

India weighs INR 5,000cr relief plan to save airlines

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Dhaka: India is considering a INR 5,000 crore financial support package for its aviation sector as global tensions and rising fuel prices continue to strain airline operations.

The proposed plan would provide credit support to airlines under the Emergency Credit Line Guarantee Scheme (ECLGS), with government guarantees covering up to 90 percent of the loans. Each airline could access funding of up to INR 1,000 crore, helping them manage escalating costs and maintain operations during uncertain conditions.

The move comes as jet fuel prices surge amid geopolitical instability, including tensions involving the United States and Iran. Since fuel is one of the largest expenses for airlines, the increase has significantly squeezed profit margins and raised concerns over potential fare hikes.

Officials said, the scheme could run for up to five years and may be

extended if needed. It is also part of a broader relief framework reportedly worth around INR 2.5 lakh crore, aimed at supporting multiple sectors affected by global economic pressures.

For airlines, the funding is expected to provide short-term financial relief, allowing them to cover operational costs such as fuel, salaries, and maintenance. For passengers, it could help prevent sharp increases in ticket prices.

The government has already introduced measures to ease pressure on carriers, including reducing landing and parking charges at major airports and improving regulatory standards through updates by the Directorate General of Civil Aviation.

While the proposal is still under review, analysts note that such support could help stabilize the aviation industry in the near term. However, long-term challenges remain, including sustained high fuel prices, debt management, and shifting travel demand.

If approved, the plan would signal a proactive approach by the government to protect a key sector that plays a vital role in connectivity, tourism, and economic growth.

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