

IndiGo may lease five Boeing 737 Max aircraft from Qatar Airways

- A Monitor Desk Report

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Gurugaon, Haryana: India's largest airline IndiGo is planning to induct up to five Boeing 737 Max aircraft on short term damp lease to mitigate shortfall caused by grounding of aircraft by Pratt & Whitney (P&W) engine problems.

People aware of the development said that the airline is planning to lease the planes from Qatar Airways for a period of six months for the busy summer travel season. The aircraft are less than four years old and are currently being operated by the Doha-based carrier.

Damp lease, an arrangement under which the lessor provides an aircraft along with cockpit crew and maintenance to the airline, is costlier than a normal lease.

Qatar Airways will be responsible for maintenance of the aircraft while

cabin crew will be from IndiGo.

This will be IndiGo's maiden foray to operate the Boeing 737 planes which has been an Airbus A320 operator.

Sources said that the aircraft will be deployed exclusively on India-Qatar route and Qatar Airways will sell the business class. IndiGo has a similar arrangement with Turkish Airlines under which it operates two Boeing 777 aircraft on India-Istanbul route.

IndiGo's out-of-the-box step comes as it is unable to find enough used aircraft to lease for the short term as availability of planes has dried up in the leasing market.

The airline has been forced to ground around 75 Airbus A320 Neo aircraft till December as US-based aerospace major RTX is in the midst of recalling 1,000 P&W engines for inspection after it found that a contamination of powder metal could lead to the cracking of some engine components.

IndiGo with 135 planes has the largest potentially affected fleet.

IndiGo said that capacity growth in the ongoing January-March period will be 12% lower than the average 15-19% growth in previous quarters.

Last year, the airline wet leased 11 Airbus A320 Neo- (the older variation of the aircraft) and was negotiating to acquire another 10 on dry lease. However, all may not fructify as leasing prices increased significantly due to a shortfall in the availability of used planes.

Used planes have become rare commodities as airlines around the world are holding onto aircraft which they had planned to retire as they are starved of capacity due to supply chain constraint and continued issues with engines.

"No lessor wants to give planes on dry lease for a short period of six months. Getting well maintained older aircraft has become difficult due to the supply chain problems. Hence many possibilities are being explored. IndiGo doesn't want to land in a situation where a plane is leased and it develops some issues," said a person involved in the process.

Recent curbs on expansion of production of the Boeing 737 Max aircraft

after the Alaska Air incident will further tighten the supply situation.

Analysts at Ishka, which specialises in aircraft valuation, said in December that only 26 Airbus A320neo aircraft were available for rent and the market value of a 5-year old A320neo was up by 22pc as compared to January 2022.

IndiGo which used to return aircraft after six years has now been forced to hold onto them for a longer period to cater for the shortfall.

Sidharth Nakhende, head of airline analysis at Ishka, said that while IndiGo has managed the challenges of grounding of aircraft - due to the worldwide impact of the P&W engines - well, the cost will be high as there is increased demand for alternative aircraft.

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