As India becomes a large domestic and international aviation market, there is a need to create rupee based aircraft leasing industry. Substantiate

Global aviation summit released policy document "Rupee Raftaar" late in 2018, has highlighted the need for rupee based aircraft leasing industry, to cater to needs of the world's third largest domestic aviation sectors.

Aircraft leasing, which has been traditionally done by Ireland, has potential to solve the debt issues in aviation sector.

1) FOREX risk prevention:-

Leasing activities denominated mostly in USD are subjected to rupee devaluation risks in floating economy. It can eventually push up the cost of leasing on account of devaluation, pushing airlines into debt crisis.

2) Cost cutting:-

Rupee denominated leasing from the home country provides a hedge against the financing activities. It spreads the risk eventually across the balance sheet. The profit earned could be invested in better management of aircrafts

3) Growth potential

→ IATA has said that India has potential to grow into busiest airline segment in Asian region with proper measures. This would push up import of aircraft equipments, more wide bodied planes to cater to international routes.

→ Costs for route expansion can be ~~rationali~~ met by rationalizing from leasing industry

→ economic value retained in India.

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4) Job creation :-

Ireland's aircraft leasing industry is said to have created 1500 direct and 3500 indirect jobs. The same would be emulated in India contributing nearly $600m to economy

5) International Brand value creation

Rupee denominated leasing, apart from improving profit and performance, attracts global players in investments. This automatically improves the brand value of aircraft companies providing opportunity for international base expansion.

6) Revaluation not required

Since IndAS standards captures the capitalisation of operational lease in books of airlines subjecting to volatility of company accounts. Rupee denominated leases eliminate these.

The industry indirectly provides alternative investment methods for domestic market. This commitment to good start must be followed by tweaking tax laws and starting investment trust too in IFSC, Gift city to make it attractive among leading global jurisdiction.