

CENTRE RAISES CREDIT LIMIT UNDER ECLGS FOR AIRLINES TO 100% OF DEBT UP TO RS. 1,500 CR.

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Easing a little: Earlier, airlines were eligible to borrow as much as 50% of their credit outstanding up to Rs. 400 crore.

The Ministry of Finance has raised the credit limit for airlines under the Emergency Credit Line Guarantee Scheme (ECLGS), making them eligible for a sum equivalent to 100% of their outstanding debt, up to a maximum of Rs. 1,500 crore.

Earlier, airlines were eligible to borrow up to 50% of their credit outstanding up to Rs. 400 crore. This is the second time the government has liberalised the scheme for the aviation sector. The scheme introduced for medium and small enterprises during the outbreak of the COVID-19 pandemic was extended till March 2023 and its guarantee cover expanded by Rs. 50,000 crore to Rs. 5 lakh crore.

SpiceJet, which has raised more than Rs. 300 crore under the scheme and is looking at several options to raise more funds, welcomed the government's decision. "This will provide a tremendous boost for airlines," the airline's CMD Ajay Singh said in a statement.

Deepak Sood, Secretary General of the Associated Chambers of Commerce and Industry of India, said: "Given the volatility in foreign exchange rates, high fuel prices and the recessionary fears in some of the key economies of the world, the aviation sector continues to remain under extreme pressure."

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