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Research Report on Private Jet Industry

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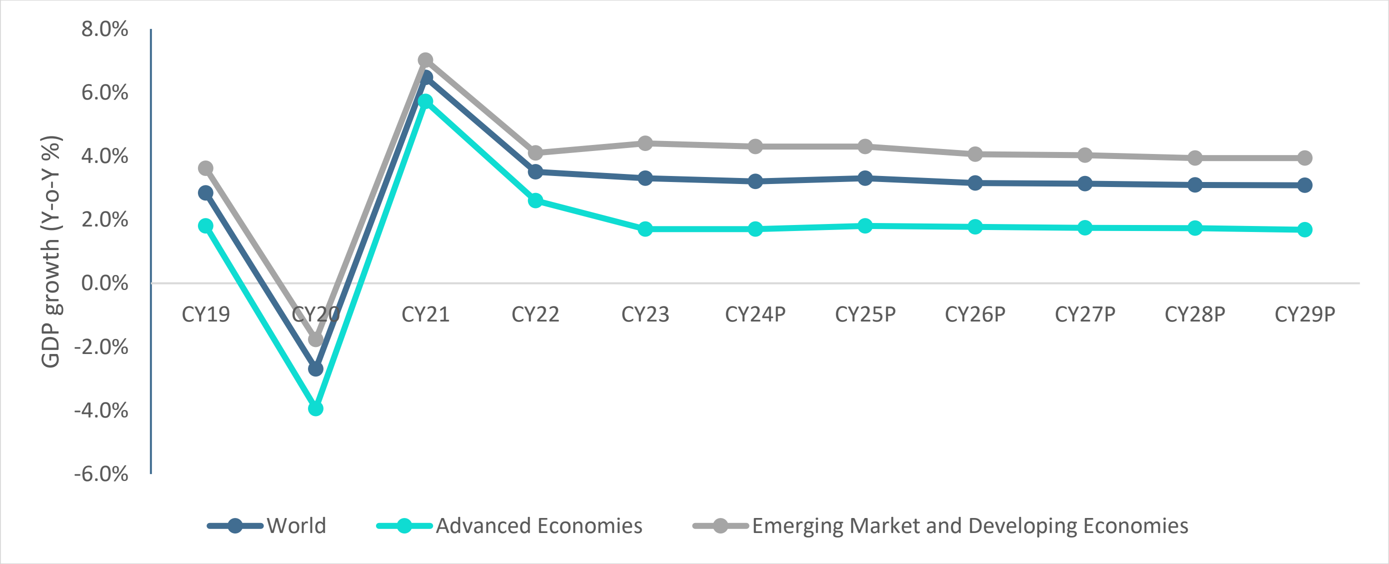
1 Economic Outlook

1.1 Global Economy

Global growth, which stood at 3.3% in CY23, is anticipated to fall to 3.2% in CY24 and then bounce back again to 3.3% in CY25. The CY24 forecast has remained the same compared to the April 2024 World Economic Outlook (WEO) Update, and increased by 0.1 percentage point compared to the January 2024 WEO. Despite this, the expansion remains historically low, attributed to factors including sustained high borrowing costs, inflation woes, reduced fiscal support, lingering effects of Russia's Ukraine invasion, Iran–Israel Cold War, sluggish productivity growth, and heightened geo-economic fragmentation.

Chart 1: Global Growth Outlook Projections (Real GDP, Y-o-Y change in %)



Notes: P-Projection; Source: IMF – World Economic Outlook, July 2024

Table 1: GDP growth trend comparison - India v/s Other Economies (Real GDP, Y-o-Y change in %)

	Real GDP (Y-o-Y change in %)									
	CY20	CY21	CY22	CY23	CY24P	CY25P	CY26P	CY27P	CY28P	CY29P
India	-5.8	9.7	7.0	8.2	7.0	6.5	6.5	6.5	6.5	6.5
China	2.2	8.5	3.0	5.2	5.0	4.5	3.8	3.6	3.4	3.3
Indonesia	-2.1	3.7	5.3	5.0	5.0	5.1	5.1	5.1	5.1	5.1
Saudi Arabia	-3.6	5.1	7.5	-0.8	1.7	4.7	4.0	3.5	3.0	3.5
Brazil	-3.3	4.8	3.0	2.9	2.1	2.4	2.1	2.0	2.0	2.0
Euro Area	-6.1	5.9	3.4	0.5	0.9	1.5	1.4	1.3	1.3	1.2
United States	-2.2	5.8	1.9	2.5	2.6	1.9	2.0	2.1	2.1	2.1

P- Projections; Source: IMF- World Economic Outlook Database (July 2024)

Advanced Economies Group

Advanced economies are expected to experience a gradual increase in growth, remaining same at 1.7% in CY23 and CY24 and increasing to 1.8% in CY25. The projection for CY24 and CY25 remains unchanged compared to the April 2024 WEO Update.

The **United States** is expected to see growth rise to 2.6% in CY24, followed by a slight slowdown to 1.9% in CY25. This deceleration is attributed to gradual fiscal tightening and labor market softening, which dampen aggregate demand. The CY24 projection has been revised downward by 0.1 percentage points since the April CY24 WEO Update. This revision primarily reflects carryover effects from stronger-than-expected growth in the fourth quarter of CY23, with some of this momentum expected to continue into CY24.

The **Euro Area's** growth is anticipated to rebound from its sluggish rate of 0.5% in CY23, mainly influenced by significant exposure to the conflict in Ukraine. Projections indicate an increase to 0.9% in CY24 and further to 1.5% in CY25. This recovery is driven by stronger household consumption, as the impact of elevated energy prices diminishes and declining inflation bolsters real income growth. Additionally, strong momentum in services, higher than expected net exports, and higher investments have further driven this growth. But, countries like Germany are expected to have a sluggish recovery on account of weak manufacturing growth.

Emerging Market and Developing Economies Group

Emerging market and developing economies are forecasted to maintain stable growth at 4.3% in both CY24 and CY25. This forecast has been revised upwards by 0.1 percentage point as compared to the April 2024 WEO update on account of stronger activity in Asia, particularly China and India. Growth prospects in economies across the Middle East and Central Asia continue to be weighed down by oil production and regional conflicts. Growth forecast of sub-Saharan Africa has also been revised downward on account of weak economic activity. Low-income developing countries are anticipated to experience a gradual growth uptick, starting at 3.9% in CY23 and climbing to 4.4% in CY24 and 5.3% in CY25, as certain constraints on near-term growth begin to ease.

The economic forecast for emerging and developing Asia reveals a modest deceleration in growth, with projections indicating a decline from 5.7% in CY23 to 5.4% in CY24 and 5.1% in CY25. **China's** trajectory reflects a slowdown, transitioning from 5.2% in CY23 to 5.0% in CY24 and 4.5% in CY25 due to fading post-pandemic stimuli and ongoing property sector challenges. In contrast, **India's** growth remains robust, with anticipated rates of 7.0% in CY24 and 6.5% in CY25, bolstered by resilient domestic demand and a burgeoning working-age populace.

The **Indonesian** economy is expected to register growth of 5.0% in CY24 and 5.1% in CY25 with a strong domestic demand, a healthy export performance, policy measures, and normalization in commodity prices. **Saudi Arabia's** growth slowed at -0.8% in CY23 attributed to lower oil production. CY24 is predicted to see a revamp in the growth rates to 1.7% on account of Vision 2030 reforms that helped advance the country's economic diversification agenda, including through reduced reliance on oil. The forecast for CY24 has been revised downward as compared to the April 2024 WEO update on account of extension of oil production cuts. Going forward, GDP is expected to grow at 4.7% and 4.0% in CY25 and CY26, respectively. On the other hand, **Brazil's** growth is projected to ease to 2.1% in CY24, driven by fiscal consolidation, the lingering impact of tight monetary policies, and reduced contributions from the agricultural sector. There has been a downward revision in forecast for CY24 compared to April 2024 WEO update on account of the near-term impact of flooding. Going forward, GDP is expected to grow at 2.4% in CY25 on account of reconstruction following the floods and supportive structural factors.

Despite the turmoil in the last 2-3 years, India bears good tidings to become a USD 5 trillion economy by CY27. According to the IMF dataset on Gross Domestic Product (GDP) at current prices, the nominal GDP has been at USD 3.6 trillion for

CY23 and is projected to reach USD 5.3 trillion by CY27 and USD 6.4 trillion by CY29. India's expected GDP growth rate for coming years is almost double compared to the world economy.

Besides, India stands out as the fastest-growing economy among the major economies. The country is expected to grow at more than 6.5% in the period of CY24-CY29, outshining China's growth rate. By CY27, the Indian economy is estimated to emerge as the third-largest economy globally, hopping over Japan and Germany. Currently, it is the third-largest economy globally in terms of Purchasing Power Parity (PPP) with a ~7.6% share in the global economy, with China [~18.7%] on the top followed by the United States [~15.6%]. Purchasing Power Parity is an economic performance indicator denoting the relative price of an average basket of goods and services that a household needs for livelihood in each country.

Despite Covid-19's impact, high inflationary environment and interest rates globally, and the geopolitical tensions in Europe, India has been a major contributor to world economic growth. India is increasingly becoming an open economy as well through growing foreign trade. Despite the global inflation and uncertainties, Indian economy continues to show resilience. This resilience is mainly supported by stable financial sector backed by well-capitalized banks and export of services in trade balance. With this, the growth of Indian economy is expected to fare better than other economies majorly on account of strong investment activity bolstered by the government's capex push and buoyant private consumption, particularly among higher income earners.

1.2 Indian Economic Outlook

1.2.1 GDP Growth and Outlook

Resilience to External Shocks remains Critical for Near-Term Outlook

India's real GDP grew by 7.0% in FY23 and stood at ~Rs. 161 trillion, as per the First Revised Estimate, despite the pandemic in previous years and geopolitical Russia-Ukraine spillovers. In Q1FY24, the economic growth accelerated to 8.2%. The manufacturing sector maintained an encouraging pace of growth, given the favorable demand conditions and lower input prices. The growth was supplemented by a supportive base alongside robust services and construction activities. This momentum remained in the range in the Q2FY24 with GDP growth at 8.1%, mainly supported by acceleration in investments. However, private consumption growth was muted due to weak rural demand and some moderation in urban demand amid elevated inflationary pressures in Q2FY24. The GDP growth number improved for Q3FY24 at 8.6%.

India's GDP at constant prices surged to Rs. 47.24 trillion in Q4FY24 from Rs. 43.84 trillion in Q4FY23, marking a 7.8% growth rate. This upswing was fueled by robust performances in construction, mining & quarrying, utility services, and manufacturing sectors and investment drove the GDP growth, while both private and government consumption remained subdued.

Real GDP in the year FY24 is estimated to grow at 8.2% at Rs. 173.82 trillion as per provisional estimate of the Ministry of Statistics and Programme Implementation. It is expected that domestic demand, especially investment, to be the main driver of growth in India, amid sustained levels of business and consumer confidence.

In Q1FY25, real GDP grew by 6.7% y-o-y, hitting a 15-month low, as compared to 8.2% y-o-y in the previous quarter. Private consumption, a key driver of the GDP, showed resilience increasing by 7.45% while government spending contracted by 0.24%. This growth was largely driven by elections and extreme summer conditions, which impacted economic activities across several sectors.

GDP Growth Outlook

- Driven by fixed investment and improving global environment, domestic economic activity continues to expand. The provisional estimates (PE) placed real GDP growth at 8.2% for FY24.

- Industrial activity led by manufacturing continues its momentum on the back of strengthening domestic demand. Moreover, the services sector-maintained buoyancy as could be observed by growth in high frequency indicators such as E-way bills, GST revenues, toll collections, aggregate, and a healthy growth in domestic air cargo and port cargo. The purchasing managers' index for both manufacturing and services continues to exhibit a sustained and healthy expansion.

- Domestic economic activity remains strong. On the supply side, the south-west monsoon is progressing well, with higher cumulative kharif sowing and improving reservoir levels, which bodes well for kharif output. The potential development of La Niña conditions in the latter half of the monsoon season could impact agricultural production in 2024-25. On the demand side, household consumption is bolstered by a recovery in rural demand and consistent discretionary spending in urban areas. Fixed investment activity is robust, supported by the government's ongoing focus on capital expenditure, healthy balance sheets of banks and corporates, and other policy measures. Private corporate investment is picking up, driven by an increase in bank credit. Merchandise exports grew in June, albeit at a slower rate, while the growth in non-oil-non-gold imports accelerated, indicating resilience of domestic demand. Services exports saw double-digit growth in May 2024 before slowing down in June 2024.

- Improved agricultural activity would improve rural consumption, while urban consumption would be supported by buoyancy in services activity. Additionally, improvement in global trade prospects are expected to support external demand.

Persistent geopolitical tensions and volatility in international financial markets and geo-economic fragmentation do pose risk to this outlook. Based on these considerations, the RBI, in its August 2024 monetary policy, has projected real GDP growth at 7.2% y-o-y for FY25.

Table 2: RBI's GDP Growth Outlook (Y-o-Y %)

FY25P (complete year)	Q1FY25P	Q2FY25P	Q3FY25P	Q4FY25P	Q1FY26P
7.2%	7.1%	7.2%	7.3%	7.2%	7.2%

Note: P-Projected; Source: Reserve Bank of India

1.2.2Gross Value Added (GVA)

Gross Value Added (GVA) is the measure of the value of goods and services produced in an economy. GVA gives a picture of the supply side whereas GDP represents consumption.

Industry and Services sector leading the recovery charge

• The gap between GDP and GVA growth turned positive in FY22 (after a gap of two years) due to robust tax collections. Of the three major sector heads, the service sector has been the fastest-growing sector in the last 5 years.

• The **agriculture sector** was holding growth momentum till FY18. In FY19, the acreage for the rabi crop was marginally lower than the previous year which affected the agricultural performance. Whereas FY20 witnessed growth on account of improved production. During the pandemic-impacted period of FY21, the agriculture sector was largely insulated as timely and proactive exemptions from COVID-induced lockdowns to the sector facilitated uninterrupted harvesting of rabi crops and sowing of kharif crops. However, supply chain disruptions impacted the flow of agricultural goods leading to high food inflation and adverse initial impact on some major agricultural exports. However, performance remained steady in FY22.

