

# The Fallout of The King of Good Times

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*Abstract- Vijay Mallya's rise from fortune to misfortune is possibly one of the most exciting stories in contemporary India. Mallya's transformation of the United Breweries Group to an empire flecked with glamour and excess earned him a place in history as the over-the-top 'King of Good Times'. His vision gave life to Kingfisher Airlines in 2005, but it was not a means of transport; it was an extension of Mallya himself, with the aim of being lavish, provocative and embodying Mallya's character. Airline was a significant part of Mallya's vision. However, oblivious to the excesses, the Mallya's reportedly unchecked growth with absent management and financial discipline, transformed a revelry into catastrophe. Mallya, who once strolled about boardrooms and political gatherings, saw a drastic change in fortune, with unpaid dues for workers resulting in their monikers being indelibly scrawled as symbols: 'Willful Defaulter' and 'Fugitive Economic Offender'. The purpose of this paper is to step away from considering Mallya's narrative solely as a story of a tycoon's fall from grace. Instead, it is an examination of the delicate fusion between political apathy and scarcity of decisive regulation that results in gross arrogance. Vittal Mallya's pioneering reticence stands against the empty grandeur of Mallya's leadership while outlining the ways in which the UB Group attempts to tackle the misdemeanors of Mallya.*

**Keywords:** *Vijay Mallya, Kingfisher Airlines, United Breweries Group, Corporate Governance, Regulatory Failure, Business Ethics, Fugitive Economic Offender.*

## I. INTRODUCTION

Scandal-tainted, Flamboyant, Business Magnate and Liquor Baron. When people who are well-versed with the business ecosystem hear these words, the first person that surfaces in their thoughts is the business tycoon- Vijay Mallya. Born on 18 December 1955 in the soulful city of Kolkata. Under his leadership, the United Breweries Group flourished and reached new heights. Mallya was not only a businessman, he was a phenomenon, an empire builder and a living anomaly. The word 'extravagant' was synonymous with Mallya, he believed in going above and beyond. He was infamously known for his ostentatious display of wealth, creating an amalgamation between business leadership and luxurious indulgences. In a stark

contrast to his peers like Gautam Adani, Azim Premji or Ratan Tata, Mallya never fit into the cookie-cutter definition of an Indian businessman. The Indian population favoured and resonated with someone who is humble, private and modest; these traits were completely contradictory to Mallya's flashy traits. This bizarre blend of characteristics with his business prowess made him India's first celebrity businessman.

Vittal Mallya, the father of Vijay Mallya had already earned a name for himself when his son was born. Vittal Mallya was known to be a man of frugal habits who believed in thrift and understatement, values which he tried to inculcate in the young Vijay. One way of doing this was by limiting Vijay's allowance to the bare minimum, and not allowing him luxuries. This seemed to be one of the reasons for Vijay's flamboyant lifestyle. Following the death of Vittal Mallya, the reins of the business were naturally passed onto Vijay Mallya. The pressure of handling a multi-million business fell onto the shoulders of a 28 year old Vijay. But his vision led the United Breweries Group expanding to a multi-national conglomerate of over 60 companies.

Wanting to explore more of the business landscape, Vijay launched Kingfisher airlines in 2003 through the UB group. It marketed itself as a 'premium lifestyle airline' by catering to the middle and upper middle class population. It provided its patrons the taste of luxury while being pocket friendly. Like Mallya, the airline company was branded as the "King of Good Times in the Sky." The airline company became an extension of the Kingfisher brand, people started associating having a lavish indulgent time with Kingfisher.

Apart from being a billionaire businessman, handling United Breweries Group (UB Group) and Kingfisher Airlines, he went as far as to introduce Formula 1 to India with team 'Force India' which was an Indian-licensed team he bought in 2007 to put an Indian team on the grid. Mallya was forced to step down as director in 2018, and the team was sold off

after going into administration due to financial troubles and loan defaults, eventually becoming the Aston Martin F1 team. Adding to the former venture, in 2008, Mallya founded the Royal Challengers Bangalore (RCB) team in the IPL. The launch of the team felt like a personified version of Mallya himself. RCB was promoted with flair, star-studded parties were held, celebrities endorsed the team which showcased Mallya's famous extravagant style.

On 3rd June 2025, after 18 long years RCB finally brought the trophy home. Quoting a tweet from him- "When I founded RCB it was my dream that the IPL trophy should come to Bengaluru. I had the privilege of picking the legendary King Kohli as a youngster and it is remarkable that he has stayed with RCB for 18 years. I also had the honour of picking Chris Gayle the Universe Boss and Mr 360 AB DeVilliers who remain an indelible part of RCB history. Finally, the IPL trophy arrives in Bengaluru. Congratulations and thanks again to all who made my dream come true. RCB fans are the very best and they deserve the IPL trophy. Ee Sala Cup Bengaluru baruthe!"

