

EXCLUSIVE INTERVIEW

"Every OEM is supportive and wants the Indian market to grow."

Jayant Nadkarni, MD, Flightshares Pvt. Ltd.



Business Aviation in India is growing but not at a pace that is being projected. There are many reasons to it but one pain-point which the industry has been voicing since long is implementation of policy on fractional ownership, which is inclined to enhance the growth of the sector in India. One such personality, who is very much vocal on this is Jayant Nadkarni, a seasoned Business Aviation Professional & Managing Director, Flightshares Pvt. Ltd. who speaks with Vishal Kashyap, Managing Editor, Aviation World on various issues and shares his candid view on the current status of the sector. Excerpts...

Q: What's your take on the current status of Business Aviation in India? How do you see the growth projections?

A: The whole world is changing 'Old Ways'

of doing business on its head. How long can Business Aviation be left behind, in India? The biggest speed breaker hurdle for BA is clearly the dual tax regime for

aircraft in India (not being elaborating here). Solve this tax system, and growth will explode. Do nothing, and growth will remain below India's economic and geographic size. The other speed breaker hurdle is acceptance of separate owner-operator models (more on this below). This is an easier ask than the tax issue, and if it comes through, it will usher in formal Aircraft Management models as practiced in the western world. Whereas, solving the tax issue would allow the hugely popular fractional aircraft ownership model to take off in India. There is huge latent demand that we owe it to ourselves to set free. Industry insiders can feel this demand.... Just see how charter activity has gone through the roof across the board. But charters alone, do not serve the market fully, especially those who need to travel more often. India has a very small aircraft charter supply base.

So change has to come at some point. Say it comes tomorrow when you wake up! Hypothetically speaking. It is still difficult to say how exactly BA will grow, but some pathways can surely be lit up and growth foretold. Let's take the larger of the two hurdles highlighted above - the tax issue. If this is solved tomorrow morning, then give it 6 months for the fractional policy to come out from the Ministry of Civil Aviation (a draft is ready, but release held back due to the tax issue) which includes the time for DGCA to bring out necessary CAR rule changes (as the topic issue is not new and they have deliberating on it). So roughly it is safe to say that by the end of 2025, we would see the first operators to offer new aviation products like fractional aircraft ownership and aircraft management (and maybe there will be more models we don't foresee now). But this is wishful thinking. We need to be realistic. So more realistically we may first see the owner-operator model (and fractional models, later on), especially as aircraft management does not really require a major tax tweak.

India is a market that is highly parched for fresh new ideas and novel products in BA. So, any new offering (beyond charters)

will 100% be tried out by the market. Operators/service providers who execute well, will see increased adoption and growth. How many of them will succeed? How many will flounder? Only time will tell. A lot depends on the seriousness and focus by Operators/service providers in execution. They should not treat these new aviation models as “quick sidekicks” to their existing and familiar charter businesses. Because, that can sully the market growth. You asked about Growth projections. For sure India's installed base of BA aircraft is abysmally low compared to other countries that are far smaller in economic and geographic size (with exceptions of USA and EU as a whole). So the only way up is north. But I would avoid giving exact growth projections, as there are too many variables (in quality and scale of service) that will be offered. The market is there, and it is parched!. Growth projections can surely be gamed. But it is more technical with more nuances as highlighted above.

Q: You have been vocal towards Implementation of Fractional Ownership in Business Aviation in India. What is the government stand towards this demand?

A: To their credit, most officials in the Ministry of Civil Aviation are positively inclined to fractional ownership in BA. But like it or not, India has always been, largely a political economy. Our reforms are not always based on pure economic rationales/logics. There are other compulsions that define reforms. A lot depends on the timing. The good news is that it certainly seems we are closer to the right time, today, than we have ever been in the past! We need to be patient and constantly keep trying to get more stakeholders in the Government to come on board. I knew this when we started Flightshares in 2021. For example, if you see our website itself you will see it is more educative and descriptive, than being a sales oriented site. It is more educational. The objective was to patiently apply “continuous advocacy” to

the Government through different sources... be it media, BAOA, or direct meetings. Ask yourself, five years back, how many people knew about fractional aircraft ownership in India? But soon others joined in and many of them have championed the cause, some more than others. The more we have, the better it is. And, see today. Today we have this Buzz around fractionals, more familiarity on the concept, more clarity on the mechanism, a draft policy has been drafted, the main speed breaker has been clearly identified: the dual of differential tax system on BA aircraft.

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Q: What are the primary area of concern towards or challenges of fractional ownership?

A: Clearly the primary concern is to reduce and equalize the dual tax system between private end use vs. commercial end use, of BA aircraft. DGCA regulations are really not the challenge at this point. In fact, we see the DGCA as being receptive and open, today. We do feel they will come out with enabling rules frameworks, perhaps first, with what we in India call: the owner-operator model, which encompasses all models where the aircraft's Indian owners are different from the aircraft operator, viz- Aircraft Management, Fractional Aircraft Ownership, and even HEMS, and maybe there are more applications we don't foresee today, perhaps in sea planes or UDAAN, but these would be explored

later, and first, we will see these applications come about in BA aircraft.

Q: What's the OEM views and how much they are flexible towards making these aircraft accessible to the Indian operators?

A: OEMs would always encourage such efforts as their long term sales will go to another level. But yes, without naming any OEMs, we do see them offer varying levels of support, which is an indicator of their own sales focus into the India market: strategic or merely tactical. All in all, every OEM is supportive and wants the Indian market to grow.

Q: What's the current size of Business Aircraft in India?

A: Exact numbers are not important. Approximate numbers are over 600 BA aircraft, comprising 170+ business jets, and 250 each of helicopters and turboprops. This is abysmally low compared to the economic and geographic size of India. Note that out of even these low numbers today, not all are available for 3rd party charters. The bulk usage is for corporate internal group charter use. In effect, the size of the BA fleet available for 3rd party external charters is even more abysmally lower!! This is a big “pain point” for private aviation.

Q: Recently, the Govt approved the Aircraft Objects Bill making the OEMs bit comfortable to lease out aircraft. What's your views on this amendment ?

A: This bill was required for addressing concerns of International Lessors. India needed to live up to its international commitments, and now the Cape Town Convention and Aircraft Protocol will gain the force of Indian law. Also importantly, the overarching nature of India's bankruptcy laws or IBC, will be subservient to aircraft repossessing rights of Lessors, subject to certain conditions. All in all, the Aircraft Objects Bill is a step in the right direction for India's image as well. **AW**