

Largest Aircraft Purchase Placed By Tata Group-Owned Air India Air India Signs Massive Contract Of 470 Aircraft From Boeing and Airbus

The largest aircraft purchase ever placed by an airline was recently made by Tata Group-owned Air India, who ordered 470 aircraft from Boeing and Airbus with the option of acquiring an additional 370. It will purchase 470 wide-body and small-body aircraft from Boeing and Airbus. The aviator would purchase 220 flights from Boeing and 250 trips from Airbus. GE Aerospace Inc, Rolls-Royce Holdings Plc, and CFM International SA have all inked long-term engine maintenance agreements with Air India. The airline is getting ready to rebrand under the Tata Group with a fleet that uses less fuel after years of poor management.

The Details of Air India Purchase Deal

Air India, a company owned by the Tata Group, has inked massive contracts for the delivery of 220 aircraft and roughly 250 new aircraft with Airbus SE. The airline is getting ready to rebrand under the Tata Group with a fleet that uses less fuel after years of poor management. 250 Airbus aircraft, comprising 210 single-aisle A320neos and 40 widebody A350s, totaling more than \$50 billion in list prices, will be supplied to Air India. 190 Boeing MAX aircraft, 20 Dreamliners (787-9), and 10 777-9 aircraft have been ordered from Boeing. The order value for AI is anticipated to be between \$70 billion and \$80 billion based on the list price. Yet, because manufacturers frequently give steep discounts for such huge orders, the true bargain size is probably much smaller. By 2025, Air India hopes to have around 90 aircraft in its fleet, 56 of which will come from orders for large aircraft it has made with Airbus and Boeing.

Global significance of Air India's Purchase Deal

The order's importance extends far beyond Air India and India's aviation industry. The fact that world leaders Prime Minister Narendra Modi, French President Emmanuel Macron, and US President Joe Biden took the initiative to make the statement serves as more evidence of this. Rishi Sunak, the prime minister of Britain, also commented. In 44 [US] states, the order to Boeing will support "nearly one million employment." Rolls-Royce will see significant commercial growth as a result of the Airbus agreement, and there will be job growth in the UK, where it is anticipated that aircraft parts will be produced. Leading Western economies are trying to boost economic activity and maintain jobs while they experience a slowdown in their respective economies. It looks good for India to be viewed as creating jobs in Europe and the US with the AI order after irking the West by increasing its purchase of Russian petroleum. The implication seems to be that India and Indian businesses are open to doing business with anyone, anywhere, regardless of geography or geopolitical. The order has more strategic relevance because it was made during India's year as the G20 presidency.

Air India Current Challenges

For international connections to Europe, the US, and other parts of the world, Indian travellers today rely mainly on Emirates, Qatar Airways, Etihad, and other Middle Eastern airlines. As Air India's new aircraft is placed into service, that could change. Due to uninterrupted flights between these countries and India, Air India will be able to quickly access markets like the US and Australia by purchasing wide-bodied aircraft like the A350s. These are effective ways to cater to the sizable Indian diaspora that exists abroad. It will be difficult to break the Gulf airlines' monopoly, though, given their "loyal base" and capacity to start price wars. However the carrier must quickly modernise its operations, including software systems, maintenance, and human resource capabilities, in order to fully realise its potential and operate fifth-generation aircraft like the A350s. Air India will need to start thinking "beyond simply India originating passengers and developing more connecting traffic" if it wants to make any headway internationally. Both India's infrastructure improvement and route network optimization would be required.

Future of Indian Airline

A further 1,000 to 1,200 aircraft are expected to be ordered by Indian carriers, according to the Centre for Asia Pacific Aviation India (CAPA India), with another substantial order from IndiGo likely being the first. Nearly every carrier in India is anticipated to order more aircraft in the upcoming two years, for fleet replacement as well as growth, given that the order books for the majority of incumbent carriers could be viewed as conservative in comparison to the market's growth potential over the next decade and beyond. According to the India Brand Equity Foundation (IBEF), India will rise one position, from seventh to third, in terms of civil aviation during the next ten years. India is anticipated to overtake the UK by 2024 and take over third place in the domestic aviation market. India's expanding middle class and growing population will surely enhance domestic air travel. The Maharajah will mount the throne once more to rule supremely over India's skies, and the country's aviation sector will be completely overhauled. The deal aims to considerably increase the number of foreign airlines operating out of India, making it a significant hub for international air travel. Indian airports will also need to be updated because of this.