

PART III —CORPORATE AIRCRAFT

In the 1940s and 1950s, a number of Indian industrial houses imported aircraft of varying sizes for both corporate and personal use. During the 1960s, the importation of these aircraft gradually grew more difficult until, by the 1980s, it had become almost impossible to obtain an import permit for a corporate aircraft. The Government's stated reason for restricting these imports was that foreign exchange reserves had to be conserved for higher priority imports. Other reasons left unstated by the Government were that in its view the three national carriers together provided a comprehensive network covering all the locations to which business people might want to travel, and the perception that corporate aircraft were a capitalist luxury that the developing Indian economy could ill afford. Furthermore, it was reasoned that HAL produced the Avro HS-748 and Dornier 228 which were regarded as corporate aircraft.

This tight importation policy has resulted in a number of Indian companies operating old and inefficient corporate aircraft, many of which are looking for newer models. (Corporate aircraft owners are listed in Appendix K). The Indian Civil Aviation Register includes 683 aircraft, 107 gliders, 7 experimental, 30 micro or ultralights and 2 balloons. Of the 683 aircraft, only a little over 100 fly regularly, and of these 31 are turboprops and 4 are jets.

CURRENT ENVIRONMENT

While the past 30 years have been difficult for corporate aircraft imports, manufacturers of corporate aircraft still considered it important to appoint Indian dealers or agents. Most have floundered under the stifling barriers they confronted in attempting to import aircraft. The Beechcraft dealer in India, however, found a very effective loophole in the import regulations many years ago. It would sell new aircraft to State Governments which were allowed to purchase aircraft. The State Governments would operate the aircraft for three or four years, at which point Indamer would sell them a new aircraft, taking the used one on trade or part exchange. About half of the State Governments availed themselves of this option (the 13 State Governments that operate aircraft are listed in Appendix L). The used aircraft, now on the Indian register, were available for resale to the private sector. With this system Beech have, over 30 years, sold about 30 twin-engined piston aircraft and 27 turbo prop aircraft. To date, this is virtually the total complement of imported corporate aircraft in India.

With the Open Sky policy of 1990, it was hoped that the Ministry of Civil Aviation would also ease the restrictions on importing corporate aircraft. However, this has not yet happened and the difficulty ostensibly lies with the Office of the Chief Controller of Imports and Exports, which has stated:

"Subject - present Policy regarding importing new and used corporate/business aircraft into India. The Policy on this subject is still under consideration of the Government of India as regards import of corporate/business aircrafts".

The present Controller of Imports and Exports has chosen to interpret the law in a most restrictive fashion, which has made it difficult to import corporate aircraft. Despite the customs difficulties, corporate jets have been imported recently into India. The Tata Iron and Steel Co (TISCO) brought in a Cessna Citation jet as part of a steel related collaboration with a German company, through another legal loophole. However, recent confusing statements about whether the aircraft is a gift or not have caused some negative press for corporate aviation in general. The Tata Engineering and Locomotive Co (TELCO) is operating a Beechjet 400 through an "air taxi" arrangement with Aerial Services. The Oswal Group also hope to start operating a Beechjet on a similar basis soon. A few non-resident Indians have jet aircraft based and registered abroad that they are able to operate into and around India for up to six months in any one year. Mr Vijay Mallya, Chairman of the UB Group has a Gulfstream IIB and a BAe125 that he operates in this fashion.

Three major companies based in Pune have banded together and formed a joint aviation department. They have a department manager and technical staff looking after their pool of 6 aircraft - mixed turbo prop and piston engined aircraft. Their plans are eventually to re-equip with turbo props giving them a single model aviation department. Their fleet sharing system works so well that they have other companies lining up to join them and their success may encourage companies elsewhere to band together in a similar manner.