In FY23, the agriculture sector performed well despite weather-related disruptions, such as uneven monsoon and unseasonal rainfall, impacting yields of some major crops and clocked a growth of 4% y-o-y, garnering Rs. 22.3 trillion.

In Q1FY24, this sector expanded at a slower pace of 3.7% y-o-y growth compared to y-o-y growth a quarter ago. This further stumbled to 1.7% in Q2FY24.Further, it experienced y-o-y growth of 0.4% in Q3 and 0.6% in Q4. leading to expectations of a modest 1.4% rise for the full year, contrasting sharply with the 4.7% growth recorded in FY23. In the Budget 2024-25, the government plans to boost private and public investment in post-harvest activities and expand the application of Nano-DAP across agro-climatic zones. Strategies for self-reliance in oilseeds and dairy development are to be formulated, alongside ramping up the Pradhan Mantri Matsaya Sampada Yojana and establishing Integrated Aquaparks. Allocation for PM-Formalisation of Micro Food Processing Enterprises scheme has increased from Rs. 639 in FY24 to Rs. 880 crores in FY25.

Going forward, rising bank credit to the sector and increased exports will be the drivers for the agriculture sector. However, a deficient rainfall may have impact on the reservoir level, weighing on prospects of Kharif sowing. Considering these factors, the agriculture sector is estimated to attain Rs. 23.1 trillion and mark 1.4% y-o-y growth for complete FY24. In Q1FY25, the agriculture sector grew by only 2% y-o-y as compared to 3.7% in Q1FY24. Better monsoon conditions are expected to brighten outlook for the agriculture sector.

• From March 2020 onwards, the nationwide lockdown due to the pandemic significantly impacted the **industrial sector**. In FY20 and FY21, this sector felt turbulence due to the pandemic and recorded a decline of 1.4% and 0.9%, respectively, on a y-o-y basis. With the opening up of the economy and resumption of industrial activities, it registered 11.6% y-o-y growth in FY22, albeit on a lower base.

The industrial output in FY23 grew by only 2.1% with estimated value Rs. 44.74 trillion owing to decline in manufacturing activities.

The industrial sector grew by 6.0% in Q1FY24, while Q2FY24 growth was up by 13.6% owing to positive business optimism and strong growth in new orders supported manufacturing output. The industrial growth was mainly supported by sustained momentum in the manufacturing and construction sectors. Within manufacturing, industries such as pharma, motor vehicles, metals, petroleum and pharma witnessed higher production growth during the quarter. The construction sector (13.6% growth in Q2FY24) benefited from poor rainfall during August and September and higher implementation of infrastructure projects. This was reflected in robust cement and steel production and power demand in Q2FY24. Overall, H1FY24 picked up by 9.3% with manufacturing and construction activities witnessing significant acceleration. In Q3FY24, growth rate slowed down to 10.5%. It further fell down to 8.4% in Q4FY24.

India's industrial sector is experiencing strong growth, driven by significant expansion in manufacturing, mining, and construction. This growth is supported by positive business sentiment, declining commodity prices, beneficial government policies like production-linked incentive schemes, and efforts to boost infrastructure development. These factors collectively contribute to the sustained buoyancy in industrial growth due to which the industrial growth is estimated at 9.5% on y-o-y basis registering the value of Rs. 48.9 trillion in FY24.

In Q1FY25, the industrial sector grew by 8.3% y-o-y as compared to 6% in Q1FY24. This growth was driven mainly by sales growth in manufacturing companies, construction, and utility services. Construction grew at the highest rate of 10.5% as compared to a growth rate of 8.3% in the same quarter in previous year.

• The **Services sector** was the hardest hit by the pandemic and registered an 8.2% y-o-y decline in FY21. The easing of restrictions aided a fast rebound in this sector, with 8.8% y-o-y growth witnessed in FY22.

Overall, in FY23, benefitting from the pent-up demand, the service sector was valued at Rs. 80.6 trillion and registered growth of 10.0% y-o-y.

In Q1FY24, the services sector growth jumped to 10.7%. Within services, there was a broad-based improvement in growth across different sub-sectors. However, the sharpest jump was seen in financial, real estate, and professional services. Trade, hotels, and transport sub-sectors expanded at a healthy pace gaining from strength in discretionary demand. The service sector growth in Q2FY24 moderated to 6.0% partly due to the normalization of base effect and some possible dilution in discretionary demand. Considering these factors, service sector marked 8.3% growth in H1FY24. In Q3FY24 growth increased to 7.1% compared to 7.2% last year in the same quarter. In Q4FY24, growth declined to 6.7% compared to 7.2% last year in the same quarter.

With this performance, steady growth in various service sector indicators like air passenger traffic, port cargo traffic, GST collections, and retail credit are expected to support the services sector. With this, the growth of service sector is estimated at Rs. 86.7 trillion registering 7.6% growth in FY24 overall. In Q1FY25, the services sector grew by only 7.2% y-o-y as compared to 10.7% in Q1FY24.

Table 3: Sectoral Growth (Y-o-Y % Growth) - at Constant Prices

At constant Prices	FY19	FY20	FY21	FY22	FY23 (FRE)	FY24 (PE)	Q1FY24	Q1FY25
Agriculture, Forestry & Fishing	**2.1**	**6.2**	**4.1**	**3.5**	**4.7**	**1.4**	**3.7**	**2.0**
Industry	**5.3**	**-1.4**	**-0.9**	**11.6**	**2.1**	**9.5**	**6**	**8.3**
Mining & Quarrying	-0.9	-3.0	-8.6	7.1	1.9	7.1	7.0	7.2
Manufacturing	5.4	-3.0	2.9	11.1	-2.2	9.9	5.0	7.0
Electricity, Gas, Water Supply & Other Utility Services	7.9	2.3	-4.3	9.9	9.4	7.5	3.2	10.4
Construction	6.5	1.6	-5.7	14.8	9.4	9.9	8.6	10.5
Services	**7.2**	**6.4**	**-8.2**	**8.8**	**10.0**	**7.6**	**10.7**	**7.2**

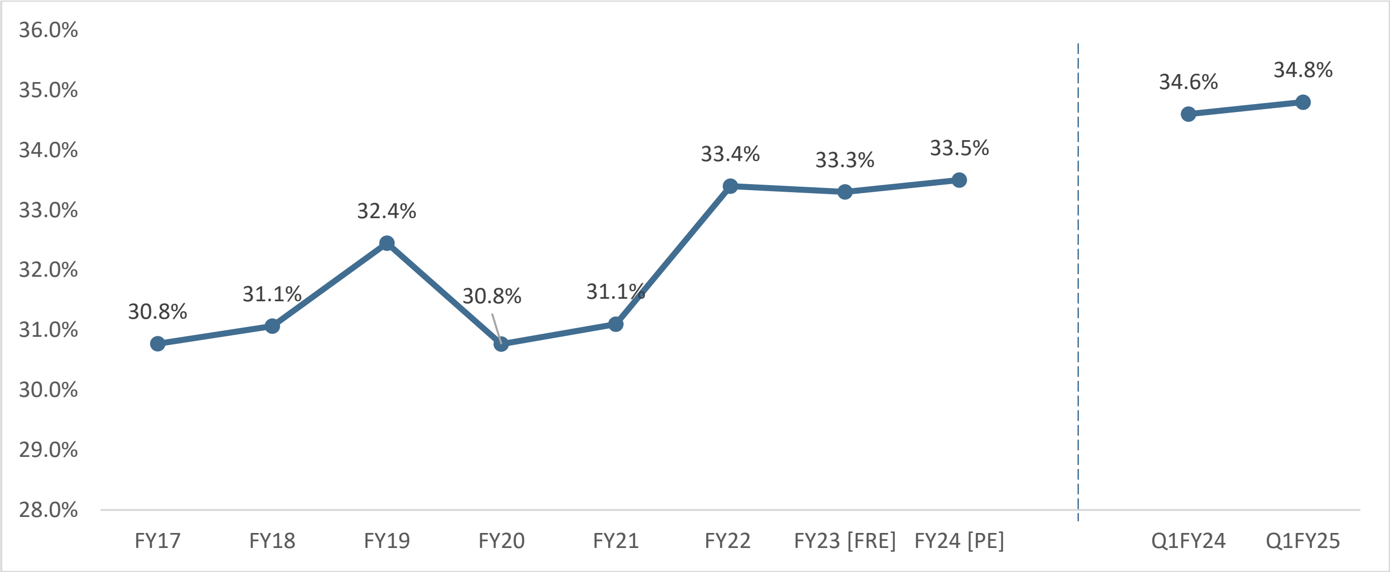
Trade, Hotels, Transport, Communication & Broadcasting	7.2	6.0	-19.7	13.8	12.0	6.4	9.7	5.7
Financial, Real Estate & Professional Services	7.0	6.8	2.1	4.7	9.1	8.4	12.6	7.1
Public Administration, Defence and Other Services	7.5	6.6	-7.6	9.7	8.9	7.8	8.3	9.5
GVA at Basic Price	**5.8**	**3.9**	**-4.2**	**8.8**	**6.7**	**7.2**	**8.3**	**6.8**

Note: FRE – First Revised Estimates, PE – Provisional Estimate; Source: MOSPI

1.2.3 Investment Trend in Infrastructure

Gross Fixed Capital Formation (GFCF), which is a measure of the net increase in physical assets, witnessed an improvement in FY22. As a proportion of GDP, it is estimated to be at 33.4%, which is the highest level in 5 years (since FY17). In FY23, the ratio of investment (GFCF) to GDP remained flat at 33.3%. Continuing in its growth trend, this ratio has reached 33.5% in FY24. In Q1FY25, GFCF as a proportion in GDP, reached 34.8% as compared to 34.6% in Q1FY24 mainly reflecting growth in private investment.

Chart 2: Gross Fixed Capital Formation (GFCF) as % of GDP (At constant prices)



Note: 3RE – Third Revised Estimate, 2RE – Second Revised Estimates, 1RE – First Revised Estimates, PE – Provisional Estimate, FAE-First Advance Estimate; Source: MOSPI

Overall, the support of public investment in infrastructure is likely to gain traction due to initiatives such as Atmanirbhar Bharat, Make in India, and Production-linked Incentive (PLI) scheme announced across various sectors.

1.2.4 Industrial Growth

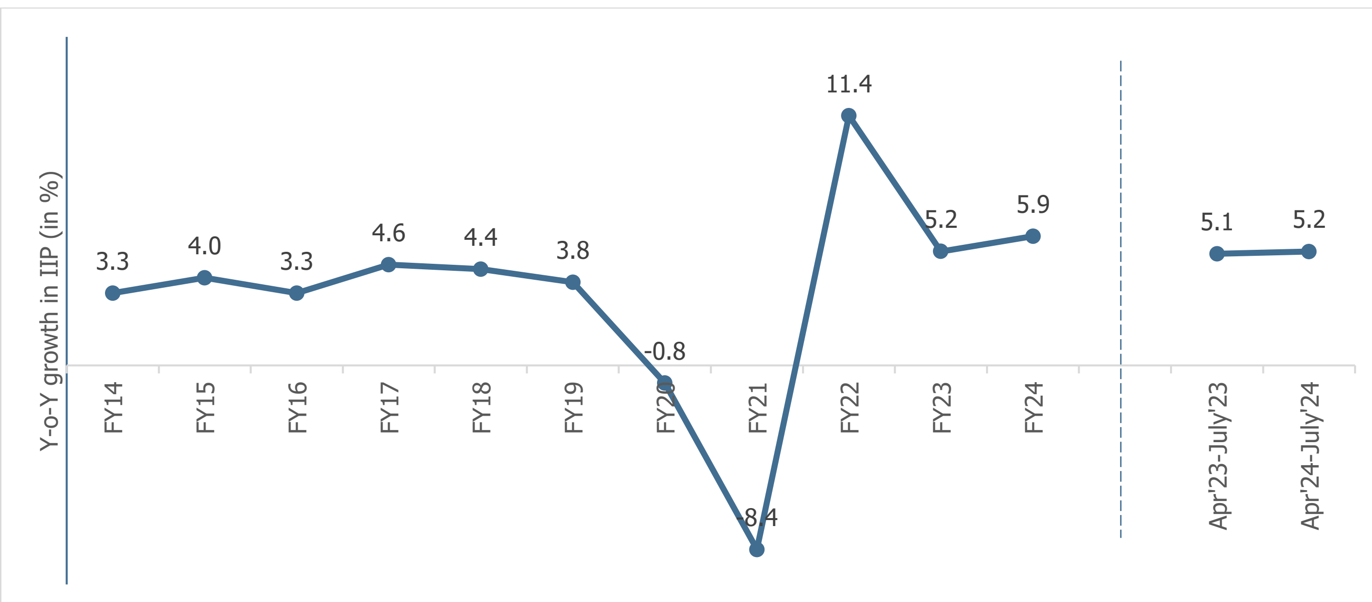
Improved Core and Capital Goods Sectors helped IIP Growth Momentum

The Index of Industrial Production (IIP) is an index to track manufacturing activity in an economy. On a cumulative basis, IIP grew by 11.4% y-o-y in FY22 post declining by 0.8% y-o-y and 8.4% y-o-y, respectively, in FY20 and FY21. This high growth was mainly backed by a low base of FY21. FY22 IIP was higher when compared with the pre-pandemic level of FY20, indicating that while economic recovery was underway. During FY23, the industrial output recorded a growth of 5.2% y-o-y supported by a favorable base and a rebound in economic activities.

During FY24, the industrial output recorded a growth of 5.9% y-o-y supported by growth in manufacturing and power generation sectors. The period April 2024 – July 2024, industrial output grew by 5.2% compared to the 5.1% growth in the corresponding period last year. For the month of July 2024, the IIP growth decreased to 4.8% compared to the last year's 6.2%. The manufacturing sector showed a decline in July 2024 from 5.3% in July 2023 to 4.6% in July 2024. Within the growth in manufacturing, the top three positive contributors were Manufacture of basic metals, Manufacture of electrical equipment, and Manufacture of coke and refined petroleum products.

