, “DGCA and other regulators are monitoring the situation carefully to ensure that all existing rules regarding refunds, cancellations, and alternative bookings are followed strictly.” However, it is not clear how the government can ensure repayment to passengers when the airline has no cash reserve.

The Ministry is scheduled to meet all airlines on Thursday “to coordinate and address any emerging issues on capacity, slots and passenger convenience.”

Travel agents get their refund from a system such as IATA’s service called Bill and Settlement Plan, which enables settlement of financial transactions with airlines. But if the refund amount for a particular airline is higher than the value of bookings made on that day, then the system stops the refund, impacting a travel agent’s ability to repay passengers.

Future course

The airline will wait for the bidding process being conducted by a State Bank of India-led consortium of banks to conclude before it takes a decision on the future of the airline, Jet Airways said in a statement.

“The airline will inform all guests about the temporary suspension of flight operations via text message or email to the contact details listed in their bookings. Jet Airways sincerely and profusely apologises for the disruption to the travel plans of all its guests. Jet Airways is hopeful that it will be

able to bring the Joy of Flying back to its guests as soon as possible," it added.

In a separate letter, the airline informed its customers enrolled in the loyalty and rewards programme, Jet Privilege (JP), that their JP Miles are secure and intact and can be used on other airlines.

Vijay Mallya laments 'airline karma' in message for cash-strapped Jet Airways

PTI LONDON, APRIL 17, 2019 THE HINDU

In a series of tweets, he claims private airlines were discriminated against by the Indian government, which bailed out State-owned Air India but did not assist his own Kingfisher Airlines and now Jet Airways

Embattled liquor tycoon Vijay Mallya on Wednesday took to social media once again, this time to express his solidarity with Jet Airways founder Naresh Goyal and repeat his own offer to repay all the money he owes to India's public sector banks.

The 63-year-old, fighting his extradition to India on charges of fraud and money laundering amounting to an alleged Rs 9,000 crores, claims private airlines were discriminated against by the Indian government, which bailed out State-owned Air India but did not assist his own Kingfisher Airlines and now Jet Airways.

"Even though Jet was a major competitor to Kingfisher at the time I feel sorry to see such a large private airline on the brink of failure when government used 35K crores (Rs 35,000 crores) of public funds to bail out Air India. Just being a PSU is no excuse for discrimination," Mr. Mallya wrote on Twitter.

He added: "I invested hugely into Kingfisher which rapidly grew to become India's largest and most awarded airline. True, Kingfisher borrowed from PSU Banks as well. I have offered to pay back 100 per cent but am being criminally charged instead. Airline Karma?"

The former Kingfisher Airlines boss took yet another swipe at the media as well, claiming every offer he makes to pay back funds owed by his now-defunct Kingfisher Airlines to PSU banks resulted in reports that claim he is spooked, terrified etc. of being extradited from the UK back to India.

"I am willing to pay either way whether I am in London or in an Indian Jail. Why don't Banks take the money I offered first," he questioned.

On a more personal note directed at Jet Airways founder Goyal and his wife Anita, the UB Group chief expressed his sympathy for the troubles being faced by the cash-strapped private airline, which has been forced to cancel a string of flights amid a mounting crisis.

"Even though we were fierce competitors, my sympathies go out to Naresh and Anita Goyal who built Jet Airways that India should be extremely proud of. Fine Airline providing vital connectivity and class service. Sad that so many Airlines have bitten the dust in India. Why," Mr. Mallya questioned.

Mr. Mallya remains on bail as he awaits an oral hearing to be listed by the UK High Court for his appeal against his extradition ordered by Westminster Magistrates' Court in London last December and then signed off by UK home secretary Sajid Javid in February.

A first level of that written appeal has already been rejected by the High Court, where it will now be considered during a brief hearing to determine any grounds to grant permission for Mr. Mallya's appeal to proceed to appeal substantive hearing.

The businessman faces a series of unrelated legal battles in the UK courts, including a USD 40-million claim brought by drinks giant Diageo and an attempt by Swiss bank UBS to repossess his posh London home overlooking Regent's Park.

