

PROSPECTS

In considering the regulatory restrictions on importation placed on the corporate aircraft sector it is interesting to note that, in spite of these limitations, a relatively high number of Indian companies are utilising corporate aircraft in one way or another. Of the top 100 Indian companies listed in Business India, 33% own, share as a joint user, or charter corporate aircraft. These aircraft range from piston twins, helicopters, and turbo props through to jets. However, because of the regulatory limitations, the majority of these aircraft tend to be aging. There is therefore a small market, particularly amongst these top companies, for new and used aircraft to enter the Indian Register. Corporate operators will look increasingly towards turbine equipment as the procurement of aviation gas at certain airfields is already difficult, and it will continue to be less and less easily available. However, it will require a change of attitude within the Office of the Controller of Imports and Exports and therefore on the part of the Government, towards this branch of aviation.

For a long time now, the Indian corporate world has been used to having to fly India's national carriers, but now, with private airlines and corporate aircraft available for charter, executives are becoming used to a higher level of service and the time and cost advantages of flexible schedules. This will slowly lead to a change of attitude to aviation in general that will have a positive impact on the view of corporate flying. Recently there have been subtle changes in attitudes towards executive salaries, recognising that quality has to be paid for. This attitude change will also help the acceptance of corporate aircraft as a business tool and not simply as a luxury.

The liberalisation of Indian investment overseas will also be a catalyst for change in the perception of corporate aviation, particularly with long range aircraft. Although this is likely to remain relatively small, there are already some examples (eg. Vijay Mallya's UB Group) of corporate aircraft used to link international business empires, and Indian companies are now increasing their investments overseas. To encourage this general change in corporate attitudes further there is a new generation of young managers who are no longer as willing to accept the status quo, and who are often western trained. These new managers better understand the importance of a corporate aircraft as a business tool.

In the past six months, both Beechcraft and Cessna seem to have increased their interest in the Indian market, as they have been advertising their corporate jets in major business newspapers. Beech is represented in India by Indamer, and Cessna by Aerosystem. In addition, there are two companies planning to build corporate size aircraft in India. NAL is developing a light transport aircraft (LTA) at a cost of Rs. 800 million (see NAL under Indian Aerospace Companies for details). The current plan is for a 14-seat twin turbo prop. NAL believes that there is a market for 300 aircraft of this type over the next 10 years. Taneja Aerospace and Aviation Limited (TAAL) of Bangalore has entered into a technical collaboration agreement to build the Italian Partenavia, a line comprising a 7-seat piston twin and a 14-seat twin turbo prop. (see TAAL under Indian Aerospace Companies for details).

PART IV — AEROSPACE INDUSTRY IN INDIA

India's aircraft industry has traditionally been almost totally defence oriented. Only in the last two years, as the Government has liberalized the Indian economy and the end of the Cold War has reduced defence spending, has India's aerospace industry seriously turned its attention to the civil aviation market. For the most part, India's aerospace industry is concentrated in the public sector, with only a few private sector companies now starting to enter the market. Hindustan Aeronautics Limited is the largest public sector company involved in the aerospace industry. It dominates the domestic production of aircraft and aero engines, and accounts for about 80% of the industry's activity. Some of the major companies in the Indian aerospace industry are profiled below. Contact information for these companies is provided in Appendix M.

INDIAN AEROSPACE COMPANIES

HINDUSTAN AERONAUTICS LIMITED (HAL)

Hindustan Aeronautics Limited (HAL) is the largest public sector undertaking under the administrative control of the Department of Defence Production and Supplies. HAL is engaged in comprehensive aerospace activity,