

Jet Airways pushed further to the brink of collapse

India's beleaguered Jet Airways said on Thursday 10 more of its planes had been grounded over unpaid dues to leasing companies, pushing it further to the brink of collapse and jeopardising hopes of a new investor rescuing the carrier.

Jet had already been forced by lessors to ground more than 80 percent of its fleet. It said it had cancelled all west-bound overseas long-haul flights until tomorrow morning.

With the fresh groundings on Thursday observers peg the size of Jet's operational fleet at about 12 planes or so. At one time, Jet used to have 120 airplanes at its disposal. That is history now.

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If the size of its operational fleet drops below the 20 mark, Jet may be forced to halt all international operations, as Indian regulations demand that any domestic carrier has to have at least 20 operational aircraft in order to fly overseas.

Jet's lenders are still trying to seek expressions of interest in the debt-laden carrier from potential investors interested in rescuing the 25-year old airline.

The lenders have so far not put in their own money. Even they doubt the feasibility of such act. Lenders, led by State Bank of India (SBI), want a new investor to acquire a stake of up to 75 percent in the airline. Initial bids were to be submitted by the end of Wednesday, but SBI extended the deadline on Wednesday to Friday. The lenders seem to have received four expressions of interest in the airline. It is not clear though, whether any of these will translate into

bids and whether an investor will be identified in time to who could turn around the carrier.

Jet did not get a loan of about \$217 million from its lenders as part of a rescue deal agreed in late March. Many of the lessors first repossessed the planes. Eventually, they have begun to de-register these planes, further eroding value in the airline. All through this processes, the lenders remained mute spectators. They could have prevented it.

Once a plane is de-registered, the lessor can take it out of the country and lease it to other airlines.

Some fuel suppliers have also begun to tighten their fuel supply terms to the embattled carrier, piling additional pressure on Jet.

The airline, once India's leading private carrier, has been forced in recent months to cancel hundreds of flights to dozens of destinations both in India and overseas, leading to a customer backlash and a steady slide in its market share.

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