Mallya also dabbled in politics, He was associated with political parties like the Janata Party becoming its National Working President from 2003 to 2010. and the All India Progressive Janata Dal, but he left public office and India while facing serious financial fraud allegations and before he could be expelled from the Rajya Sabha.

The stroke of luck that was persistent in Mallya's life came to its ultimate demise in 2012. The tumultuous collapse of Kingfisher airlines was the tipping point in Mallya's career. The next few years of his life in India were marred with controversies and accusations, eventually causing him to flee to the UK in 2016. Mallya was now known as a "Fugitive", "traitor" and a "evader". This triggered a chain reaction where the setbacks and challenges piled up until they led to his final downfall from the 'King of Good Times'<sup>1</sup>.

## II. RESEARCH PROBLEM

Even with complex financial laws and corporate governance structures set in place, Vijay Mallya's unchecked rise to power and the subsequent free fall demonstrates the naiveté of institutional supervision. The reckless expansion of the Mallyas and the Mallya owned, and their utter contempt for the required

financial discipline, led to abuses of power that could have been amply moderated by the present controls. The system's indifference, the political class's inaction, and the virtue of reckless showmanship all festered, watered arrogance. Unfettered Conceit. For the Mallya's, and the defenders of the Indian legal system, there's a far greater cost. The reality of laws, and the proceedings adjoined, is a worrying chasm that the Mallyas. Mallyas affair demonstrates. It also poses a wider question, can the sleight of hand and the unwritten seal of the Indian regime's political bondage, face in any way formidable, the frame of India's governance?

## III. RESEARCH HYPOTHESIS

Vijay Mallya's rise and fall marked by loan diversions and kingfisher liabilities, exposes the fragile nature of India's regulatory and political systems that let ambition thrive unchecked.<sup>2</sup>

## IV. RESEARCH QUESTIONS

- 1) Why did regulatory bodies and ministries ignore repeated red flags in Kingfisher's financial health despite mounting evidence of mismanagement?
- 2) How did Mallya's ambitious diversification into various corporate sectors lead to destructive financial failures, eventually leading to the collapse of his business ventures?
- 3) To what extent did Mallya's political affiliations provide him with access to policymakers and protection from regulatory scrutiny?

## V. EXISTING LEGAL SITUATION IN INDIA

India has a comprehensive legal system that provides an array of laws to regulate corporate governance, enforce accountability, promote recovery by banks, and penalise financial misconduct; however, the credibility of these laws is uncertain in situations involving high profile cases, like Vijay Mallya. With respect to directly regulating corporate governance, the Companies Act, 2013 imposes duties of care on directors in subsection 166, specifically to act in good faith, to exercise due diligence, and to avoid personal gain, and there are authorities, such as the Serious Fraud Investigation Office (SFIO) and the National Financial Reporting Authority (NFRA), which were instituted to both conduct investigations regarding corporate fraud and regulate financial compliance

and audit standards. The SARFAESI Act, 2002 provides a framework for banks in cases of default, as banks may take possession and auction the secured assets of defaulters, the Insolvency and Bankruptcy Code, 2016 provides a time bound resolution for a debtor's insolvency.<sup>3</sup>

In practice, the enforcement of laws or regulations for the sake of accountability, transparency and recovery, are compromised by political interference, the extended periods of litigation, and the delays caused by Indian regulatory bodies. The Fugitive Economic Offenders Act (FEO), 2018 was conceived and implemented in response to the pre-existing circumstances of Mallya's case to allow special courts to seize the properties of offenders who avoid prosecution. Mallya was, in fact, the first to be identified as a fugitive economic offender, which is notable, however the prolonged extradition process and decision-making in the UK continues to demonstrate the enforcement of intent is not clear between the law and practice-this confirms an astonishing disparity between the political intent of legislating for the law, and the expectation of legislative justice.

#### VI. SCOPE AND OBJECTIVES OF THE STUDY

When we reflect on Vijay Mallya, we don't just reflect on him as a businessman, we reflect on a man who built an empire of fun and frolic, an image bigger than life itself and ultimately crumbled into nothingness. His story is not simply a story of debt and defaulter, his story reflects the geopolitical fractures in India, our banks that irresponsibly lent, our regulators that were ineffective, and our political corridors that murmured solutions and whispered favors instead of accountability. This paper is not just about Mallya's individual collapse, but an exploration of the ecosystem that allowed one person's ambitions to expand with limitless potential until they became irreplaceable.

