

# AI sale put on hold, may be cancelled

**NO TAKERS** Government plans to infuse capital into the airline, likely to rope in private sector professionals

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Asit Ranjan Mishra, Rhik Kundu and Jayshree P Upadhyay [asit.m@livemint.com](mailto:asit.m@livemint.com)



ICICI Bank CEO Chanda Kochhar

NEW DELHI/MUMBAI: The government has put the Air India privatisation on deep freeze citing the tough environment for the aviation industry, weeks after its attempt to sell the national airline flopped.

“The aviation sector globally is going through a difficult time due to high crude oil prices. So, it is not the right time to sell stake in Air India,” aviation minister Suresh Prabhu said in an interview on the sidelines of an event in New Delhi on Tuesday.

“We will review the proposal when the situation improves,” he added.

The move may force the government to continue infusing capital to sustain the money-losing airline. It will also make the government’s target to garner ₹80,000 crore through disinvestment in 2018-19 more challenging.

The decision to defer the sale of Air India was taken on Monday at a meeting chaired by Union minister Arun Jaitley. Decision to put the sale on hold may hit the government’s target to bring in professionals from the private sector to revive the airline.

Prabhu, interim finance minister Piyush Goyal and transport minister Nitin Gadkari were also present at the meeting. Aviation minister

The government’s plan to sell 76% in Air India, which had ₹48,781 crore of debt as of March 2017, drew a blank. The proposal to let Air India and Air India Express Ltd, its low-cost international arm, retain debt and net current liabilities of ₹33,392 crore at the time of sale, was a major deal-breaker for parties that were initially interested.

## Up in the air

- Decision to put the sale on hold was taken at a meeting chaired by Arun Jaitley
- Government may bring in professionals from the **private sector** to revive the airline
- Move may hit the government's **disinvestment target** of ₹80,000 crore

The aviation sector globally is going through a difficult time... So it is not the right time to sell stake in Air India. We will review the proposal when situation improves.

**Suresh Prabhu,**  
Aviation minister

A photograph of an Air India Boeing 777-300ER aircraft on the tarmac. The plane is white with a red tail and red accents on the engines. The background shows an airport terminal and other aircraft.

Apart from infusing fresh capital into the airline, the government may also bring in professionals from the private sector to revive Air India, said a person familiar with the development, requesting anonymity.

The national carrier is also not eligible to be listed on the stock exchanges as Securities and Exchange Board of India (Sebi) rules require three consecutive years of profitability before initiating the listing process.

“Sebi is not in favour of making an exception for Air India to list the airline bypassing necessary norms,” said a second person who is familiar with the regulator’s thinking. “The national carrier is also looking to maximize utilisation of its resources to turn profitable. Till the time Air India doesn’t post regular profits, listing is unlikely,” said a third person familiar with the matter. He also did not want to be named.

Aviation analyst Kapil Kaul of CAPA India said he is disappointed with the government’s decision. “Continuing government ownership with no clear roadmap will lead Air India to extreme insignificance and possibly closure,” Kaul said.

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