



# Saving Jet

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## **With the airline landing in the laps of banks, the challenge now is to quickly find a buyer**

- The decision of Naresh Goyal and Anita Goyal, his wife, to step down from the board of Jet Airways and cede control to its lenders has come not a moment too soon.
- By hanging on to the troubled airline and refusing to let go, Mr. Goyal brought Jet to the brink, imperilling 16,000 direct jobs and ₹6,000 crore of outstanding debt to banks.
- Even as banks, obviously prodded by the government, stepped in with a rescue plan in February that would give them a controlling stake in the airline through conversion of a part of their dues, Mr. Goyal refused to keep his side of the bargain.
- In the meanwhile, the airline continued to nosedive with aircraft being repossessed by lessors, pilots threatening to strike work and schedules going for a toss.
- Meanwhile, the active role played by banks in devising the rescue plan and also committing fresh funds of ₹1,500 crore has already come under question.
- The Insolvency and Bankruptcy Code was enacted precisely to handle situations such as what Jet found itself in.
- Besides, there is the risk of setting a precedent for other defaulters to try to stay out of the tentacles of the IBC.
- That said, the priority of banks now is to exit from Jet as soon as they can with their money intact.
- That means finding an investor or a strategic buyer to offload their stake quickly.
- That is not going to be an easy task, but the alternative for the banks — of running the airline themselves — is not a practical option.
- The banks also have to guard against Mr. Goyal trying to stage a comeback in some manner in the event that the lenders fail to find a

buyer.

- Such an eventuality would be a violation of the spirit of the IBC and also encourage recalcitrant borrowers.

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