Meanwhile, a State Bank of India (SBI) led consortium of 13 Indian banks continue their attempt to enforce a worldwide freezing order upheld by the UK High Court in May last year through a number of follow up court orders to try and recoup some of the GBP 1.145 billion owed to them.

Five things that went wrong for Jet Airways

AFP MUMBAI, APRIL 17, 2019 THE HINDU

Airfares on rival carriers have soared and Air France and KLM are operating additional flights to Mumbai.

Jet Airways was teetering on the brink of collapse on Wednesday, operating just five planes and waiting for lenders to release emergency funds to keep the debt-saddled carrier flying.

Airfares on rival carriers have soared and Air France and KLM are operating additional flights to Mumbai to accommodate passengers affected by Jet's decision to cancel international flights.

As the **airline seeks an immediate injection of Rs 4 billions** (\$57.5 million) to continue its few remaining services, **AFP** takes a look at where it all went wrong for Jet.

Costly purchase

Many aviation experts believe the start of Jet's financial troubles can be traced back to the 2006 purchase of Air Sahara for \$500 million in cash.

Founder Naresh Goyal reportedly ignored the advice of professional associates who said he was paying too much. Market reaction to the deal was also decidedly mixed.

The budget carrier was rebranded "JetLite" but it haemorrhaged money and in 2015, Jet wrote off its entire investment.

"The acquisition is still a millstone around the company's neck," Devesh Agarwal, editor of the Bangalore Aviation website, told **AFP**.

Budget airlines

Aviation sector is fiercely competitive and Jet has taken a battering from a number of hugely successful low-cost airlines, including IndiGo, SpiceJet and GoAir.

Experts said the people running Jet failed to take the trio seriously when they were founded between 2005 and 2006, offering cut-price fares and previously unserved routes.

“They were essentially assumed to be fringe players by the Jet management,” industry analyst Amrit Pandurangi told **AFP**.

“Jet always catered to corporates and failed to recognise that low-cost carriers were attracting customers who were price sensitive,” he added.

Poor management

Experts put a lot of the blame on Mr. Goyal's management style.

They say his decision to have a single management team, headed by himself, running all Jet's operations was a crucial mistake.

Analysts say he should have had one team running the full-service carrier and another running the budget flyer.

“Jet lacked a concrete business model and fiddled with it often, which confused investors, (and) passengers alike,” said Agarwal, who believes the company's decisions lacked transparency.

Mr. Goyal has also been accused of making bad investments and failing to address the company's deteriorating financial predicament while borrowing heavily.

“Simply put, they spent more than they earned and kept accruing debts,” added Agarwal.

Fluctuating crude

All of India's carriers are particularly sensitive to fluctuations in global crude prices because the Asian giant is a major importer of oil.

When the rupee is weak, which it has often been over the past year or so, fuel -- the biggest cost burden for airlines -- becomes more expensive.

Soaring oil costs and the Indian rupee hitting record lows last year affected all Indian carriers.

IndiGo and SpiceJet reported massive losses but analysts say their books were resilient enough to weather the quarterly losses. Jet's, however, were saddled with debts.

“Jet Airways failed to manage its balance sheets and was caught out by these cyclical changes in the industry,” Mumbai-based economist Ashutosh Datar told **AFP**.

Failure to attract investors

Aviation analysts say Mr. Goyal's failure to find a strategic investor to pump money into Jet extended the airline's losses, contributing to the financial predicament it finds itself in today.

Talks at the end of last year with tea-to-steel conglomerate Tata failed to go anywhere, while Etihad Airways reportedly refused to increase its stake because Mr. Goyal was at the helm.

The 69-year-old was forced to give up control of Jet last month as part of a debt resolution deal that saw a consortium of lenders led by the State Bank of India take over the airline.

It is now up to them to find a buyer. If they don't then Jet is likely to become the first Indian airline to collapse since Vijay Mallya's Kingfisher Airlines ceased operations in 2012.