So far in the current fiscal, the government's spending on infrastructure has been strong, and there are visible signs of pick up in private investment. But, both consumer durables and non-durables production saw a slight decline. Urban demand is driving consumption, while rural demand is recovering. Good monsoon forecasts are positive, but high unemployment and food inflation pose challenges. Private investment and manufacturing capacity utilization are increasing, supporting hopes for private sector growth. Good monsoon could boost rural demand, but food inflation remains a concern. Overall, sustained improvements in consumption and private investment are crucial for industrial performance.

Chart 3: Y-o-Y growth in IIP (in %)



Source: MOSPI

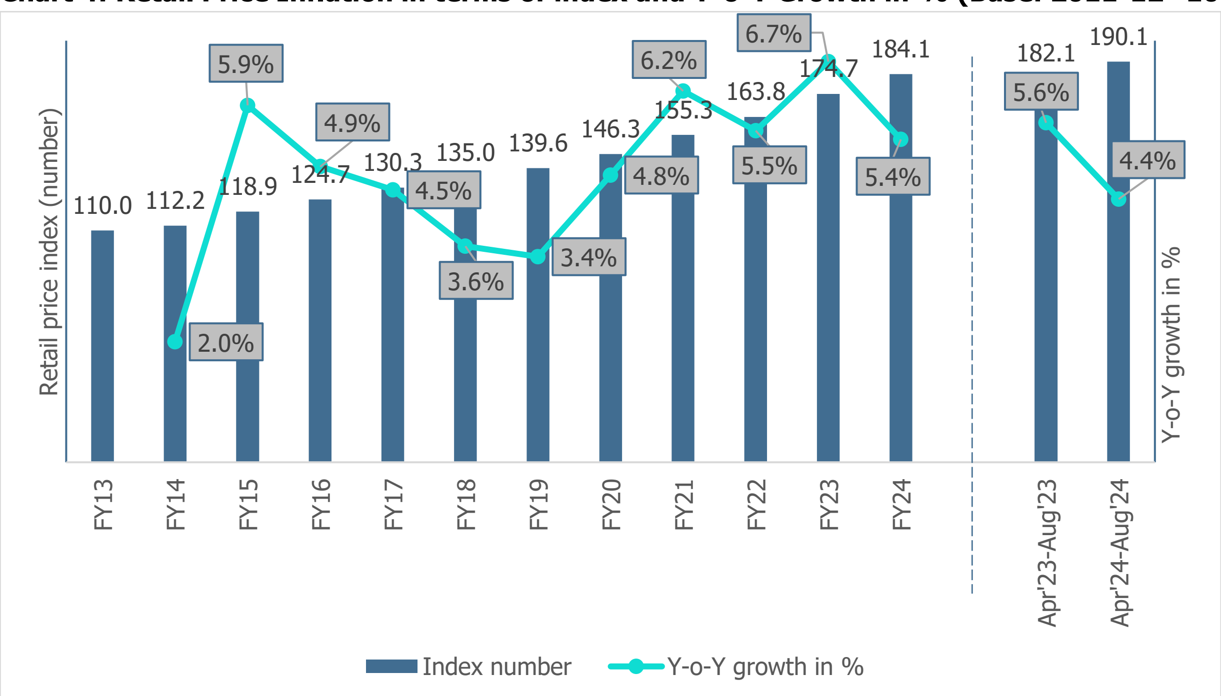
1.2.5 Consumer Price Index

India's consumer price index (CPI), which tracks retail price inflation, stood at an average of 5.5% in FY22 which was within RBI's targeted tolerance band of 6%. However, consumer inflation started to upswing from October 2021 onwards and reached a tolerance level of 6% in January 2022. Following this, CPI reached 6.9% in March 2022. CPI remained elevated at an average of 6.7% in FY23, above the RBI's tolerance level. However, there was some respite toward the end of the fiscal wherein the retail inflation stood at 5.7% in March 2023, tracing back to the RBI's tolerance band. Apart from a favorable base effect, the relief in retail inflation came from a moderation in food inflation.

In FY24, the CPI moderated for two consecutive months to 4.7% in April 2023 and 4.3% in May 2023. This trend snapped in June 2023 with CPI rising to 4.9%. In July 2023, the CPI had reached its highest point at 7.4%, this was largely due to increase in food prices. The notable surge in vegetable prices and in other food categories such as cereals, pulses, spices, and milk have driven this increase. In August 2023, the food inflation witnessed some moderation owing to government's active intervention. This was further moderated for second consecutive month in September 2023 to 5%, led by a sharp correction in vegetables prices and lower LPG prices. Helped by deflation in the fuel and light category, the retail inflation in October 2023 softened at 4.9%. This trend reversed in November 2023 due to spike in certain vegetable prices as well as sticky inflation in non-perishable food items such as cereals, pulses and spices and the CPI rose to 5.6%. In the month of December 2023, elevated food prices and an unfavourable base drove headline inflation to a four-month peak of 5.7%. However in the month of January and February, food prices softened and the inflation was reported at 5.1% for both the months. March witnessed furthur softning of prices registering 4.9% growth. For FY24 inflation moderated to 5.4% which are within the boundaries set of 2% to 6% by the RBI.

High inflation in specific food items poses inflation risk, even though an improvement in south-west monsoon and progress in sowing are improving the food inflation outlook. This makes it crucial to monitor monsoon distribution. Additionally, global food prices also show some softening in July, post increases in March 2024. While government initiatives are expected to mitigate upward price pressure, external risks from geopolitical tensions may affect supply chains and commodity prices. The numbers for April 2024-August 2024 show a decline in inflation growth y-o-y to 4.4% as compared to inflation growth y-o-y of 5.6% in April 2023-July 2023 period. For August 2024, CPI inflation stood at 3.7% which has been the second lowest retail inflation in the last 5 years. There was a decline in inflation observed among the subgroups spices, meat and fish, and pulses and products. Additionally, food inflation was also at the second lowest in this month since June 2023.

Chart 4: Retail Price Inflation in terms of index and Y-o-Y Growth in % (Base: 2011-12=100)

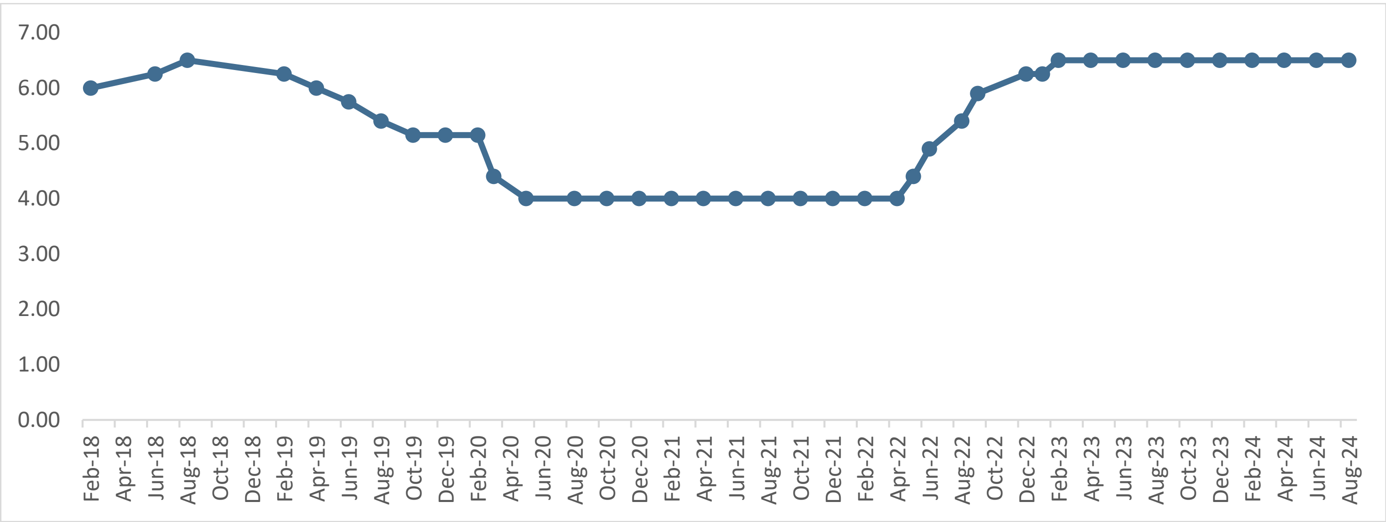


Source: MOSPI

The CPI is primarily factored in by RBI while preparing their bi-monthly monetory policy. At the bi-monthly meeting held in August 2024, RBI projected inflation at 4.5% for FY25 with inflation during Q2FY25 at 4.4%, Q3FY25 at 4.7%, Q4FY25 at 4.3%, and Q1FY26 at 4.4%.

Considering the current inflation situation, RBI has kept the repo rate unchanged at 6.5% again in the August 2024 meeting of the Monetary Policy Committee.

Chart 5: RBI historical Repo Rate



Source: RBI

In a meeting held in August 2024, RBI also maintained the liquidity adjustment facility (LAF) corridor by adjusting the standing deposit facility (SDF) rate of 6.25% as the floor and the marginal standing facility (MSF) at the upper end of the band at 6.75%.

Further, the central bank continued to remain focused on the withdrawal of its accommodative stance. While headline inflation has started easing due to softening in core component and economic activity has been resilient supported by domestic and investment demand, volatility in food proces due to adverse weather conditions pose a risk to the path of disinflation. Given the uncertainities in food prices that might derail the path to bring down inflation, the Central Bank has decided to be vigilant and maintain an active disinflationary stance to ensure complete transmission of past rate cuts and anchoring of inflation expectations until a better alignment of the headline CPI inflation with the target is achieved, while supporting growth.

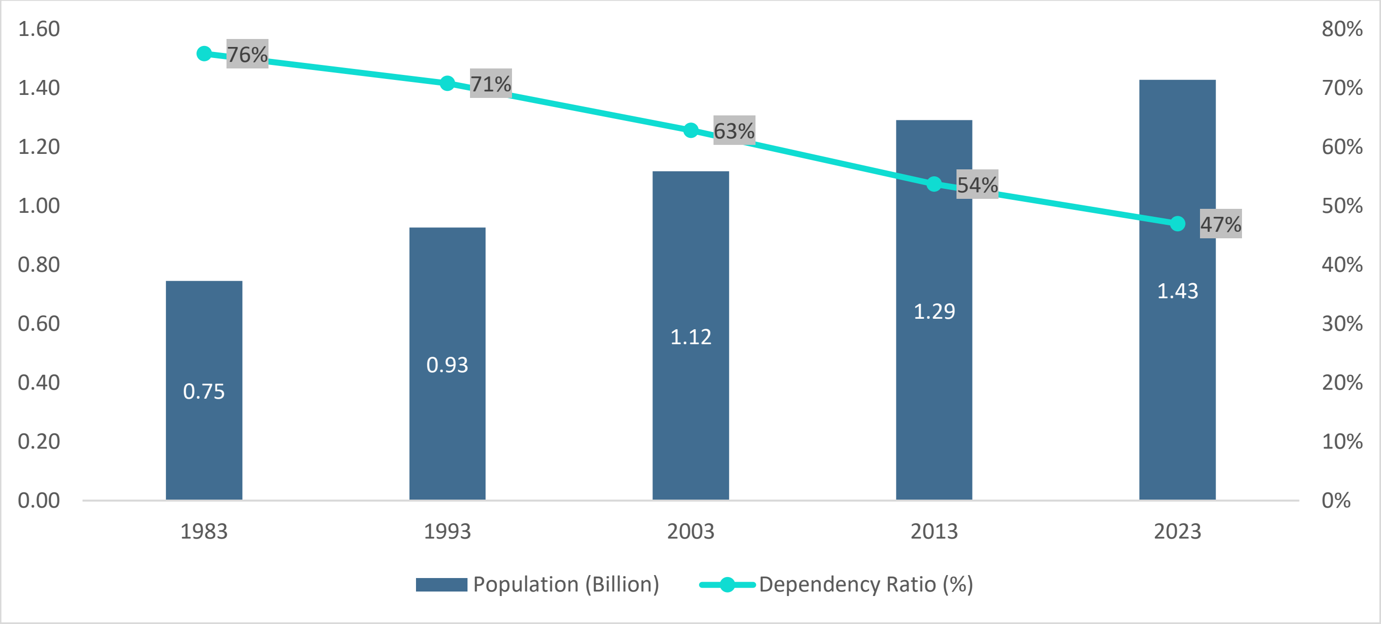
1.2.6 Overview on Key Demographic Parameters

- **Population growth and Urbanization**

The trajectory of economic growth of India and private consumption is driven by socio-economic factors such as demographics and urbanization. According to the world bank, India's population in 2022 surpassed 1.42 billion slightly higher than China's population 1.41 billion and became the most populous country in the world.

Age Dependency Ratio is the ratio of dependents to the working age population, i.e., 15 to 64 years, wherein dependents are population younger than 15 and older than 64. This ratio has been on a declining trend. It was as high as 76% in 1983, which has reduced to 47% in 2023. Declining dependency means the country has an improving share of working-age population generating income, which is a good sign for the economy.