This research aims to investigate how Mallya's political connections, social capital and King of Good Times identity created a level of perceived invincibility, which insulated him from proper oversight and examination. It inquired about how corporate governance failure, ineffective regulatory oversight and government inaction enabled Mallya's debts to spiral while demonstrating a culture of glamour over accountability.

The intent of this research paper is to probe the various factors and inadequacies involved with the case of Vijay Mallya. Firstly, it examines the before and after of the financial performances of the ventures and leadership decisions taken by Mallya.

Secondly, it analyzes the shortcomings of the regulatory bodies when overseeing substantial amounts of borrowings

And lastly, it explores the impact and reforms in the aftermath of the Vijay Mallya case. The core of this paper depicts the meteoric rise and path to ruin unknowingly taken by Mallya himself and the imminent future that awaited him.

#### VII. RESEARCH METHODOLOGY

This study will take a qualitative and doctrinal approach, and will focus on analysis of Vijay Mallya's political influence, government irresponsibility, and systemic failures. It will also take an interdisciplinary approach that draws upon political science and economics as it relates to the wide range of systemic weaknesses that allow financial misconduct to occur. By wide range, I refer not only to any legal parameters that allow for abuses of the political and business environment, but also to the political environment that seeps into daily operations, and culminates in enterprise ambitions being realized without consideration of legal boundaries.

Analyzing the Mallya case in relation to this wider view seeks to explain how regulatory protections against financial fraud failed, not only through knowledge of the violations that were committed, but also in the political conditions that equalized the capacity for freedom for business aims in the absence of legal accountability.

The undertaking will not only revisit the "letter of the law," but rather the reality of how political interfacing, regulatory inertness, and weak disciplinary actions allowed for excesses of fraud to occur. It is an attempt to resolve the divide between predominantly black letter corporate law and complex socio-political exigencies of financial governance in India.

1. Inadequacies by regulatory bodies and ministries

The continued negligence of Kingfisher's financial condition by regulatory bodies and ministries was an obvious combination of political clout, systemic incompetence, and institutional inertia.<sup>4</sup>

Kingfisher Airlines continued to avoid payments while financial statements showed losses that appeared unsustainable, as early as 2008, and still, the Reserve Bank of India (RBI) and the Ministry of Civil Aviation did not take action. Undoubtedly, Vijay Mallya's connections and political power as a two-time Rajya Sabha member allowed him to access powerful political and ministry insiders, insulating him from scrutiny. Public sector banks continued to provide loans and approved restructuring packages, even with internal audits indicating the airline was financially unattainable, and despite requests by the government through political and ministerial channels, he continued deferring payment.

The continuing absence of effective oversight mechanisms had been exacerbated by a regulating culture that frequently made misguided decisions regarding short-term industry bailouts rather than long-term accountability. In their misleading reliance that redeeming their own jobs would result from Kingfisher's recovery and that economic growth in the aviation sector was paramount; ministries initially credence liabilities apathy. Regulators were shockingly derelict in their duties and succumbed to naked political lobbying, political cronyism, and serious under-enforcement of banking norms. Mallya's deliberate withdrawal of hard cash available to him was done with impunity due to the failure to act either by timely accountability.

## 2. Mallya's ambitious diversifications

Vijay Mallya's aggressive and abrupt diversifications eventually led to strategic errors such as mismanagement of his core liquor business. The profits made by united breweries were eventually invested in high risk business ventures and were used to fund his flamboyant image. When analyzing his various business endeavors like Kingfisher Airlines, Formula 1, IPL – Royal Challengers Bangalore and real estate, we see back to back investments. Rather than focusing and flourishing one project, Mallya was determined to juggle all of them together.

This was deemed to be ambitious yet unsustainable in the long run.<sup>5</sup>

In 2009, Kingfisher Airlines became the largest passenger airline in the country, with a market share of 22.9% and serving 11 million passengers. Even though it was the biggest carrier at the time, it was still operating at a loss. On November 4, 2009, Kingfisher announced a net loss of ₹418.77 crore for the second quarter of the financial year. Its operational income dropped by 13.6% compared to the same period last year. As losses increased, the company's debt also grew. A key reason was Kingfisher's purchase of Air Deccan in 2007, which was started by GR Gopinath, India's first low-cost airline, for ₹550 crore. By 2010, Kingfisher Airlines had accumulated a significant debt of around ₹6,000 crore. Moreover, the airline continued to report losses, and its net worth was negative during 2008 to 2009, just four years after it started operations. In 2010, banks labeled Kingfisher Airlines as a non-performing asset due to the company's inability to pay off dues exceeding ₹6,000 crore. In November 2010, banks restructured Kingfisher's debt for the first time. This chain reaction of cash draining investments gave rise to accumulating heavy debts, eventually leading to the destruction of his business empire.

