



Sustainable Business
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Editors

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B L O O M S B U R Y

Jet Airways: Caught in Storm

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ABSTRACT

On 14th February 2019, Jet Airways announced a State bank of India (SBI) led provisional resolution plan (BLPRP), to revive the struggling carrier. In pursuance of the plan, Jet Airways founder NareshGoyal had to step down from the board of the beleaguered carrier on the 26th March 2019. This opened the door for new investors. Experiencing a downslide since 2017, cash-starved Jet Airways is mired deep in trouble now. The Airline has defaulted on several payment obligations including non-payment of salaries of March 2019 to its 16000 employees. On Wednesday, the 9th April 2019 Indian Oil stopped fuel supplies to the airline. On 10th April 2019, Jet Airways Boeing 777 was seized in Amsterdam by European cargo services provider over non-payment of dues. Finally, moving the steep downhill, it announced suspension of all operations on April 17, 2019. TPG Capital, Sovereign Wealth Fund, National Infrastructure Investment Fund, Consortium of Redcliffe Capital, Think Equity, Etihad Airways, and Indigo Partners have submitted Expression of Interest (EoI). The Tata group, which is present in two airlines namely Vistara and Air Asia India, will be interested in adding Jet Airways to its portfolio only through the Bankruptcy route. Etihad, which is facing stiff competition from Emirates, would be interested only if Goyal's stake is reduced to at least 22% for perpetuity, thus, locking him out of the airline. NareshGoyal, on the other hand, continues to mull over a comeback strategy.

Keywords: Aviation Industry, Business Strategy, Competition, Corporate Strategy, Organizational Decline

1. OPENING PARAGRAPH

With a debt of over Rs 8,000 crore (\$1481.48Mn), on April 17th, 2019, Jet Airways finally succumbed to the inevitable and suspended its domestic and international flights. While the industry was still coming to terms with the closure of Kingfisher Airlines and Paramount Airlines, the untimely suspension of Jet's operations has dealt a fatal blow to all its stakeholders alike. Some unwise decisions, some misfitting alliances, and as a rising star that was painting the sky all blue, Jet Airways has nosedived all the way into the abyss of misfortune. What went wrong? What made Jet reach to its stage where it is today? Is it already at its nadir or is there a way to rise like a phoenix from the ashes and soar high into the sky? With SBI taking over the ropes, there seems to be a light at the end of the tunnel. Or is it already doomsday? These have been some thoughts that are bugging NareshGoyal, the Chairman and Founder of Jet Airways.

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