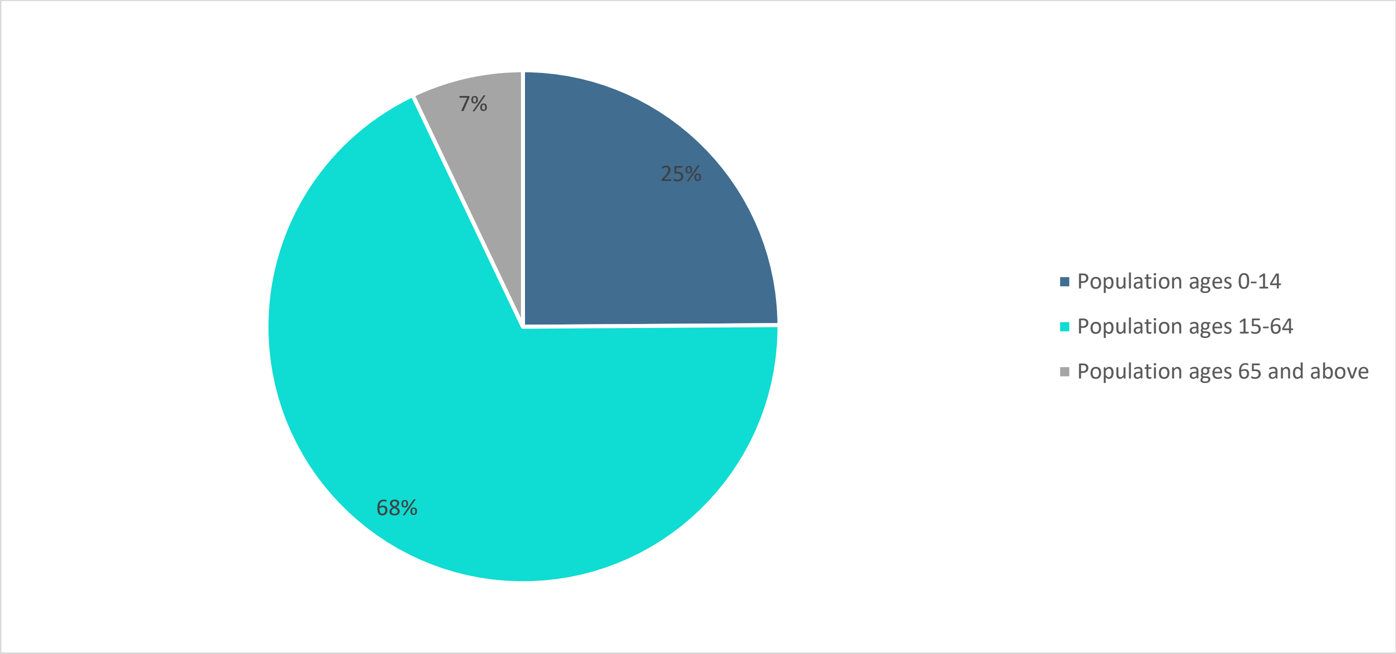
Chart 6: Trend of India Population vis-à-vis dependency ratio



Source: World Bank Database

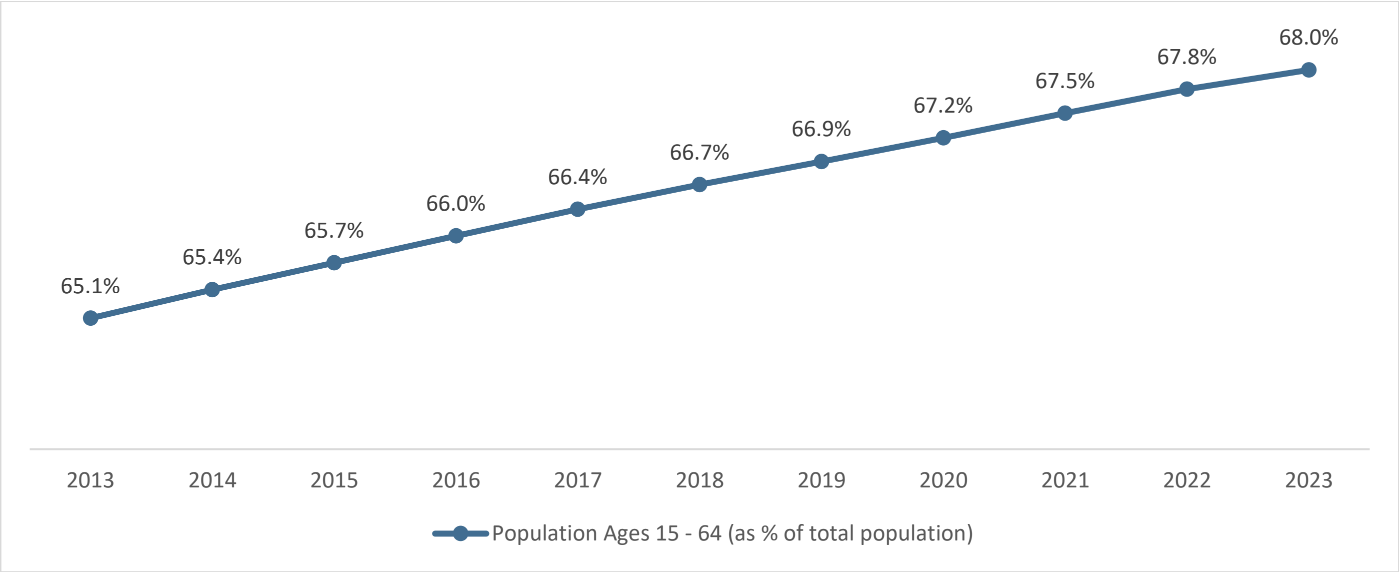
With an average age of 29, India has one of the youngest populations globally. With vast resources of young citizens entering the workforce every year, it is expected to create a 'demographic dividend'. India is home to a fifth of the world's youth demographic and this population advantage will play a critical role in economic growth.

Chart 7: Age-Wise Break Up of Indian population



Source: World Bank Database

Chart 8: Yearly Trend - Young Population as % of Total Population

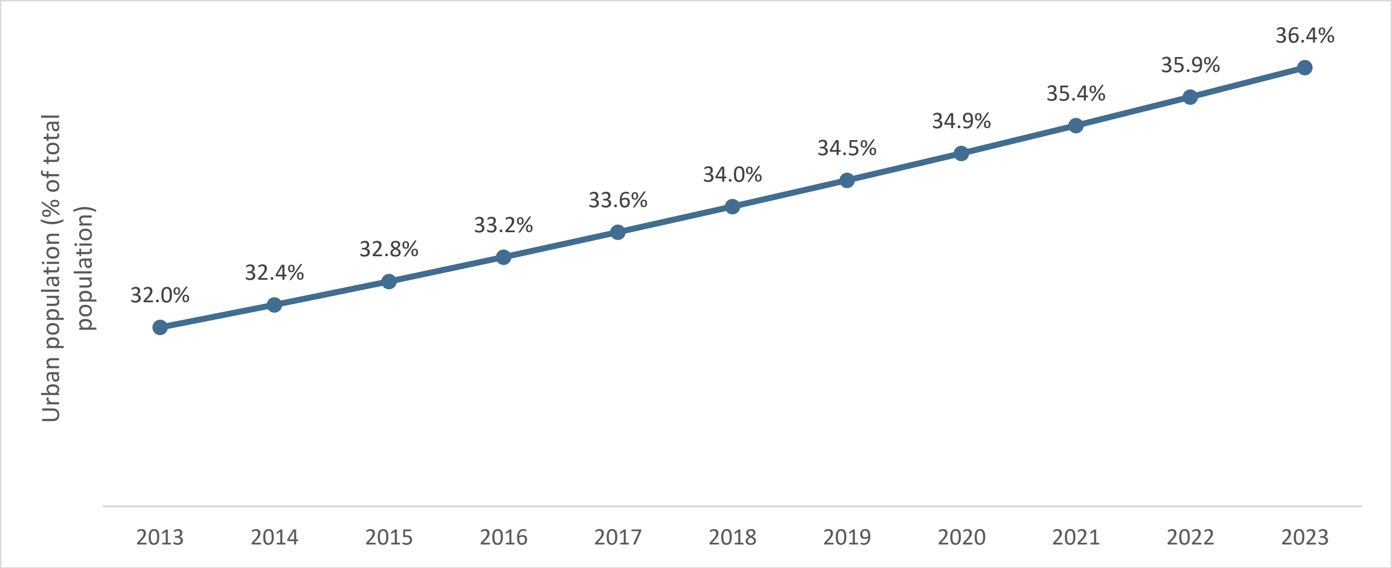


Source: World Bank database

- **Urbanization**

The urban population is significantly growing in India. The urban population in India is estimated to have increased from 413 million (32% of total population) in 2013 to 519.5 million (36.4% of total population) in the year 2023. People living in Tier-2 and Tier-3 cities have greater purchasing power.

Chart 9: Urbanization Trend in India



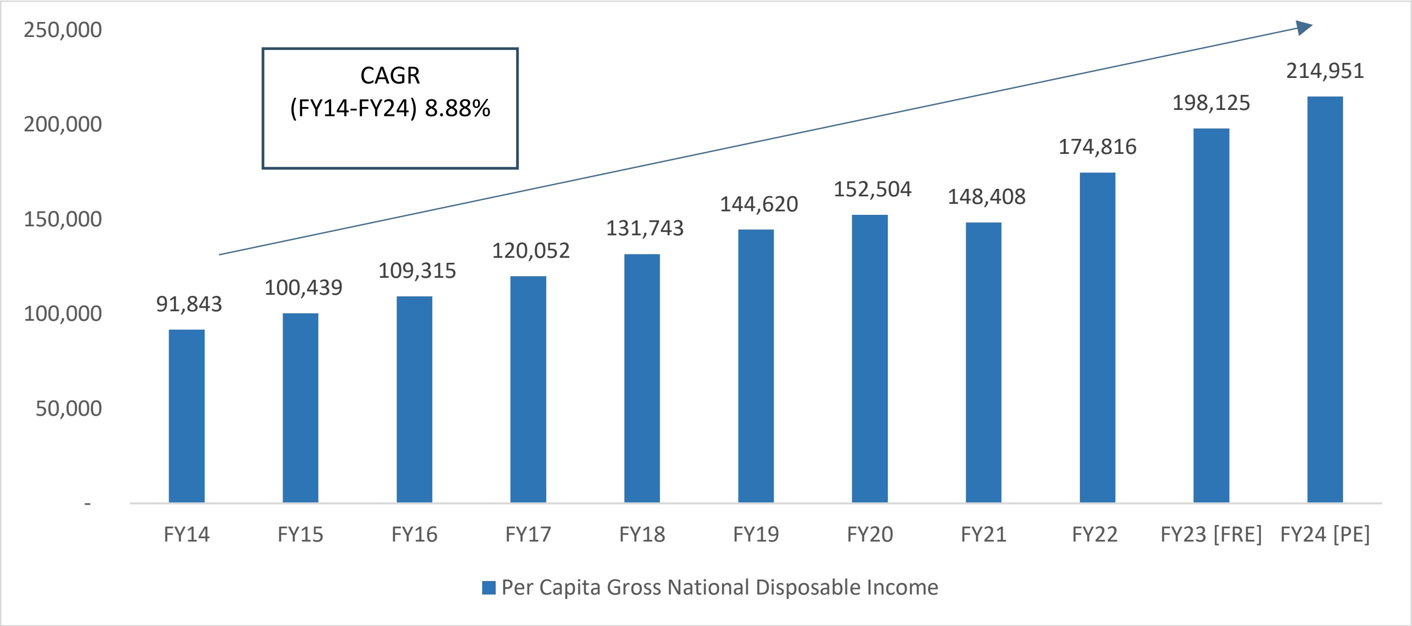
Source: World Bank Database

- **Increasing Per Capita Disposable Income**

Gross National Disposable Income (GNDI) is a measure of the income available to the nation for final consumption and gross savings. Between the period FY14 to FY24, per capita GNDI at current prices registered a CAGR of 8.88%. More disposable income drives more consumption, thereby driving economic growth.

The chart below depicts the trend of per capita GNDI in the past decade:

Chart 10: Trend of Per Capita Gross National Disposable Income (Current Price)

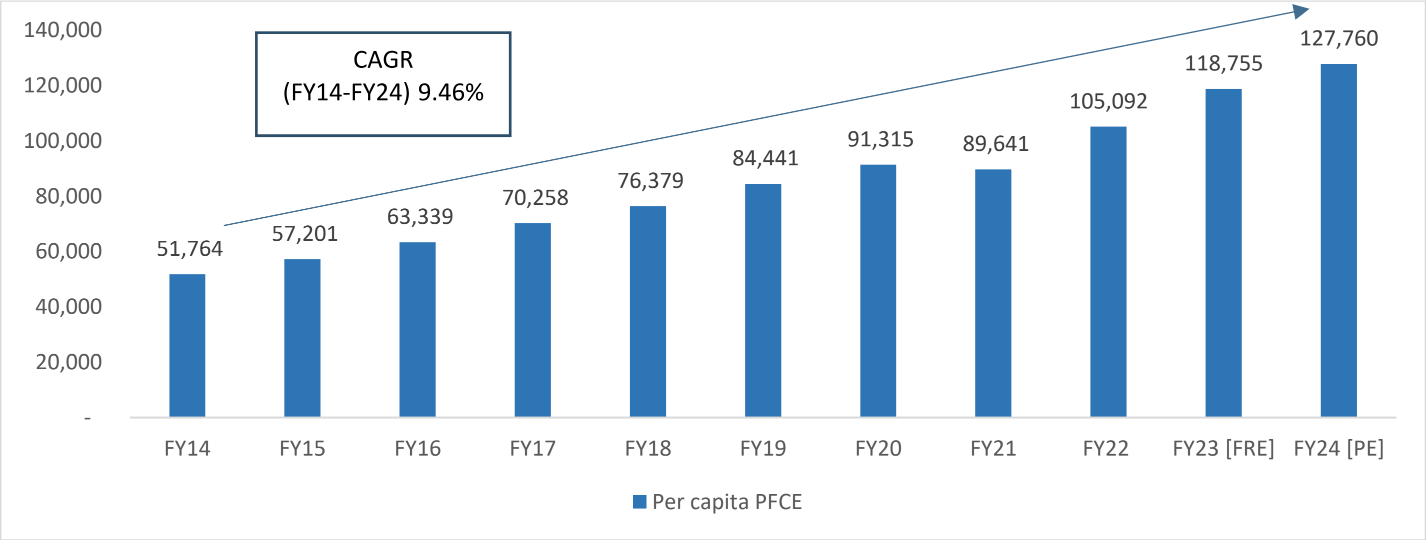


Note: FRE – First Revised Estimates, PE – Provisional Estimate; Source: MOSPI

- **Increase in Consumer Spending**

With increase in disposable income, there has been a gradual change in consumer spending behaviour as well. Private Final Consumption Expenditure (PFCE) which is measure of consumer spending has also showcased significant growth in the past decade at a CAGR of 9.46%. Following chart depicts the trend of per capita PFCE at current prices:

Chart 11: Trend of Per Capita Private Final Consumption Expenditure (Current Price)



Source: MOSPI

1.2.7 Concluding Remarks

The global economy faces significant headwinds, including escalating geopolitical tensions, volatile commodity prices, high interest rates, inflation, fluctuations in international financial markets, climate change, rising public debt, and the impact of new technologies. Despite these uncertainties, the Indian economy stands out as relatively better positioned for growth compared to other emerging markets. According to the IMF's forecast, India's GDP growth is expected to reach 7% in the upcoming year, well above the global projection of 3.2%.