The end of the runway

Raghuvir Srinivasan APRIL 18, 2019 THE HINDU

The plans to rescue Jet Airways came too late

Jet Airways seems to have approached the end of the runway. With banks unwilling to throw in more money to rescue the airline and no saviours visible on the horizon, it seems destined to follow the flight path of Kingfisher Airlines, which bit the dust in 2012. From over 120 aircraft, the storied airline is now down to just five. Almost all its leased aircraft have been repossessed by lessors. On Wednesday night, the airlines decided to temporarily suspend all its flights. Its experienced pilots have either moved to competitors or are queuing up before them now. And the Jet brand, which was once reputed, stands tarnished with passengers complaining of cancelled flights and delayed refunds.

Emergency funding

Jet Airways has been pleading for emergency funding of at least ₹400 crore. But banks have refused to budge, and rightly so. From their perspective, more lending to the sinking airline would simply mean squandering money. Emergency funding is a viable option when there is a high possibility of the borrower's business bouncing back and enabling repayment of the money borrowed. That is not the case with Jet Airways now. It was a different story a couple of months ago when the banks did attempt a bailout package for the airline. But the descent in the airline's fortunes since then has been rapid. Only a foolhardy banker would write a cheque for Jet now. Besides, given the atmosphere of political uncertainty, bankers would think twice before trying to save a private airline that is probably beyond rescue. No banker would like to get in the crosshairs of a new government. As it is, some are asking why banks should try to rescue the airline instead of taking it to insolvency court, which is the prescribed route for such cases.

It is interesting that the present government, despite all the pressure that has been brought to bear on it, has kept away from all the action. Bailing out a private enterprise with public money is something that it would not want to be seen doing at this point in time.

The lenders consortium is still trying its best to find a suitor for the airline. They have invited expressions of interest from prospective bidders and will shortly call for bids. But what will the prospective buyers bid for? The airline is now down to about 16,000 employees, has a debt overhang of Rs. 8,414 crore (as of March 31, 2018), and accumulated losses of over Rs. 14,000 crore. Its routes and departure slots at major airports have been appropriated by competitors, albeit on a temporary basis. If Jet Airways does not show up on the radar again in full force before the end of the summer schedule in October, the routes and slots will be foregone.

For any prospective bidder, the attraction is not just the number of aircraft that the airline flies but also the routes, departure and landing slots, and parking rights. Besides, the brand loyalty, of course. Jet scored high on these accounts, but not any more. In short, Jet today has more liabilities than assets to speak about. So, why will any serious bidder agree to take over the airline now?

Stepping down

The fact is that the rescue act was mounted too late. That the airline was in trouble was known since October, but the desperation set in only in February. Part of the blame for the delay lies with founder and chairman Naresh Goyal, whose reluctance to part with control over the airline put off not just prospective investors such as the Tata Group (which admitted to have been in talks for an investment in Jet) but also Jet's partner, Etihad Airways. In the event, Mr. Goyal's decision to step down probably came too late in the day.

Mr. Goyal is a veteran of many a battle in the Indian skies and his influence over successive governments since the mid-1990s ensured that the skies were kept clear for him. The 5/20 rule (a government norm under which national carriers are required to have five years of operational experience and a fleet of minimum 20 aircraft to fly overseas) was clearly designed to help Jet. So were the restrictions on foreign investment in domestic carriers, until Jet decided to invite Etihad as a partner.

But Mr. Goyal has run out of options now. After all, what goes around comes around. Jet Airways was a superb brand and had built strong loyalty among fliers. It is sad that it has to go. But more unfortunate is the plight of Jet's employees, who will now be forced to work with competitors at lower pay scales, if at all they find openings. And of course, fliers, who are already forking out 20-30% extra on fares thanks to the fall in airline seats.

Anger and shock among employees as Jet gets grounded

Our Bureau New Delhi | April 17, 2019 BUSINESSLINE

Fares could climb , refund will become difficult

There is anger and shock among former and existing employees of Jet Airways as the airline announced on Wednesday that it will shut down all its operations.

Air travellers should brace for a hike in fares, especially if they are planning their journeys less than a week ahead; while those booked on Jet Airways' flights could find it difficult to get their money back.

"It is not clear how this drama has played out. Almost every day the narrative was changing. Did those who were running the company not consider the possible consequences of the Supreme Court judgement when they made the announcement that a consortium of banks will be picking up a stake and pumping in funds into the airline?," asked a former employee.

