

AI seeks Rs 250-300 crore monthly grant

Written by Administrator

Friday, 13 January 2012 04:32 - Last Updated Friday, 13 January 2012 04:34

NEW DELHI: With the Maharaja completely running out of cash, crisis-ridden Air India sent a desperate SOS to parent aviation ministry on Wednesday seeking a monthly monetary support of Rs 250-300 crore to survive.

The letter makes the airline's state of penury clear with AI admitting that its financial situation has come to such a pass where it has not been able to pay tax deducted at source for two to three months and aircraft rentals for one to two months.

It says that AI has run up a fuel bill of Rs 500 crore in India and another Rs 150 crore abroad. Apart from this, there are unpaid airport charges, service tax and several other vendor dues. Servicing of loans is also become an issue now with the airline now threatened with non-performing asset tag if it's unable to pay interest by the month-end. The aviation ministry is for months trying to get government clearance for infusing Rs 30,000 crore into the airline over next decade with immediate grant of Rs 6,600 crore to pay all dues. But this proposal remains just on paper.

In such a condition, AI has been unable to pay salaries to employees and now five months' pay has become due. As the threat of industrial action looms large, a worried aviation ministry is trying to get past the hurdle of banks refusing to take a haircut by agreeing to restructure AI's working capital debt of Rs 22,000 crore. About 60% of this is to be converted into long-term loans to be repaid over 15 years and the balance into cumulative redeemable preference shares (CRPS) with an 8% dividend. The airline's total debt is Rs 43,000 crore.

Source :timesofindia.indiatimes.com