Several bright spots contribute to this optimistic outlook. Continued healthy domestic demand, strong government support for capital expenditure, moderating inflation, investments in technology, and improving business confidence are all positive indicators. High-frequency growth metrics, such as the purchasing managers index, E-way bills, bank credit, toll collections, and GST collections, have shown improvement in the current fiscal year.

Additionally, the normalization of employment after the economy's reopening is expected to further bolster consumption expenditure. Public investment is also projected to exhibit healthy growth, with the government allocating approximately Rs. 11.11 lakh crores for capital expenditure in the next fiscal year. The private sector is demonstrating a renewed intent to invest, as evidenced by new project announcements and resilient capital goods imports. Rural demand is anticipated to improve due to healthy sowing, rising reservoir levels, and progress in the southwest monsoon. Together with government initiatives aimed at capital expenditure and other policy support, this will likely aid the investment cycle in gaining traction.

In conclusion, India's economic trajectory reflects remarkable resilience and adaptability amid recent global challenges. The country is on track to achieve significant growth milestones, supported by robust domestic demand, active investment activities, and a commitment to infrastructure development. With a youthful, skilled workforce and ongoing structural reforms, India is increasingly becoming a key player in the global economy. While potential risks such as geopolitical tensions and inflationary pressures persist, proactive government initiatives and a stable financial sector provide a solid foundation for sustained growth. As India navigates these complexities, its path toward becoming a major economic hub is promising, reinforcing its role as a vital contributor to global economic stability and growth.

2 Global Aviation Industry

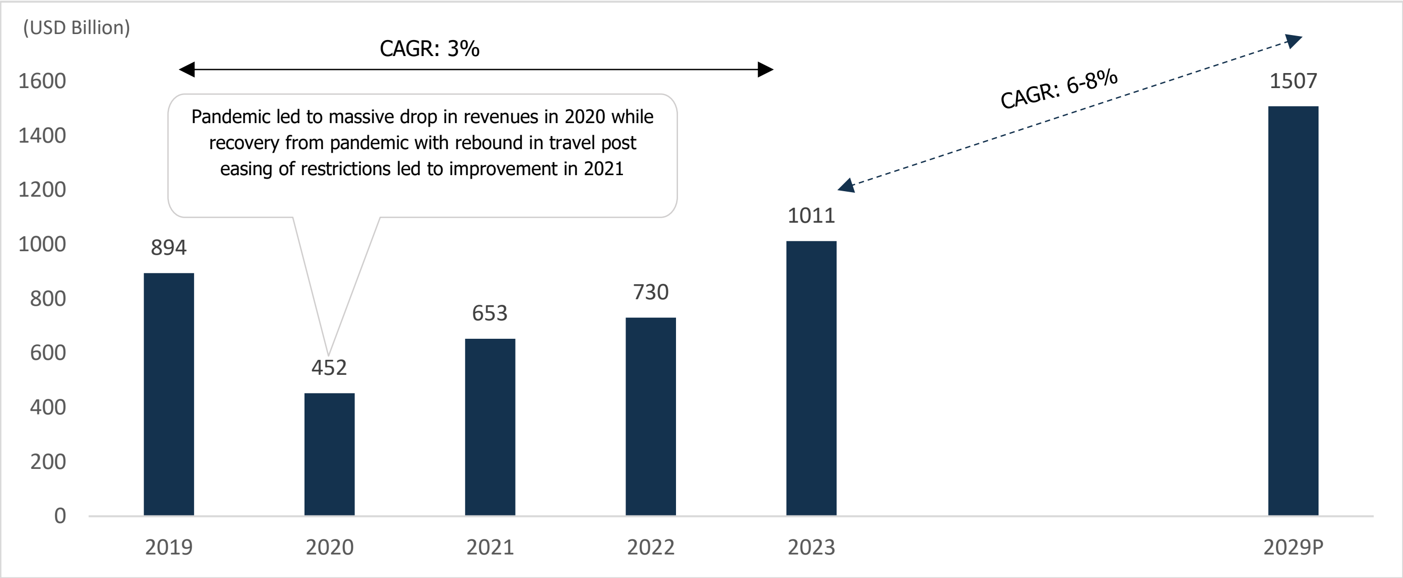
2.1 Overview and market size

The global airline industry plays a pivotal role in connecting virtually every country, facilitating a truly interconnected global economy. Beyond just moving people and goods, industry itself is a major economic engine, impacting various sectors like aircraft manufacturing, tourism, and more. Few industries receive as much attention as airlines, whether from those operating within the industry, government policy makers, media outlets, or the billions of passengers who use their services.

The global aviation market size was valued at approximately $1,011 billion in 2023. The market is projected to grow at a CAGR (Compound Annual Growth Rate) of 6-8% from 2023 to 2029, driven by increasing air passenger traffic, rising disposable incomes, and growing tourism across emerging economies.

The aviation industry experienced a massive decline during the COVID-19 pandemic, with a nearly 50% drop in revenue in 2020 owing to travel restriction across the globe. However, the industry is recovering as travel demand returns to pre-pandemic levels, particularly in Asia-Pacific and North America.

Chart 12: Global aviation market size



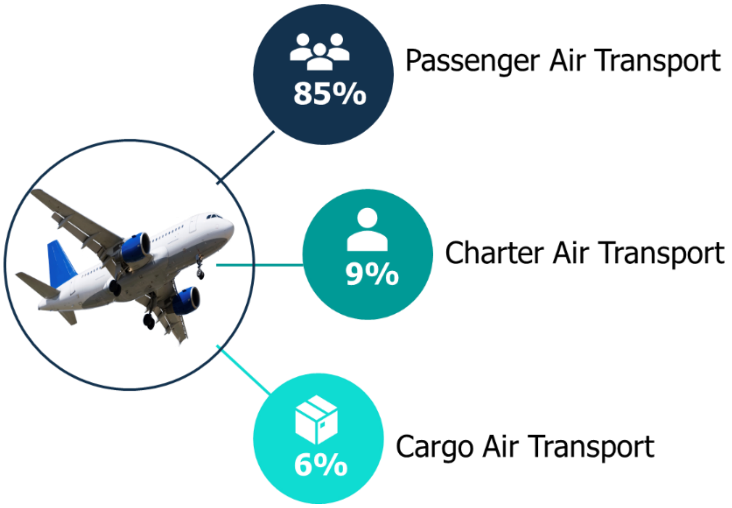
Source: The Business Research Company, Global Aviation Market Report from EMIS Professional Database, CareEdge Research; P: Projected, Years refer to Calendar Year (CY)

Market segmentation of the aviation sector

The aviation market is segmented into passenger, charter, and cargo services, each serving distinct needs.

Passenger aviation dominates the sector, driven by commercial airlines offering domestic and international flights, with growing demand especially from emerging markets. Charter aviation caters to customized, private air travel, including business jets and VIP services, attracting high-net-worth individuals and corporations. Meanwhile, cargo aviation is a critical segment, fueled by global trade and e-commerce growth. Each segment is increasingly focused on efficiency, digitalization, and sustainability.

Chart 13: Global aviation market segmentation by type and market share



Source: The Business Research Company, Global Aviation Market Report from EMIS Professional Database, CareEdge Research; market share as of CY2023.

1. Passenger Air Transport

The **Passenger Air Transport** segment is the largest in the aviation industry contributing to almost 85% of the entire aviation market, encompassing commercial airlines that transport travelers on domestic and international routes. This segment benefits from rising middle-class incomes, tourism growth, and increased air connectivity. Airlines are focusing on enhancing passenger experience and sustainability through fuel-efficient aircraft and digital solutions.

2. Chartered Air Transport

Chartered Air Transport services offer a more personalized or specialized mode of travel, catering to individual, groups, or cargo outside the structure of scheduled flights. The segment is in its evolving stage, catering to almost 9% of the market share in the industry. These non-scheduled services include passenger charters, freight charters, and air taxi services, often charging per mile or per hour.

Charter air services provide flexibility and convenience, appealing to those with specific travel needs, such as exclusive group travel, urgent freight transport, or air taxi services for shorter, regional trips.

3. Air Cargo Services

Air Cargo Services focus on the express transportation of goods via air, supporting the rapid movement of freight and deliver around the globe. This segment comprises revenues generated by companies that use aircraft—whether scheduled or on contract—for the transport of commodities and mail. The segment has a lower share of nearly 6%.

Air freight and airmail services are vital for global trade, enabling the swift and efficient delivery of goods across borders. From express shipping to large-scale freight movements, air cargo remains an essential component of the supply chain, particularly for high-value or time-sensitive goods.

Each of these segments—passenger transport, chartered services, and air cargo—plays a critical role in the broader air transportation industry. Together, they support both economic growth and global connectivity, making the airline industry a cornerstone of modern commerce and travel.

2.2 Assessment of private jet industry in developed economies

The private jet industry in developed economies has shown significant growth, driven by rising demand for exclusive, flexible, and time-efficient travel. High-net-worth individuals, corporations, and executives prefer private jets for their privacy, convenience, and ability to access smaller, less congested airports. The pandemic accelerated demand as travelers sought safer alternatives to commercial flights.

In developed regions like North America and Europe, the private jet market has witnessed healthy growth over the past few years, owing to a robust infrastructure of fixed-base operators (FBOs), private terminals, and luxury services. North America is the largest market, accounting for over half of the global private jet fleet, with the U.S. leading in ownership and usage. Europe follows, with rising demand from corporate clients and the super-rich. However, when it comes to India, its shows negligible share as compared to US and Europe, but this unlocks high potential and headroom for India to grow in the private jet space. While the market is saturated in developed economies, emerging markets like India are likely to gain the market share in the upcoming time.

Chart 14: Assessment of private jet industry in developed economies

Assessment factors	USA		Europe		India	
No. of Private Jets registered	~14,500-15,500		~2,500-3,500		115-120	
% share in the Global Private Jet Industry based on registrations	60-65%		12-17%		0-1%	
No. of Airports (as of 2024 E)	5,000-5,500		1,900-2,100		145-150	
Ultra High Net-Worth Individuals (UNHWIs)	**2023**	**2028P**	**2023**	**2028P**	**2023**	**2028P**
	225,077	280,000-285,000	155,232	187,000-192,000	13,263	19,908
Key growth drivers	• Increased demand for business travel flexibility • Growth in high-net-worth individuals • Expanding on-demand charter services • Rising interest in sustainable aviation solutions • Demand for travel to remote destinations • Stricter commercial aviation regulations boosting private travel preference					

Source: National Business Aviation Association, The Global wealth Report by Knight Frank, EMIS, CareEdge Research; P: Projected, Years refer to Calendar Year

3 Indian Aviation Industry

3.1 Overview and Market size

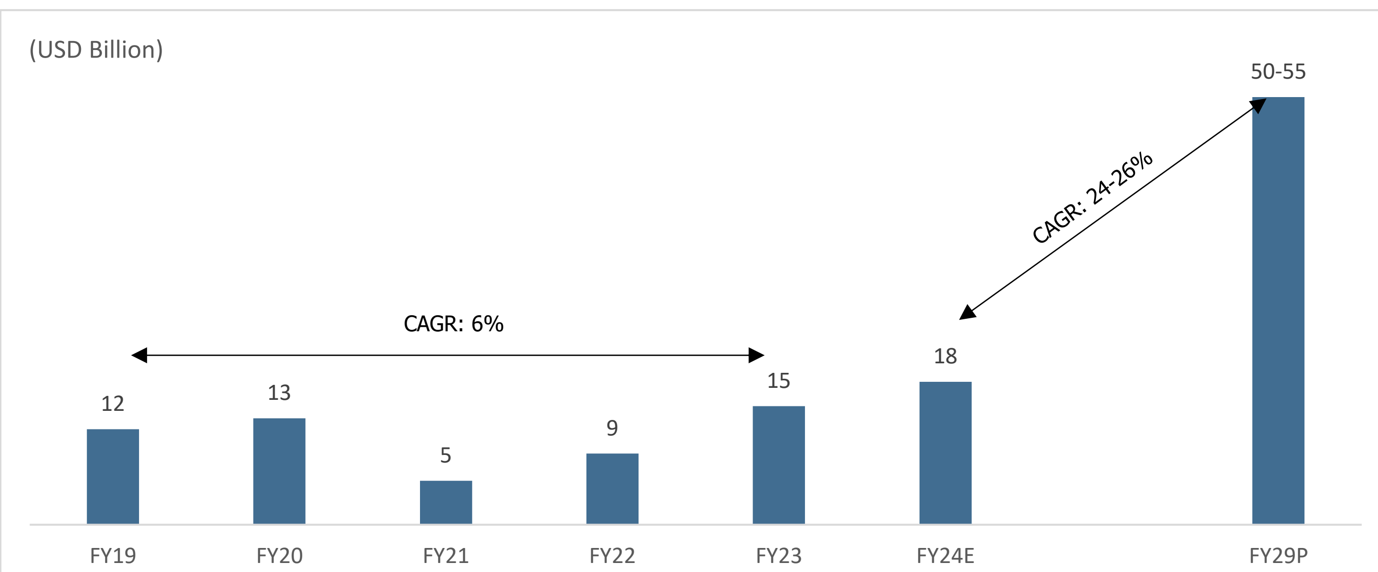
The civil aviation sector plays a crucial role in driving economic growth, contributing significantly to the economy by amplifying overall output and employment through its multiplier effect, while enhancing logistical efficiency. India's civil aviation industry has rapidly ascended, becoming the 3rd largest in the world for domestic traffic. Prior to the pandemic, it was projected to claim the 3rd spot globally in overall traffic as well. To support the sector's continued expansion, the Indian government has implemented key initiatives like the NCAP 2016, RCS UDAN, the Drone Policy, NABH Nirman, Aircraft Leasing under IFSC, and the recent helicopter policy.