Narayan Hariharan — who served thrice with Jet Airways including being Senior Vice-President, with the Chairman Naresh Goyal's Office during 2006-09 — felt that Jet's expansion of its network and day return flights to every destination, connectivity and through check-in were among the things which saw the carrier being a differentiator. "Printed boarding cards with eight alphabets gave a personal connect at a time when passengers were only recognised by a boarding card with a seat number," he said.

An employee who stayed till the end probably summed it up best when she said, "And so the lights go down on a brand built with love and commitment over 25 years. One of the saddest days that I have seen."

Peak season

The immediate effect of Jet cancelling its flights is, of course, going to be on airfares.

According to Indiver Rastogi, President - Global Business Travel - Thomas Cook India Limited, there will be a cascading impact of rising fares on last-minute bookings and people might want to defer their plans till fares stabilise.

"The cancellation of flights is creating an imbalance on the supply side in the face of peak demand and the resultant rise in fares is affecting us across our Business, Leisure and B-Leisure segments with immediate impact given that this is the key vacation season for India. There is also potential cascading mid and long term impact in the absence of a solution," he adds.

Refunds, cancellations

Daniel D'Souza, President & Country Head, Leisure, SOTC Travel, added, "We are ensuring that all our customers travelling on affected routes with pre-booked tickets are being accommodated by other airlines."

A travel agent added that they will be able to refund passengers only when they have got the money back from the airline.

Jet Airways: Salary payment to staff may have been the deal breaker

Forum Gandhi Mumbai | Updated on April 17, 2019 BUSINESSLINE

Lenders had agreed to fund 5 aircraft to keep operations afloat

The lenders had agreed to give just enough funds to keep five Jet Airways aircraft operational but this was not accepted by the airline management.

"The lenders declined to give Rs 400 crore but they offered to give about Rs 2-3 crore on a daily basis to keep five aircraft operational. They had offered even to pay the salaries of the staff required to keep the five aircraft in operation. But this was not accepted by the management as it would have been difficult to implement," said a source from the company.

"The management would have found it difficult to pick the staff to operate the five aircraft when thousands are waiting to get paid their salary dues," the source added.

Employees of Jet Airways said that they were disappointed with the banks' decision to not extend emergency funding. "The company decided to suspend operations due to no working capital. It's disappointing that it's a bank-led resolution plan, and yet, SBI has not transferred the much-needed funds," said Captain Parikshit Joshi, Senior Commander on Boeing 737 and a NAG committee member.

NAG is the Jet pilots association which has been spearheading the fight for salary payments. The pilots have not been paid since January and are now looking to file a plea with NCLT to recover their dues.

Meanwhile Vinay Dube, CEO of Jet Airways, told the employees that he did not have answers to many of the questions even as the lenders are in

the midst of finding a new investor to run the airline. "We must also be realistic that the sales process will take some time and will throw up several more challenges for us, many of which we don't have the answers to, today. For example, we don't have an answer today to the very important question of "what happens to us employees during the sale process," Dube said.

With no quick-fix in sight, 22,000 Jet Airways employees wait to exhale

Air India steps into help airline's international passengers

[FORUM GANDHI](#), MUMBAI, APRIL 18 BUSINESSLINE

As they entered the cockpit of the Jet Airways Delhi-Amritsar-Mumbai flight at 10.30 pm on April 17, Captain Mohit Dagar and Command Training-First Officer Pratik Khairmode decided to fly the aircraft like it was any other day. Their smiling faces did not betray their heavy hearts as they got ready for the airline's last flight before operations were suspended.

Dagar, who has served the airline for 11 years, told Khairmode: "Don't get dazed because this is the last flight. Enter the cockpit like it's just another day."

Speaking to BusinessLine , Dagar said: "I still have hopes that the airline will revive itself, and that's why it was just another flight." "We were aware of the reality," Khairmode recalled. "However, we were all sure, and still are, that we will be flying again."

The airline temporarily suspended its operations on Wednesday night till further notice.

The last flight was an emotional one for the 80-odd passengers, too. "A passenger walked up to us and thanked us for flying them. There was a sense of gratitude for the entire staff." said Khairmode.