## 3. Mallya's political affiliations

Vijay Mallya was not only a businessman, he was a member of Rajya Sabha. He was as controversial a parliamentarian as he has been in business. Both BJP and Congress helped Vijay Mallya enter Rajya Sabha, with the help of JD(S). This prestigious position granted him direct access to politicians and policy makers. The evidence of the deteriorating financial health of kingfisher airlines was clear, yet banks overlooked the crucial signs and continued to sanction loans. Mallya's political influence pressured banks to overlook the risks and restructure repayment plans. That's been the focus of politics ever since the disgraced tycoon said that he met finance minister Arun Jaitley in Parliament before he left for London. BJP MP Subramanian Swamy had alleged earlier (and now Congress does too that CBI, which was probing Kingfisher's financial irregularities, had issued a notice in October 2015 to block Mallya from trying to leave India.<sup>6</sup>

That notice was changed a month later to 'report' when he leaves the country. CBI officials say it was a technical mistake that was corrected. Curiously, Mallya left India on the same day banks moved the

debt recovery tribunal to seek his arrest and seize his passport.

Public outrage and media pressure caused his political ties to fail, causing the authorities to take stringent actions. Following the business tycoon's escape from the nation, the political parties in Karnataka that banded together to send Vijay Mallya to the Rajya Sabha are now frantically trying to defend their decision.

This showed the cracks in the system of India's banking and regulatory framework. It showcased how the politically influential and the wealthy are able to manipulate banking systems by puppeteering them according to their will and convenience.

### CONCLUSION

Vijay Mallya's story is not simply an individual's fall, it is the reflection India holds up to itself. It reflects the manner in which glamour obscures scrutiny by regulators, ambition places caution on mute, and politics acts as a shield against accountability. The famous fall of Kingfisher Airlines was not simply the fall of a corporate entity, it was a fall of governance, a fall of scrutiny and a total failure of the moral contract between the state institutions and the citizenry they owe service. Mallya may have left the country but much of the remains of his empire continue to exist in banks, in courts, and in the taxpaying public's trust. The real tragedy is not that Mallya flew too close to the sun, rather the tragedy is that the system built the wings he flew with. Unless India confronts the dirty truth of how unchecked political patronage and ineffective enforcement created the space for the Mallya's to roll the dice with public money, the story will repeat itself tomorrow, just with different titles and faces. Mallya's fall is a cautionary tale, but it will remain only a circus unless it is taken as the trigger to begin reform.

Mallya's empire lies in ruins, yet his shadow lingers, a tragic reminder of how one man could rise as a king, fall as a fugitive, and still remain etched in history as Vijay Mallya

### SUGGESTIONS FOR REFORM

#### 1) Enhancement of Regulatory Oversight

Independent financial regulators must be isolated from political influence, with the ability and means to

respond quickly to risky lending and repeated loan defaults.

#### 2) Accountability of Banks and Officials

Loan approvals to politically-connected individuals must be subject to mandated multi-level scrutiny, and bank officials approving clearly unsustainable loans should be held personally accountable.

#### 3) Transparent Political-Business Interplay

A system is needed to regulate the impact of political influence on corporate lending, by requiring the disclosure of political affiliations, contributions, and lobbying.

#### 4) Early Warning Systems

Implement a centralized red-flag system to monitor for diversion of funds, mismanagement, and continuous delinquency among banks, with measures in place to intervene before it becomes unmanageable.

#### 5) Corporate Governance Reforms

Require independent directors, auditors, and compliance officers to be more active in not allowing misappropriation of funds, or illegal manipulation or misreporting of the use of significant sums of money by companies.

#### 6) Stricter Enforcement of the Fugitive Economic Offenders Act

Rapid confiscation of stolen assets and the ability to work with foreign authorities effectively must take precedence so that absconders cannot enjoy an extravagant lifestyle abroad while creditors and the taxpayers incur the discretionary cost and sacrifice.

#### 7) Whistle-blower Protections

Provide legal protection together with rewards to insider whistle-blowers to facilitate the reporting of issues of concern involving corporate financing or reporting with political interference.

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