Historically, Indian airlines have relied on foreign countries for aviation financing and leasing activities. Recognizing the potential and profitability of these operations, the government classified "aircraft leases" as a "financial product" under the IFSCA Act of 2019. This move allows for the availability of operating and financial leases for aircraft, helicopters, and their engines, paving the way for the development of a robust aviation ecosystem within India.

India's aviation growth is largely fueled by a rising middle class, improved regional connectivity through schemes like RCS UDAN, and significant investments in infrastructure through the development of greenfield airports and the modernization of existing brownfield airports. Currently, over 60% of the more than 220 million passengers are handled by airports in major metropolitan areas. However, future growth is expected to be driven by greenfield airports in tier 2 and tier 3 cities, as well as upgraded brownfield airports in these regions, positioning them to become key hubs for India's burgeoning aviation sector.

The market size of Indian Aviation stands at around $15 billion as of FY23. The industry has grown at a CAGR of 10.3% from FY19-FY23. Furthermore, the industry is expected to grow at a CAGR of 7-9% to reach until $22-27 billion until FY29.

Chart 15: Indian Aviation Industry: Market size



Source: Civil Aviation Handbook, CareEdge Research & Analysis; E: Estimated; P: Projected

3.2 Assessment of domestic and international passenger traffic trend

The passenger traffic is divided into two broad categories: Domestic and International. Total passenger traffic has been growing at a CAGR of 7% from FY17 to FY24. Total passenger traffic has reached to 220 million in India supported by multiple factors contributing to growth.

1. Domestic Passenger traffic

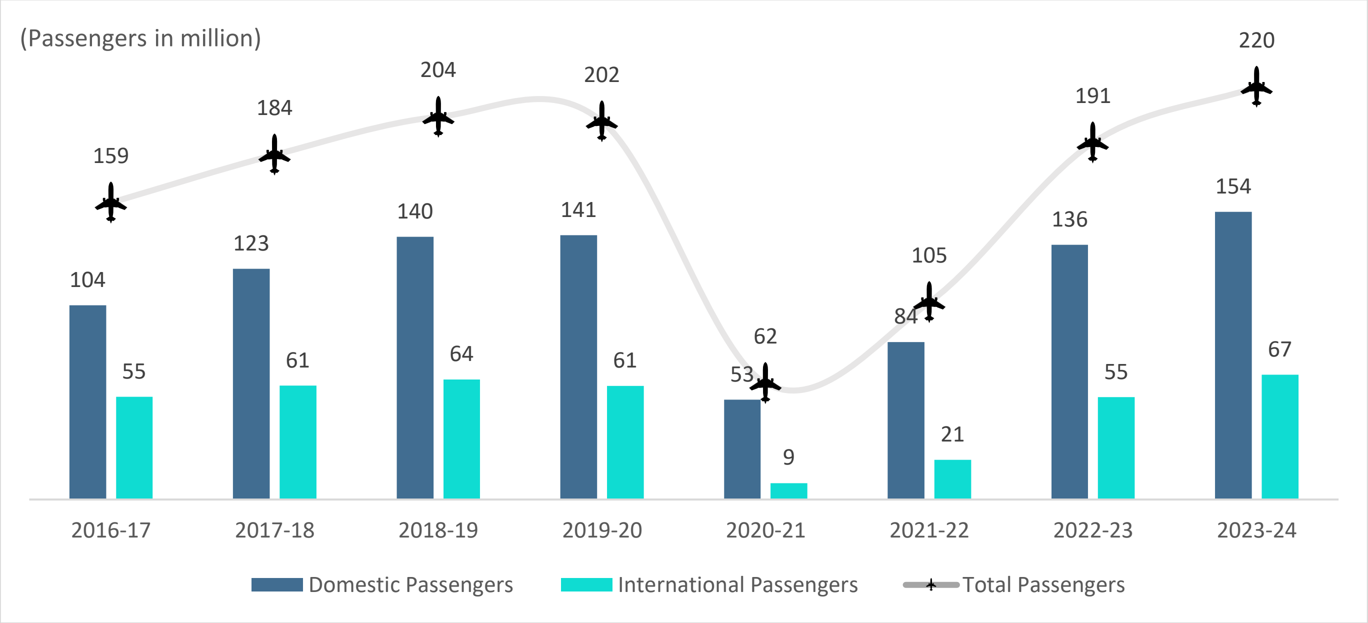
Domestic air travel in India has experienced significant growth over the past decade, driven by increasing economic activity, urbanization, and rising disposable incomes. The market has seen a surge in demand for air travel, particularly due to the rise of low-cost carriers (LCCs) such as IndiGo, SpiceJet, and Akasa Air, which have made flying more affordable for a larger segment of the population.

The domestic passenger traffic nosedived in FY21 as a pandemic led to travel restriction. However, the industry recovered swiftly as the situation started normalizing and remarkably, in FY24 domestic passenger traffic surpassed pre-covid level to reach at 154 million. The growth is back by key factors such as growing middle class population in tier-2 and tier-3 cities along with rising in consumer spending coupled with government initiatives have played a crucial role in improving regional air connectivity. Additionally, the development and modernization of major cities and regional hubs have supported the growth of domestic traffic.

2. International Passenger traffic

The international passenger traffic has been growing gradually. The international passenger traffic has grown at a CAGR of 4% from FY17 to FY24, reaching 67 million passengers. The constant growth has been driven by India's growing integration with global trade and investment markets drives higher demand for business travel. Apart from that, the growth in international passenger traffic is also being supported by tourism.

Chart 16: Domestic and International Passenger traffic



Source: Civil Aviation Handbook, DGCA statistics, CareEdge Research

3.3 Current airports and future prospects

Review of Current Airport Infrastructure

The Indian airport sector has witnessed significant growth and transformation during the period driven by a confluence of factors like rising passenger traffic, private sector participation, technological advancements, and government focus on improving the airport infrastructure. The domestic aviation industry in India has positioned itself as the third-largest domestic aviation market globally in terms of domestic air traffic. There have been several notable developments in the sector, such as the construction of big-ticket greenfield airports, the privatization of airports, the launch of a new airline, and the formulation of a drone policy, which have contributed to the positive sentiment. India has a total of 148 airports operational which handles domestic and international passenger traffic.

Chart 17: Current International Airports in India

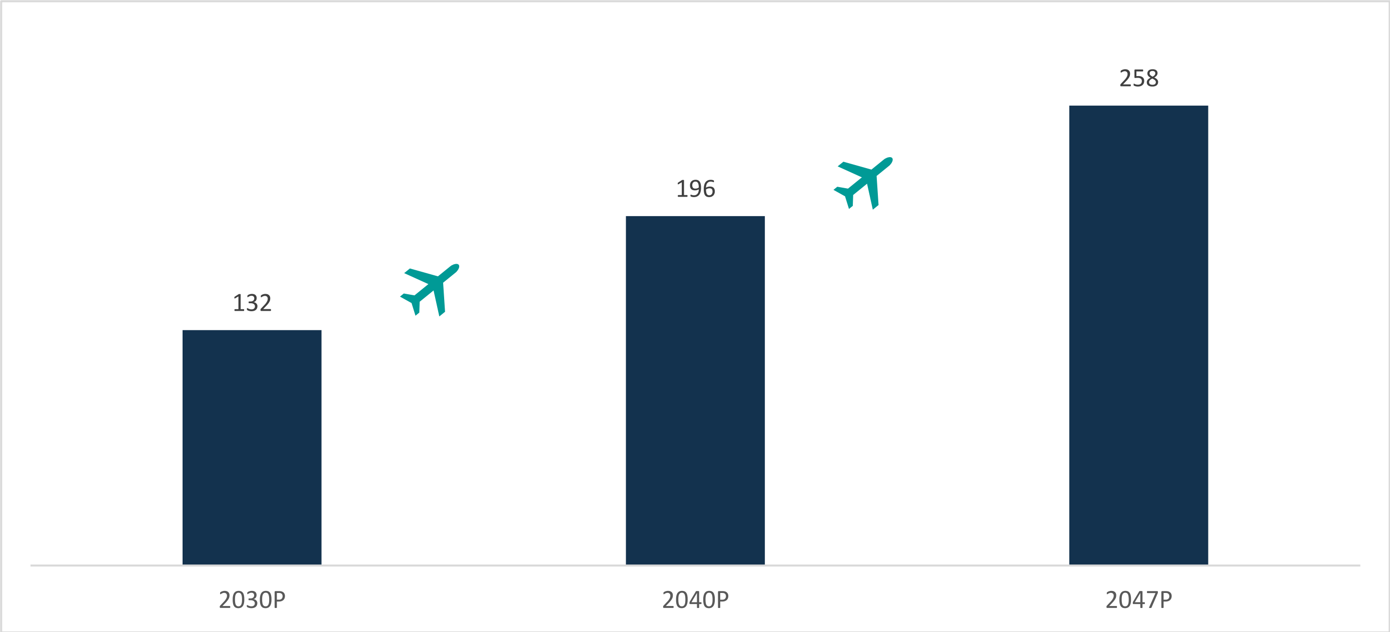
Source: Airports Authority of India (AAI) database, CareEdge Research

Future prospects

India is at a critical juncture where the rising demand for air travel necessitates a strategic approach to both the expansion of existing airports and the development of new ones. The country's vision for a modern and integrated transportation network is driving these efforts. In the near term, the government, with strong support from the private sector, is investing heavily in airport infrastructure.

Over a five-year period, US$ 11.8 billion (INR 98,000 crore) will be allocated for the construction of greenfield airports and the enhancement of brownfield airports. Of this investment, the private sector is expected to contribute US$ 7.5 billion (INR 62,000 crore), while the Airports Authority of India (AAI) will invest US$ 4.3 billion (INR 36,000 crore). By 2047, India is projected to have over 400 airports in the upcoming years.

Chart 18: Upcoming additional airports in India, Cumulative



Source: Vision 2024 document published by Federation of Indian Chambers of Commerce & Industry (FICCI), CareEdge Research; P: Projected

3.4 Key growth drivers in the aviation industry

India's aviation industry is one of the fastest-growing sectors globally, driven by a combination of government initiatives, economic growth, and increasing demand for air travel. Key growth drivers include:

Rising Middle-Class and Disposable Income: The rapid expansion of India's middle class is one of the primary drivers of air traffic growth. By 2036, India is expected to have an additional 478 million passengers, with the middle-class accounting for a significant portion of this demand

Government Initiatives (UDAN Scheme): The UDAN (Ude Desh Ka Aam Nagrik) scheme, launched in 2016, aims to enhance regional connectivity by making air travel affordable. Over 400 new routes have been introduced under the scheme, connecting underserved regions to larger metro hubs. This initiative has significantly boosted domestic air traffic.

Infrastructure Expansion: India is focusing on major infrastructure developments, with 21 new greenfield airports approved and numerous brownfield projects being upgraded. The investment of US$ 11.8 billion over the next five years for airport construction and expansion reflects the government's long-term commitment

Growing Tourism Sector: India is emerging as a major global tourism destination, contributing to the rising demand for air travel. Additionally, domestic tourism is rapidly growing, driven by increasing disposable incomes and improved air connectivity

Favorable Demographics: With a population of over 1.4 billion people, and a significant percentage of the population being young and aspirational, the demand for domestic and international travel is poised to grow steadily. Notably, India is projected to become the third-largest aviation market globally by 2030.

Foreign Direct Investment (FDI) and Private Sector Participation: The Indian government has allowed 100% FDI in greenfield and brownfield airport projects, attracting significant foreign investment. Furthermore, the private sector expected contribute US$ 7.5 billion towards airport development, further fuelling infrastructure growth.

3.5 Evaluation of current airline players along with their plans of expansion in first/business class

Chart 19: Expansion plans of Indian Airlines Companies

Airline Company	First / Business Class Services
Indigo	As of August 2024, IndiGo has launched IndiGo Stretch which is a tailor made business product for domestic travel having a coupe-style, 2-seat wide bay.
Air India	As of September 2024, Air India has upgraded its first class cabin in its A350 planes for international routes to the US and Europe.

Source: Company websites, CareEdge Research

4 Private Jet Industry

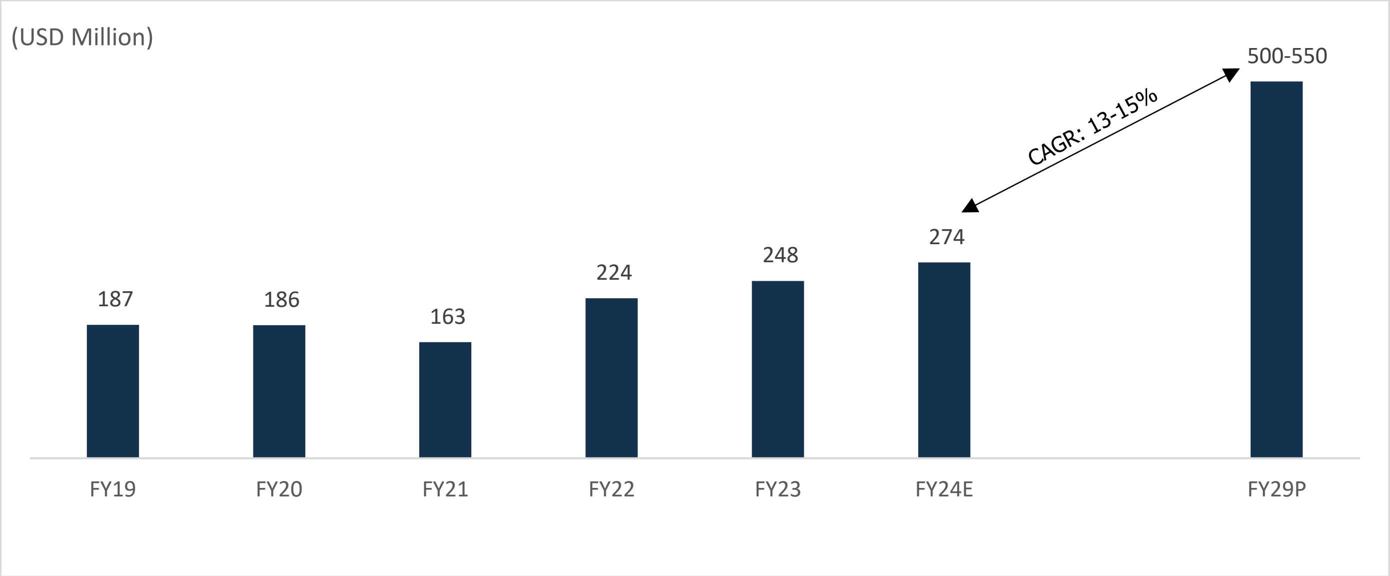
4.1 Overview and market size

The private jet industry in India is witnessing rapid growth, driven by increasing demand from high-net-worth individuals (HNWIs), corporate executives, and a growing preference for personalized, flexible travel options. Factors such as the expansion of business operations, time efficiency, and concerns over commercial aviation delays have contributed to the rise in private jet usage. India's burgeoning economy has also led to an increasing number of private jet charters and ownership. Additionally, post-pandemic, there has been a marked shift toward private flying due to safety and health concerns.

