

Air India close to order 500 jets

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Air India is close to placing landmark orders for as many as 500 jetliners worth tens of billions of dollars from both Airbus and Boeing as it carves out an ambitious renaissance under the Tata Group conglomerate, industry sources said on Sunday.

The orders include as many as 400 narrow-body jets and 100 or more wide-bodies, including dozens of Airbus A350s and Boeing 787s and 777s, they said, speaking on condition of anonymity as finishing touches are placed on the mammoth deal in coming days.

Such a deal could top \$100 billion dollars at list prices, including any options, and rank among the biggest by a single airline in volume terms, overshadowing a combined order for 460 Airbus and Boeing jets from American Airlines over a decade ago.

Even after significant expected discounts, the deal would be worth tens of billions of dollars and cap a volatile year for an industry whose jets are back in demand after the pandemic but which is facing mounting industrial and environmental pressures.

Airbus and Boeing declined to comment. Tata Group-owned Air India did not immediately respond to a request for comment.

The potential order comes days after Tata announced the merger of Air India with Vistara, a joint-venture with Singapore Airlines, to create a bigger full-service carrier and strengthen its presence in domestic and international skies.

That deal gives Tata a fleet of 218 aircraft, cementing Air India as the country's largest international carrier and second largest in the domestic market after leader IndiGo.

Air India, with its maharajah mascot, was once known for its lavishly decorated planes and stellar service but its reputation declined in the mid-2000s as financial troubles mounted.

Founded by JRD Tata in 1932, Air India was nationalised in 1953. Tata regained control in January and has since been working to revive its reputation as a world-class airline.

The planned order reflects a deliberate strategy to win back a solid share of traffic flows to and from India, which are currently dominated by foreign carriers such as Emirates.

Air India also wants to win a bigger share of regional international traffic and the domestic market, setting up a battle on both fronts with IndiGo.

Delivered over at least a decade, the 500 jets would both replace and expand fleets in the world's fastest-growing airline market, while contributing to Prime Minister Narendra Modi's goal of expanding the economy to \$5 trillion.

But experts warn many hurdles stand in the way of Air India's ambition to recover a strong global position, including frail domestic infrastructure, pilot shortages and the threat of tough competition with established Gulf and other carriers.

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