

Govt Clears Proposal to Sell Air India

May invite EoIs this month; a similar plan to sell the carrier in 2018 failed, forcing govt to sweeten the deal

Our Bureau

New Delhi: The government on Tuesday approved a proposal to sell its 100% stake in Air India, in its second effort in as many years to divest the loss-making national carrier that has been a drain on the exchequer, and the process is set to start this month.

A committee led by home minister Amit Shah also approved proposals to transfer much of Air India's debt to Air India Asset Holdings — a special purpose vehicle created to house its assets and debt.

The government will call expression of interest (EoI) within this month, a senior government official said. "All issues have been cleared today (Tuesday) ... The committee has also approved all

Plan of Action

Air India Asset Holdings — an SPV — will house the carrier's assets and debt



₹22,000 cr
Dues of the national carrier that the government will clear before putting the airline up for sale



₹15,500 cr
Working capital debt that govt will waive



₹20,000 cr
Loan burden that AI will be left with



₹30,000 to ₹45,000 cr
Amount AI expects to draw from AI sale



proposals related to debt transfer from Air India to SPV and all other approvals required for the divestment to happen," said the official, speaking on the condition of anonymity.

The meeting was attended by finance minister Nirmala Sitharaman, aviation minister Hardeep Singh Puri, commerce minister Piyush Goyal, aviation sec-

retary Pradeep Singh Kharola and Department of Investment of Public Asset Management secretary Tuhin Kanta Pandey.

"Now, the next process is of issue of EoI," the official said, refusing to give further details.

ET had reported on December 23 that the government would come out with the expression of interest in January.

The Narendra Modi government had made an effort to divest a stake in Air India in 2018. But it drew a blank, because of the airline's huge debt and the government's plan to keep a minority stake. Under the new offer, it would not hold any stake and also sell the carrier after reducing much of the debt on its books.

The government, which has al-

ready transferred more than ₹29,400 crore into an SPV, is set to move another set of debt and liabilities. The airline is likely to be offered with about ₹20,000 crore of debt, primarily towards its loans to fund aircraft purchase.

ET had reported it first in November that the government was looking to sell the airline without any working capital debt and liabilities that included dues to oil companies and airport operators, among others.

According to the plan, ET had reported the government would pay Air India's dues amounting to ₹22,000 crore to vendors such as airports and oil companies before putting the airline up for sale. It is also set to waive its entire working capital debt of about ₹15,500 crore, so that Air India is left with just about ₹20,000 crore.