The private jet industry in India has experienced significant growth, expanding from a market size of $187 million in FY19 to $274 million in FY24, reflecting a healthy compound annual growth rate (CAGR) of 8%. This growth can be attributed to several factors, including the rising number of high-net-worth individuals (HNWIs), the increased need for rapid business travel, and the expansion of economic activities in Tier 2 and Tier 3 cities.

As India's wealth accumulation continues and the demand for personalized, time-efficient travel rises, the private jet market is poised for further expansion. The private jet industry market in India is expected to continue growing at a CAGR of 13-15% over the next five years. This growth is likely to be driven by increasing demand from high-net-worth individuals, the expanding startup ecosystem, and the need for fast, flexible business travel solutions. As more Tier 2 and Tier 3 cities contribute to economic growth, demand for private aviation is expected to rise. Moreover, government policies that support infrastructure improvements, along with innovations like jet-sharing platforms, will further enhance accessibility and adoption of private jet services across India.

Chart 20: Private Jet Industry Market Size[1]

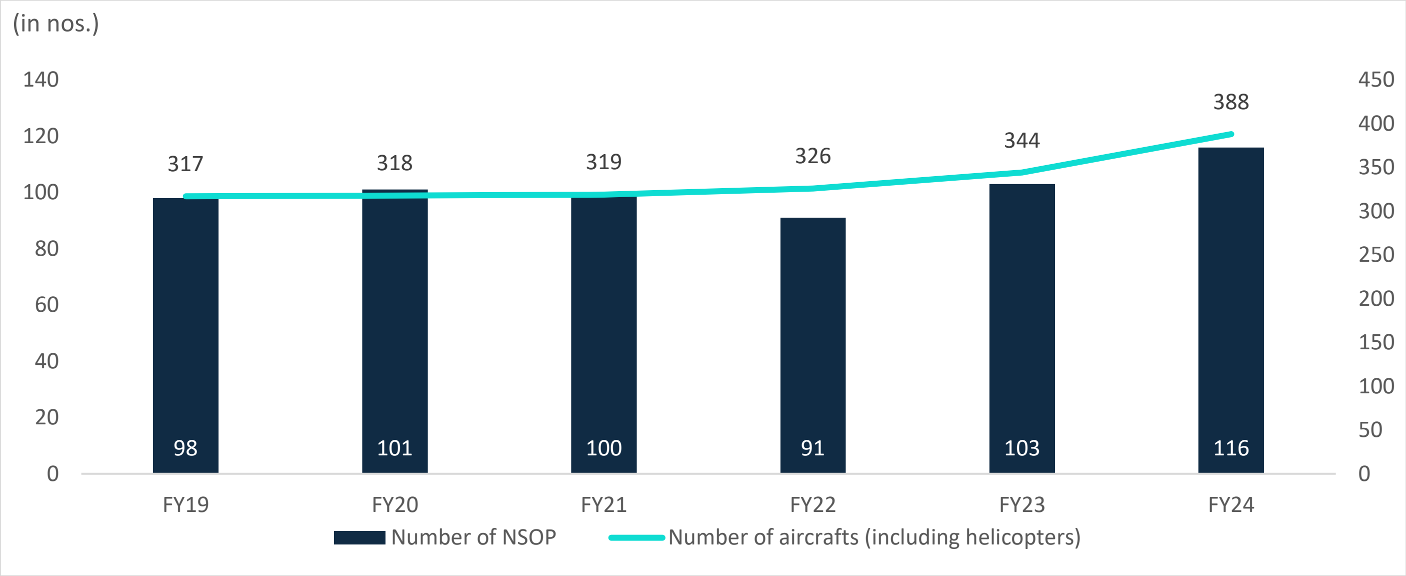


Source: CareEdge Research & Analysis; E: Estimated, P: Projected

[1] Aggregate financials of 18 market players considered for estimating market size of the industry

Currently, private jet industry market in India has 116 non-scheduled operators as of FY24. Going further, the market is expected to see continuous growth as private aviation becomes more accessible and streamlined. Non-scheduled operators in aviation refer to airlines or aviation companies that do not operate regular flights on fixed routes or schedules. These operators provide charter services, often catering to business executives, celebrities, or high-net-worth individuals, and are strongly linked to the private jet industry. The flexibility of non-scheduled operations allows clients to customize travel itineraries, offering privacy, convenience, and time-saving benefits that are essential in the private aviation market, making them a crucial segment of the private jet industry.

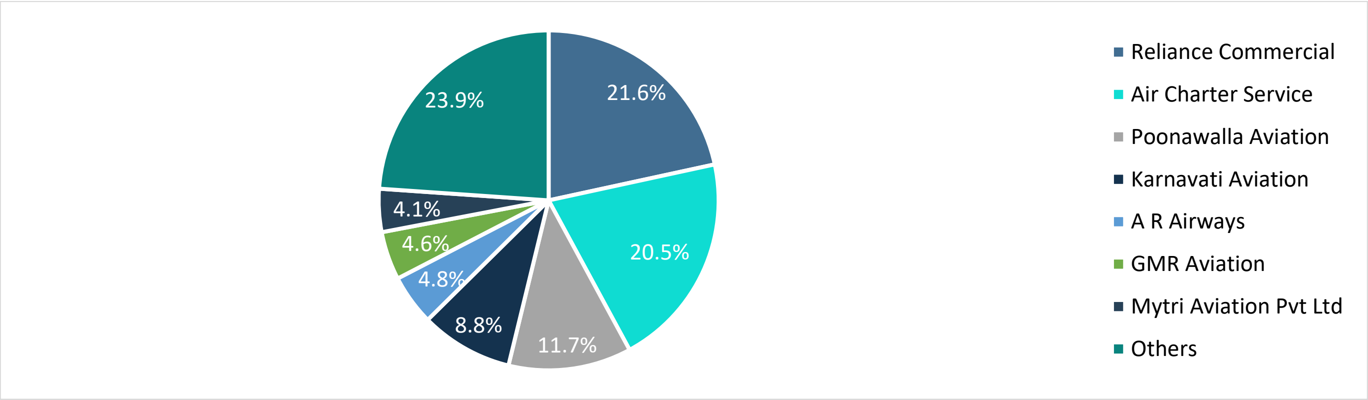
Chart 21: Current market of Non-Scheduled Operators for the Private Jet Industry in India



Source: Civil Aviation Handbook, DGCA Statistics, CareEdge Research; The numbers refer to the count of Non-Scheduled Operators; Non-Scheduled Operator (NSOP)

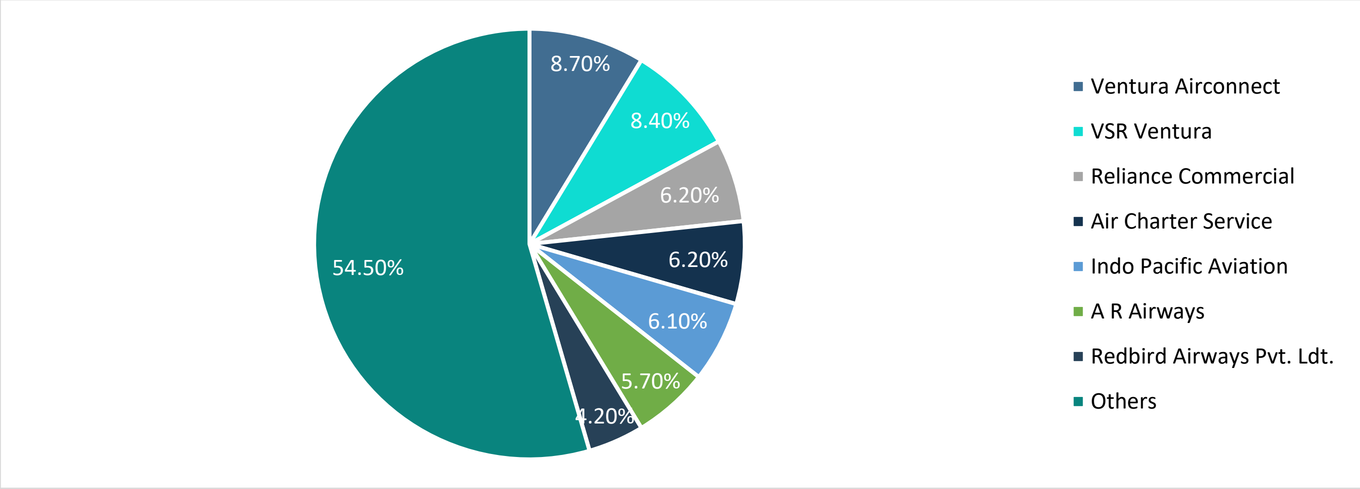
The growth of Non-Scheduled Operator Permit (NSOP) holders at a CAGR of 3% from FY19-FY24 is largely attributed to increasing demand for private and charter aviation services. Additionally, the expanding base of high-net-worth individuals (HNWIs) and the rise of corporate executives seeking efficient and time-saving travel options have contributed to the steady growth in NSOP operators.

Chart 22: Market share of Non-scheduled operators in terms of international flights operated



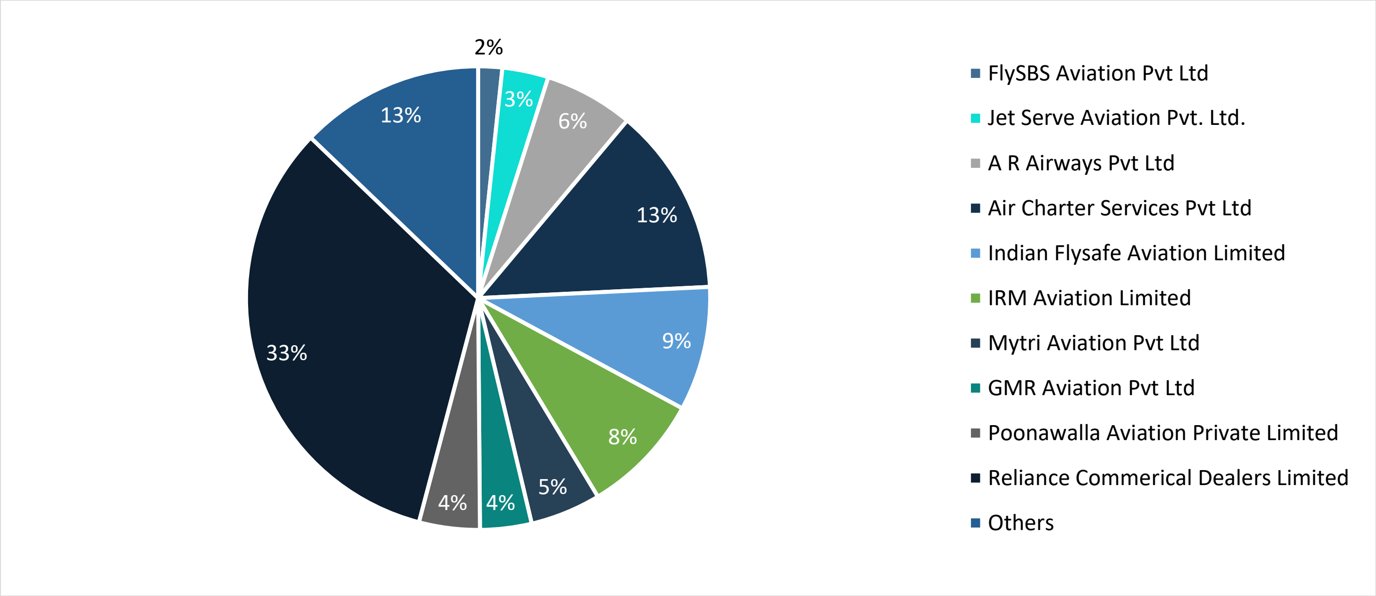
Source: Civil Aviation Handbook, DGCA Statistics, CareEdge Research; Data as of FY24

Chart 23: Market share of Non-scheduled operators in terms of domestic flights operated



Source: Civil Aviation Handbook, DGCA Statistics, CareEdge Research; Data as of FY24

Chart 24: Market share of Non-scheduled operators in terms of revenue



Source: Company Financials, DGCA Statistics, CareEdge Research

4.2 Business Landscape of the Private Jet Industry

The private jet industry is poised to experience significant growth, driven by innovative ownership and access models that make private aviation more accessible and tailored to different traveler needs. These models cater to varying levels of commitment and investment, expanding the industry's reach across a broad demographic from ultra-high-net-worth individuals to occasional travelers.

