

# Airlines set to step up bank borrowing

## YEAR OF HIGH PURCHASES

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■ Net bank borrowings by the aviation industry fell to **₹2,183 cr** in 2025 (up to November 28, 2025) from **₹6,700 cr** in the corresponding period of 2024

■ Airlines are collectively expected to add around **130-140** aircraft in 2026

■ Total outstanding loans to the aviation industry increased to **₹48,649 cr** as of November 28 from **₹46,446 cr** a year earlier



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**BANK LENDING TO** the aviation sector is expected to rise in 2026 after touching a three-year low last year, driven by a fresh round of aircraft inductions, higher staffing costs and growing overseas operations, according to airline executives and banking data.

Industry executives told *FE* that airlines are likely to return to banks as they prepare to take delivery of a larger number of aircraft, expand international networks and manage higher lease rentals, fuel costs and foreign exchange exposure. Increased hedging requirements amid a weakening rupee are also expected to add to funding needs.

“Increased hiring due to new flight duty norms, coupled with setting up ground staff at international hubs, will push overseas payouts up in 2026, which typically means higher borrowing,” an airline executive said.

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aircraft in 2026, including 10-15 wide-body planes as expansion plans pick up pace. This follows a slower year in 2025, when domestic carriers added an estimated 85-95 aircraft, compared with nearly 130 in 2024. IndiGo inducted 64 aircraft during the year, while Air India added about 23 and Akasa Air three.

According to executives, borrowing requirements are likely to increase from 2026-27 as deliveries of wide-body aircraft accelerate and domestic carriers expand further into long-haul international markets.

Rising costs are another factor. Nearly half of airline expenses such as fuel, aircraft leases and maintenance are denominated in dollars, making carriers vulnerable to currency volatility.

The expected rise in borrowing comes after a sharp slowdown in 2025. Net bank borrowing by the aviation industry fell to ₹2,183 crore in 2025 (up to November 28), from ₹6,700 crore in the corresponding period of 2024 and ₹16,003 crore in 2023,

according to Reserve Bank of India sectoral credit data. Net borrowing reflects the difference between fresh loans raised and repayments made during the period.

Despite the fall in net borrowing, overall bank exposure to the sector continued to rise. Total outstanding loans to the aviation industry increased to ₹48,649 crore as of November 28, 2025, from ₹46,446 crore a year earlier and ₹39,746 crore in 2023, RBI data showed.

Outstanding credit to aviation grew 4.7% year-on-year at the end of November 2025, sharply lower than the 16.7% growth seen in 2024 and 67.4% in 2023, reflecting the sector's cautious borrowing stance amid financial stress.

Losses remain a concern. According to Icra, the domestic aviation industry is expected to post a collective net loss of ₹17,000-18,000 crore in FY26, higher than its earlier estimate of ₹9,500-10,500 crore, potentially reinforcing the need for external funding as expansion resumes.