

## Go First crisis pushes airfares higher, staff face uncertain times

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From a surge in airfares to rattled aircraft lessors to thousands of employees staring at uncertainty, it has been a month of continued turbulence since cash-strapped Go First suspended flights from May 3.

As the government and other stakeholders hope that Go First restarts operations at the earliest, plans are being worked out for the budget airline's revival.

A section of Go First staff are optimistic about restarting of operations, another section are pessimistic about the airline's future course considering what had happened to erstwhile Kingfisher Airlines and Jet Airways, according to employees who spoke to PTI.

Earlier this week, senior executives of Go First discussed the revival plans with senior officials of the Directorate General of Civil Aviation (DGCA).

Apart from the uncertainty staring at more than 7,000 Go First staff, a significant fallout is the spike in air ticket prices on certain routes that used to be serviced by the airline, which was operating around 170-180 flights daily.

The crisis at Go First, having its roots in non-availability of Pratt & Whitney engines

resulting in grounding of more than half of its operational A320 neo fleet, reached a flash point as the promoters of the carrier decided to suspend flights and sought voluntary insolvency resolution proceedings on May 2.

The airline has not flown since May 3 and its petition for the insolvency proceedings was admitted by the National Company Law Tribunal (NCLT) on May 10.

Also, many lessors who have leased planes to the no-frills carrier have challenged the insolvency proceedings as they seek to exercise their rights to take back the aircraft despite the moratorium on the carrier's financial obligations and transfer of assets.

Travel portal Cleartrip's Vice President - Air Category - Gaurav Patwari said the significant capacity reduction due to Go First being non-operational has contributed to the spike in airfares.

"There is a sharp spike in fares especially for travel within D15 which can be attributed to the ongoing Go First issue. The fares within D15 travel have increased by 22 per cent and at the aggregate level up by more than 20 per cent over April for domestic travel," he said.

Generally, D15 refers to booking 15 days before travel.

"The spot fares in May have risen significantly versus April primarily due to peak season demand and a reduction in capacity due to the grounding of Go First, thereby creating an imbalance in demand and supply. The fares in D0 to 1 window are up by 40 per cent. We expect the current scenario to continue till mid of June," he said.

Amid a spike in airfares on certain routes, the civil aviation ministry is doing an analysis of the routes that have been affected by the suspension of flights by Go First.

On Thursday, Civil Aviation Minister Jyotiraditya Scindia said there is an unusual situation due to the Go First crisis and an excess demand on routes that the airline had been operating.

In a reflection of the imbalance between demand and supply, airfares on certain domestic routes are much higher than flights to destinations like Maldives and Dubai.

"Fares for Leh and Dehradun are currently 30 per cent higher compared to the fares for destinations like Maldives and Dubai. Average fares for Maldives and Dubai are Rs 11,000 whereas for Leh/Dehradun have gone up to Rs 14,200," Patwari said.

Meanwhile, with many pilots at the now grounded Go First looking for other opportunities, the airline, in May, offered its captains Rs 1 lakh per month as "retention allowance", in addition to their salary. First officers will get a retention allowance of Rs 50,000.

On May 30, Go First announced extending the cancellation of flights till June 4 due to operational reasons.

Initially, the flights were suspended for three days till May 5 and subsequently, the suspension has been extended multiple times.

According to Patwari, the domestic demand has been robust this summer with daily flown passenger consistently hitting above 4.20 lakh. Consumer sentiment is strong and leisure & VFR (Visiting Friends and Relatives) travel are at an all-time high.

Go First had been flying for more than 17 years.

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