"With your blessings and good wishes, we will come back and hopefully have the opportunity to fly with you soon," was Dagar's last announcement as flight captain.

Ground staff protest

Meanwhile, around 250 enraged and anxious ground staff associated with the All India Jet Airways' Officers and Staff Association (AIJAOSA) on Thursday chanted slogans of "Save Jet Airways, save our future" outside Siroya Centre, the airline's headquarters here.

Standing under the scorching sun, tempers flared. They wanted the management to come down and speak to them, but that did not happen. The high-voltage protest lasted a couple of hours. Kiran Pawaskar, a Member of the Legislative Council, who represented the union, met the management, which has asked for a week's time to deal with the situation.

The jobs of about 22,000 employees are at stake. The poor availability of jobs in the aviation sector currently is making them jittery.

A senior security staff supervisor who has worked with the company for 23 years said: "Jet Airways was my first job, and I have given several years to the company. I get this in return."

"My experience is not going to work in my favour because the companies want younger staff members. At my current CTC (cost to company), I will find it difficult to find another job."

Air India's special offer

Meanwhile, Air India, in a communication to passengers, announced that it would make a special offer to stranded international passengers due to cancellations of Jet Airways flights. "As a gesture of goodwill and to mitigate the hardship of the 9W stranded passengers at international stations, Air India will be offering special fares to such passengers," it said. "The offer will be available on 19 routes, including Singapore-Delhi, Jeddah-Bombay, Hong Kong-Bombay, Bangkok-Mumbai and London-Bombay."

The offer applies to economy class passengers with a valid cancelled Jet Airways ticket, among other conditions. "The offer is valid till April 28," Air India added.

Jet Airways crisis: Bombay High Court refuses to rescue debt-laden carrier

The Bombay High Court refused to intervene in the Jet Airways crisis, saying it cannot direct the government and the Reserve Bank of India to rescue a sick company

PTI | April 18, 2019

Business Today

The Bombay High Court Thursday refused to intervene in the Jet Airways crisis, saying it cannot direct the government and the Reserve Bank of India to rescue a "sick company".

A bench of Chief Justice Pradeep Nandrajog and Justice N M Jamdar dismissed a writ petition seeking the government and the central bank be asked to direct the consortium of banks help the cash-starved airline, which was grounded from Wednesday indefinitely.

Jet Airways' last flight landed at the city airport past midnight from Amritsar and became the seventh carrier to shutter operations in the past five years.

The over 25-year-old airline had sought a Rs 400-crore emergency fund from its lenders to whom it already owes over Rs 8,500 crore, but was refused as the airline was not ready to offer more collaterals.

The writ petition, filed by advocate Mathew Nedumpara, sought among other things a direction to the government and the RBI to ensure that the airline resumes operations till a potential investor was identified.

SBI-led banks had invited bids for selling anywhere between 31 and 75 per cent stake in the airline and have already received four initial bids from Jet Airways' foreign partner Etihad Airways, the sovereign wealth fund NIIF, and two private equity funds--TPG Capital and Indigo Partners.

Jet Airways founder Naresh Goyal, who along with his wife Anita were forced out of the airline late last month by the banks, had

also put in bids, but was asked to withdraw after the four bidders threatened to walk out. The banks hope to complete the sale process by May 10.

The market reacted badly to the shuttering and Jet stock tanked over 32 per cent on the BSE against a 0.32 per cent correction in the benchmark Sensex.

The company has put at stake over 20,000 jobs and owes money to millions of passengers following flight cancellations that began since January apart from owing thousands of crores to its vendors and suppliers.

The petitioner said the airline is an "essential service" and therefore, the court must pass orders directing banks, led by the State Bank of India, "to provide such bare minimal funds to Jet as required to keep its flights operational".

The plea also sought the court direct RBI to convene a joint meeting of the banks and Jet management to take emergent steps to keep the airline afloat, during the completion of its ongoing stake sale process.

The bench, however, said it cannot ask the government or RBI to release funds for a sick company.

"We cannot ask the government to rescue a sick company. The only thing we can do is that if you get a hat, we can pass it around this court room for collecting money for charity," the court said, dismissing the petition and advised the petitioner to approach the National Company Law Tribunal.



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