



# DESPITE COVID, BUSINESS AVIATION HAS TAKEN OFF

**THE GLOOM AND DOOM OF 2020 HAS LIFTED AS COMPANIES PREFER TO USE THE SAFETY OF PRIVATE JETS FOR ITS EXECUTIVES**

BY SHOBHA JOHN

**L**ast year, Covid-19 upended all lives globally, hitting the aviation sector the hardest. However, against the gloom and doom of 2020, India's domestic civil aviation sector is expected to return to normalcy in the next two to three months, civil aviation secretary Pradeep Singh Kharola said. Business aviation has already reached pre-Covid levels, with charters doing well. In addition, a new trend of fractional ownership (FO) of planes has emerged.

From March-July 2020, when Covid-19 was at its height, people/companies wanted to sell off their planes and there were almost zero business transactions, said an industry insider. "But from July 2020, a certain class of people and conservative companies were willing to spend Rs 4-5 lakh to charter planes and thereby avoid Covid. These usually carried six people, and it could be for business, family functions or leisure," he said.

## Brighter Horizon

In the fourth quarter of 2020, companies, which got a taste of charters, have become regular customers, with some even willing to buy planes so that their top executives could fly risk-free. However, these are for pre-owned planes which fall in the bracket of Rs 10-30 crore. In addition, there has emerged a new breed of charter operators who believe that this is a lucrative business. Sources say that some 6-7 deals for buying planes are active within India.

In fact, in the fourth quarter of 2020, members of the International Aircraft Dealers Association (IADA) closed 554 pre-owned business aircraft sales, accounting for more than half of all transactions between April and December. "In total, IADA dealers accounted for 1,011 transactions in the April-December period," said IADA executive director Wayne Starling. "Our dealers registered 285 sales in December alone, the most active month of the year and double any other Covid-19-impacted month."

For Rohit Kapur, President, JetHQ Asia, 2020 has been the best year for aircraft sales, most of which were in the US. "The number of enquiries have been tremendous, and we feel that the pandemic has convinced many people to buy personal aircraft and travel safely and securely." The maximum activity has been in small and midsize aircraft, below \$5 million. These are pre-owned Hawkers, Lears, Citations and King Airs and this trend should continue in 2021, says Kapur.

India too saw a lot of activity in 2020 from medium size companies and from



(Left-to-right) **Rohit Kapur**, President, JetHQ Asia; **Jayant Nadkarni**, MD, Flight Shares; **Rajan Mehra**, CEO, Club One Air

areas which previously did not have a history of using private aircraft. "Conversely, some companies have also felt the need to downsize their fleet due to reduced travel needs, which gives us the opportunity to help them sell their aircraft in other markets," said Kapur.

## Down & Out

When talking about business aviation, one can't ignore Club One Air (COA), the largest and most luxurious charter operator in India. With 10 planes, Rajan Mehra, CEO, Club One Air and former

India head of Qatar Airways, is a force to reckon. He said that from April-June 2020, he saw a dramatic drop in business of 65-70 %. Being an optimist, he innovated and kept the wheels of his company moving by evacuating people in need, transporting sick passengers and operating special flights approved by the government.

With personal safety becoming paramount for the ultra-wealthy, more and more turned to private aviation. This led to a pronounced turnaround for COA and from October to December, it saw a rise

of 15-20% in business compared to the same period of 2019, said Mehra.

The percentage of international bookings too has increased for COA. Prior to the pandemic, the ultra wealthy used private aviation for domestic travel, but preferred commercial airlines for trips abroad. Now this segment prefers using private jets, even though they may be more expensive. "Traditionally our flying ratio was 70% domestic and 30% international; this has changed to 50% each for international and domestic travel," said Mehra.

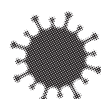
And 2021, he predicts, will be a boom year for general/business aviation. Passengers now want to avoid the crowds at terminal buildings and prefer the open spaces and sparse number of people in private aviation terminals. "The launch of the first general aviation terminal in Delhi has made a huge difference for passengers who fly private as there are no queues, minimum interface with others and a very short distance to cover before you reach the aircraft." Also, people are mostly travelling for leisure to Dubai, Maldives, Lakshadweep and Goa as travel to the US and Europe remains restricted.

## New Trend

In addition, fractional ownership (FO) of planes has started in a small way. While there has been much talk about it in the past, it is fructifying now with Flightshares Pvt Ltd which was set up in October 2020. Its MD, Jayant Nadkarni, said they had approached 30-40 companies to gauge the interest in owning a share in an aircraft. "The response has been good. FO works on the concept of a person getting a certain number of flying hours depending on the money put in. In short, you pay as you fly," said Nadkarni. "The cost elements include price of the plane (which is shared by other like-minded individuals), fixed running costs and variables (how much you fly)."

FO firms help a company buy a plane, import it, convert it into a non-scheduled operator, draw up all the legal documents and find others who can own it along with them. In short, they are sophisticated aircraft management firms. "The planes that we will be looking out for are in the \$1-5 million bracket, so they would ideally be twin-engine turboprops and smaller jets. Later on, we will move to bigger planes. We hope that by the end of 2021, we would have inducted one or two planes," said Nadkarni. Of course, India is nowhere close to the US, where some of the biggest FO companies such as NetJets have over 750 planes.

But a beginning has been made and this year could see the fruition of many dreams in business aviation.



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