

EXPLAINER

BEHIND THE JUMBO AIRCRAFT ORDERS

Aircraft makers, till recently, were slashing jobs worldwide thanks to the record losses in the pandemic period. Now, they are facing record orders. Little over a year after the lifting of travel restrictions, the world has seen a surge in air travel. **Swaraj Baggonkar** takes a look at the increase and the preparedness of Indian carriers



Jump in aircraft orders

Following the easing of Covid-19 restrictions globally, pent-up demand has pushed air travel to new highs. As per the International Civil Aviation Organisation, global air travel is set to soar to pre-pandemic levels in 2023, led by the US, Europe, and China. Demand in India isn't far behind. As per the Directorate General of Civil Aviation (DGCA), airlines in India carried 123.3 million domestic passengers in 2022, close to the 144.1 million that flew in 2019, the pre-pandemic year. In 2023, an estimated 150-155 million people are expected to take to the skies. As this upward growth trajectory is expected to be consistent, airlines around the world are placing orders now; the deliveries are expected to take place in later years. The orders are a reflection of anticipated future demand.

150-155 mn

DOMESTIC AIR PASSENGERS EXPECTED IN 2023

1,150

AIRCRAFT ORDERED BY INDIAN AIRLINES

55 & 31

RESPECTIVE MONTHLY PRODUCTION RATE FOR AIRBUS & BOEING

8 years

EXPECTED PERIOD OF WAIT FOR DELIVERY OF CURRENT ORDERS

Order size from Indian carriers

Considering confirmed orders of Air India and IndiGo—two of India's biggest airlines, controlling nearly 80% market share—the total order book by Indian carriers is of approximately 1,150 aircraft. These orders are for single- and double-aisle, wide and narrow body types, placed with Airbus and Boeing.

If Air India's record-breaking confirmed order of 470 air planes wasn't large enough, the Tata group-controlled airline has the option to extend its order to a staggering 840 aircraft. IndiGo, India's largest carrier, is awaiting deliveries of 480 aircraft from Airbus while newcomer Akasa Air, which has 55 jets yet to be delivered, is preparing for placing a 'significantly' large order later this year. Full-service carrier Vistara, which is set to be merged into Air India, will add another 17 aircraft to its fleet while low-cost carrier SpiceJet has around 130 aircraft on order.

Backlog at Boeing, Airbus

As per December 2022 disclosures, both Airbus and Boeing have confirmed orders for more than 11,700 commercial aircraft. Airbus, the world's largest aircraft manufacturer, has the lion's share of this, with over 7,200 orders, while Boeing has 4,500 pending orders. While Airbus's monthly production rate is 55 aircraft, that of Boeing stands at 31 per month.

Air India's mammoth order of 220 aircraft is expected to account for one-fourth of Boeing's yearly orders while, for Airbus, its 250-aircraft order could translate to 30% of the manufacturer's yearly order intake. Both Airbus and Boeing are ramping up capacity over the next two years by 45%, which would still be insufficient to meet demand. At the current rate of production, the average waiting period for delivery of aircraft stands at more than eight years. On top, airlines in the other countries can be expected to expand their fleets, too.

Restaurants push back at Zomato plan

TUSHAR GOENKA
Bengaluru, February 27

EATERY OWNERS ARE preparing to contest Zomato's efforts to raise commissions after the food tech player tapped 50-60% of its restaurant partners for a 2-5% hike. The median take rates already hover in the 15-22% range, with some going as high as 25%.

Take rates have already climbed from about 5-10% over the past five years or so, the national restaurant association of India (NRAI) had said in October. That was especially worrying because Zomato and Swiggy together command about 95% of the food delivery business, they added.

Both new-age players have a commission rate that is unique to each of its restaurant partners. Broadly, commission rates between the two players have a room of 4-6%.



"This is Zomato's move to try and bring parity with commissions that Swiggy charges, nothing else. While the two roughly charge similar commission rates, Zomato has an added layer of cost to the restaurant. So, while one pays 15% as commission on Swiggy, it is 15% plus 1.84% payment gateway charges for the same on Zomato," Pranav Rungta, chapter head, NRAI, told FE.

A score of restaurants have also been warned that they would be delisted, their delivery radius will be reduced, or the onboarding of new restaurants

will be made more difficult if they fail to comply with the revised commission ask, the NRAI said.

"This is clearly an abuse of dominance on Zomato's part and unfair trade practices which the NRAI vehemently opposes. We have had enough of talking, Zomato wants to get aggressive they should come and talk to us, we'll be happy to talk this through," said Sagar Daryani, CEO and co-founder of Wow! Momo Foods.

