

Centre weighs rescue package for airlines

Staggered payments for jet fuel, parking fees at airports being considered

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NEW DELHI

The Union government is considering a relief package for airlines to help tide over a squeeze in cash flows and severe business disruptions caused by the Covid-19 pandemic, said a person familiar with the development, requesting anonymity.

The steps being considered include staggered payments for jet fuel to state-run oil marketing companies, as well as for parking and other charges at airports. "The government is looking into it," he said, adding the relief measures could be announced soon.

State-run Airports Authority of India (AAI) manages 137 airports, while those in Delhi, Mumbai, Bengaluru and Hyderabad are run by private consortiums, wherein AAI is a stakeholder. Airlines pay charges for landing, parking and navigation services to airports.

In its FY19 annual report, India's largest airline IndiGo had said that 'increasing cost of airport landing and departures' is a risk factor for the airline industry, which might adversely hit operations.

On Thursday, IndiGo announced a pay cut to a section of its staff to contain costs amid flight suspensions and curbs on operations. An executive with a state-run fuel retailer said the retailers have individual contracts with airlines for fuel payments.

Industry experts said a relief measure from the government will be of great help to the aviation industry, which has been reeling under economic headwinds. "Airlines have to meet certain fixed costs irrespective of their volume of business. Adverse cash flow conditions could lead them to default on these payments. Any



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relief from the government like moratorium on certain payments would help the airline industry tide over this crisis," said Kinjal Shah, vice-president, Icara.

Flexibility in payments could help airlines manage cash flow problems at a time when countries across the world are clos-

tial travel and banned passengers from certain Covid-19-affected nations.

Aviation consultancy Capa India has warned that most global airlines will be bankrupt by the end of May due to the pandemic and only coordinated government and industry action can avoid the catastrophe.

The relief package for the aviation sector is expected to be supplemented by steps for other sectors of the economy. News reports said the government was looking at a package for daily wage earners, seen as a section majorly affected by the shuttering of small businesses due to the fast-spreading disease.

Cases of Covid-19 infection crossed 220,000, globally, affecting 159 countries and resulting in more than 9,000 deaths. In India, 189 positive cases including four fatalities have been reported so far.

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TIGHT CASH FLOW

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