"If they call us partners, they should behave like partners. In fact, members have told us that these issues have increased ever since Mohit Gupta (former co-founder of Zomato) has left the company," he said.

Zomato spokesperson said, "We keep reconsidering our commissions to make sure they are competitive and sustainable for restaurant partners as well as Zomato."

What is the composition of the Indian orders and does the country have the appetite for so many aircraft

Air India's Boeing order comprises 190 units of 737 Max, 20 units of 787-9 and 10 units of 777-9. It has also ordered 140 units of A320, 70 units of A321, 34 units of A350-1000 and 6 units of A350-900 from Airbus. IndiGo is readying itself to induct more than 300 units of the A320 and A321XLR. Akasa Air's and

SpiceJet's pending orders comprise only units of 737 Max. Jet 2.0 is yet to start operations, but its new promoters are keen on full-service operation, with 111 narrow and wide body aircraft.

India has one of the least penetrated air travel markets in the world but its aviation growth

has had an 11% CAGR in the last decade. In 2016, the Centre started the UDAN (Ude Desh Ka Aam Nagrik) scheme to connect the hinterlands at affordable prices. More than 215,000 UDAN flights, carrying over 11 million passengers, have flown since.

The Centre aims to revive/develop 100 unserved

and underserved airports, heliports, water aerodromes by 2024. Six airports have been privatised recently and the government has earmarked 25 more for privatisation over the next five years. Several new greenfield airports are also in the pipeline. All of this will push up the need for air connectivity.

Deakin to be first foreign varsity with India campus

RITU SHARMA & VIDHEESHA KUNTAMALLA
Ahmedabad/ New Delhi, February 27

AUSTRALIA'S DEAKIN UNIVERSITY is set to become the first foreign university to enter India via an independent campus in Gujarat's GIFT City. *The Indian Express* has learnt. An announcement will likely be made on March 8 during the visit of Australian Prime Minister Anthony Albanese to Ahmedabad, it is learnt.

Deakin is ranked 266th in the QS World University Rankings and features among the world's top 50 young universities.

The Indian Express had first reported Sunday that at least two foreign universities had reached out to the Union government to set up independent offshore campuses. According to sources, Deakin has applied to the International Financial Services Centres Authority (IFSCA) — the GIFT City regulator — to set up the campus and is expected to start operations next year. It plans to first

admit students to postgraduate programmes.

Ravneet Pawha, CEO (South Asia), Deakin University, did not wish to comment on the matter when *The Indian Express* reached out via email. IFSCA chairman Injeti Srinivas was not reachable for comment.

Deakin has four campuses in Australia with 60,000 students. Indians make up 27% of its student community.

Deakin's decision to set up its first offshore campus in India comes a year after Finance Minister Nirmala Sitharaman had announced in her Budget speech of February 2022 that world-class foreign universities and institutions would be allowed in GIFT City to offer courses in financial management, fintech, science, technology, engineering and mathematics.

IFSCA formally started inviting applications from foreign universities for the same last Thursday. According to a government official, more foreign universities are in talks with the GIFT City regulator. Among them is another Australian university, University of Wollongong, which is ranked 85th in the world and 10th in Australia as per the QS World University Rankings.

A spokesperson for UOW said they may get a couple of floors in GIFT City to start classes by May. The vice chancellor of UOW, Patricia Davidson, is travelling to India this week along with the Australian education minister, Jason Clare. They will meet education minister Dharmendra Pradhan to discuss the plans to set up the GIFT City campus.

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PRESS NOTICE TENDER
NIT No. 59 (2022-23)

Sl. No.	Name of work	Estimated Contract Value (ECV) / Amount put to tender	Earnest Money (EMD)	Tender Fees	Date of release of tender in E-Procurement Solution & Tender ID No.	Last Date/Time of receipt of tender E-Procurement Solution
1.	Replacement of old and damaged sewer line by 400 mm dia line at Main Shankar Marg, Mandawali from street no. 1 to 5 in AC-57 in East-I (Re-invited)	38,74,817.00	77,500.00	500.00	23/02/2023 2023_DJB_237120_1	07/03/2023 At 03.15 PM

Further details in this regard can be seen at <https://govtprocurement.delhi.gov.in>.

ISSUED BY PRO (WATER)
Advt. No. J.S.V. 520 (2022-23)

*STOP CORONA: Wear Mask, Follow Physical Distancing, Maintain Hand Hygiene

Sd/-
(Madan Singh)
EXECUTIVE ENGINEER (T-1)