Chart 25: Business Models in Private Jet Industry

Full Ownership	Fractional Ownership	Jet Cards	On-Demand Charter	Membership Programs
Complete control and customization, but with high costs.	Shared ownership with lower initial investment and operational cost-sharing.	Prepaid flight hours for travelers who want flexibility but without ownership.	Pay-per-use model with no commitments, ideal for infrequent travelers.	Recurring fees for access to discounted private jet services with priority booking.

Source: CareEdge Research

1. **Full Ownership**

In this model, individuals or corporations own a private jet outright. It is the most expensive option but provides complete control over the aircraft, including its availability and customization.

Key Features:

Growth Driver: Full ownership remains attractive to ultra-high-net-worth individuals (UHNWIs) and large corporations with substantial, frequent travel needs, who prioritize exclusivity, control, and convenience. Complete ownership enables the highest level of customization and flexibility, with owners having total control over flight schedules, aircraft maintenance, and design.

High Initial Investment and Operational Costs: This model requires a significant upfront cost (often between $5 million and $100 million) and ongoing expenses for maintenance, crew, insurance, and fuel, which can amount to $500,000 to $1 million per year. These costs limit the pool to the wealthiest buyers but underscore the exclusivity of private jet ownership.

Target Market: UHNWIs and large corporations committed to long-term investment in private aviation, with a desire for personalized, immediate access to air travel.

2. **Fractional Ownership**

Fractional ownership allows multiple owners to share a private jet, typically dividing usage by flight hours or days per year.

Key Features:

Growth Driver: Fractional ownership allows high-net-worth individuals and businesses to access private jets at a fraction of the cost, creating demand from those who need regular flights without the financial burden of full ownership.

Lower Initial Investment: Compared to full ownership, fractional ownership requires a smaller upfront cost while offering some of the same benefits, such as guaranteed availability. A management company handles maintenance and staffing, appealing to busy executives and individuals who want convenience without hands-on management.

Target Market: Frequent travelers, small to mid-sized businesses, and high-net-worth individuals who value cost-sharing without compromising on the exclusivity of private aviation.

3. Jet Card Programs

Jet cards offer pre-paid access to private jets without ownership. Users purchase a set number of flight hours (e.g., 25, 50, 100) and can book flights as needed.

Key Features:

Growth Driver: Jet card programs democratize private jet access by allowing clients to prepay for a set number of flight hours (e.g., 25, 50, 100 hours) at fixed rates. This model attracts customers seeking flexibility without ownership or long-term commitments, making private jets accessible to a wider audience, including corporate executives and occasional luxury travelers.

Fixed Rates and Flexibility: The prepaid model with fixed hourly rates provides price stability and eliminates the operational burden. Jet cardholders can book flights with minimal notice, typically within a few hours, adding to the program’s convenience.

Target Market: Corporate travelers, executives needing last-minute flights, and individuals who value the convenience of private flights without the financial and logistical responsibilities of ownership.

4. On-Demand Charter (Pay-per-Flight)

The most flexible model, on-demand charter, allows customers to book a private jet for individual flights as needed, without long-term commitment.

Key Features:

Growth Driver: The on-demand charter model provides maximum flexibility by allowing customers to book flights as needed without long-term commitments. This model is ideal for infrequent travelers or those with varying travel schedules, expanding the private jet market to occasional users.

Low Entry Barriers: By charging only for each flight and eliminating ownership and maintenance costs, on-demand charters attract a diverse range of clients. The availability of different aircraft types for both domestic and international flights further enhance the appeal.

Target Market: Infrequent travelers, event-driven groups, businesses with variable schedules, and individuals seeking one-off flights, such as for special events or holidays.

5. Membership Programs

Some companies offer membership programs that allow users to pay a monthly or annual fee for access to private jets at discounted rates.

Key Features:

Growth Driver: Membership programs appeal to frequent travelers who desire predictable costs for private jet access. With a monthly or annual fee, members benefit from discounted rates, priority access, and guaranteed availability. This model caters to a broader audience than traditional ownership, appealing to businesses and regular travelers who value cost control.

Lower Price Point and Priority Access: Membership programs offer flexibility and affordability, with discounts on per-flight rates, making private aviation more accessible. These programs are especially attractive to corporate travelers and high-net-worth individuals who frequently travel but seek cost-effective solutions.

Target Market: Frequent travelers, corporate clients, and individuals seeking a cost-effective way to enjoy the benefits of private aviation with priority access and predictable expenses.

These models collectively drive growth by broadening the customer base for private aviation, making private jets accessible beyond UHNWIs. Each model meets the unique needs of various market segments, enhancing flexibility and affordability without compromising the luxury and convenience associated with private travel. The diversification of ownership and access models, along with increased demand for health-conscious, safe, and personalized travel, positions the private jet industry for sustained growth

4.3 Regulatory framework for Private Jet Industry in India

The private jet industry in India is governed by a regulatory framework that falls under the purview of the Directorate General of Civil Aviation (DGCA), which is the primary authority overseeing all civil aviation matters. Here are key components of the regulatory framework for private jets:

Aircraft Registration and Certification: All private jets must be registered with the DGCA under the Aircraft Act, 1934, and the Aircraft Rules, 1937. Owners must obtain a certificate of airworthiness to ensure that the aircraft meets all safety standards.

Non-Scheduled Operator's Permit (NSOP): Private jet operators must secure an NSOP from the DGCA to legally operate non-scheduled flights. The NSOP governs aspects like crew training, maintenance, and safety protocols. Operators must adhere to strict guidelines regarding aircraft usage, safety management, and operational limits.

Customs and Import Duties: Importing private jets into India is subject to heavy customs duties and taxes, including Basic Customs Duty (BCD), Goods and Services Tax (GST), and other import-related levies. This regulatory framework significantly influences the cost of private jet acquisition in the country.

Airport Slot Allocation and Usage: Private jets must comply with airport slot allocations controlled by the Airport Authority of India (AAI). This is crucial for managing takeoff and landing schedules, particularly at high-traffic airports.

Foreign Ownership and Operation: Foreign ownership of aircraft is permitted under certain conditions, but foreign operators must obtain approvals from the Ministry of Civil Aviation (MoCA) and follow regulations for operations within Indian airspace, including adherence to security and air traffic control rules.

Charter Operations Regulations: Charter services provided by private jet operators are closely monitored. Operators must follow specific licensing, safety, and operational standards under the DGCA's Civil Aviation Requirements (CAR).

4.4 Key growth drivers for the Private Jet Industry

1. Rising Wealth and High-Net-Worth Individuals (HNWIs)

India is experiencing a rapid increase in wealth accumulation, leading to a growing class of ultra-high-net-worth individuals (UHNIs) and affluent business families. This expanding wealthy segment is driving demand for more personalized, premium travel solutions. Private jets, with their flexibility, luxury, and convenience, are particularly appealing to this group. In 2023, the UHNI population grew by 6% over 2022, and projections indicate this growth will accelerate to 7-9% annually, reaching 18,000-20,000 individuals by 2028. This surge is expected to significantly boost demand for luxury services, including private aviation.

2. Expansion of Tier 2 and Tier 3 Cities

Economic Growth in Smaller Cities to remain higher: As of FY24, India has over 125,000 recognized start-ups, with more than 45% originating from Tier 2 and Tier 3 cities. With increasing economic activities in Tier 2 and Tier 3 cities, private aviation is becoming more relevant. Business executives and entrepreneurs from smaller cities are seeking faster travel options to connect with larger economic hubs.

Limited Commercial Flight Connectivity: Commercial airlines do not always serve smaller cities frequently, making private jets an attractive option for quick travel. Moreover, private jets are increasingly used for quick access to commercial hubs like Mumbai and Delhi from cities with poor commercial flight connectivity.

3. Government Initiatives and Policies

The Indian government is rapidly developing airport infrastructure through schemes like UDAN (Ude Desh ka Aam Naagrik), with over 350-400 operational airports planned by 2026. This development opens more regional airports for private jet operators, especially in Tier 2 and Tier 3 cities. Infrastructure improvements under the UDAN scheme, coupled with the construction of smaller airports, are making private jet travel more feasible and attractive for business leaders and high-net-worth individuals in previously underserved regions.

4. Emerging Business Models

Jet-Sharing Platforms: Companies offering fractional ownership or jet-sharing services, like those seen in the U.S. and Europe, are starting to emerge in India. These models make private jet travel more affordable for a wider base of users.

On-Demand Charter Services: Growing app-based, on-demand private jet charter services make it easier to access private jets at short notice, appealing to both business travellers and leisure travellers.

5. Corporate Travel Demand

Corporate Jet Charters: Many companies are increasingly choosing private jet services for senior executives, reducing travel time, and increasing productivity. According to sources, more than 60% of private jet charters in India are booked for business purposes. The fast-paced nature of the tech industry and the need for rapid decision-making makes private jets a crucial tool for travel between meetings, conferences, and international business engagements.

Mergers and Acquisitions: The rising number of cross-border mergers, acquisitions, and partnerships will likely fuel demand for more frequent, time-efficient travel. In last two years, India saw around more than $100 billion in cross-border deals, prompting more frequent and rapid international business travel.

6. **Growth in Medical Evaluation and Specialized Charters**

Increase in Medical Charter services: Private jets are being increasingly used for medical emergencies and evacuations, especially after the COVID-19 pandemic. In 2022, India saw a 30% rise in the demand for air ambulance services, with private jets providing quicker access to specialized treatment across regions.

7. **Rising Infrastructure Investments in the Aviation Sector**

Development of Business Aviation Terminals: The Indian government is encouraging private aviation with the development of specialized business aviation terminals in major airports like Mumbai and Delhi, making the process more streamlined for private jet passengers.

5 Assessment of Ultra High Net Worth Individuals

5.1 Overview and review of UNHWIs

Ultra-High-Net-Worth Individuals (UHNWI) are individuals or families with exceptionally high levels of wealth. They are generally defined as those having a net worth of $30 million or more in investable assets, excluding personal assets and property like their primary residence. As of 2023, globally there are around 625,508 UNHWIs.

Key Characteristics of UHNWIs:

Global Presence: UHNWIs typically have global investment portfolios, business interests, and properties across multiple countries.

Sophisticated Financial Needs: Due to the complexity of their wealth, they often require tailored financial services, including estate planning, tax strategies, philanthropy, and family office management.

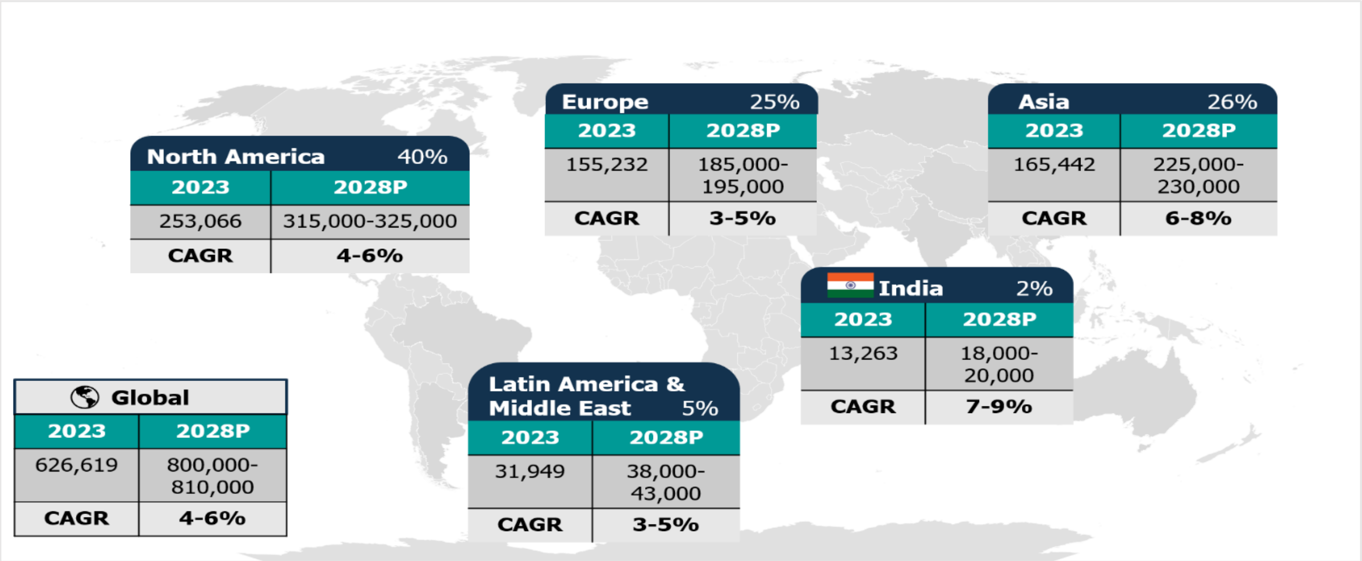
Luxury Lifestyle: They frequently invest in luxury assets such as yachts, private jets, high-end real estate, and art collections.

Exclusive Investment Opportunities: UHNWIs often have access to private equity, venture capital, and bespoke investment deals unavailable to the broader public.

5.2 Forecast of UNHWIs

While North America currently leads with 40% of the global UHNW population, India is projected to experience the fastest growth among UHNWIs over the next 4-5 years. With a CAGR of 7-9%, India's UHNW population is expected to reach 18,000-23,000 by 2028. This rapid increase in wealth accumulation among India's UHNWIs and their demand for flexible, high-end travel solutions is poised to further drive the private jet market, as these individuals seek tailored, efficient travel options that align with their lifestyle and global business interests.

Chart 26: Review and Forecast of UHNWIs globally and India



Source: Knight Frank: The Global wealth Report from EMIS Professional Database, CareEdge Research; figures in absolute; P: Projected; % denote market share

6 Assessment of cost comparison for Private Jet v/s Commercial Airlines

A cost comparison between private jets and commercial airlines highlights the trade-off between convenience and price. While private jets cost significantly higher due to aircraft ownership or charter fees, maintenance, crew salaries, and fuel, they provide unmatched flexibility, time savings, and privacy. For ultra-high-net-worth individuals and business executives, the benefits of direct routes, customized schedules, and reduced waiting times can often justify the premium.

However, when comparing costs, first-class tickets on commercial airlines can approach or even exceed the cost of flying on a private jet for short-haul routes. While private jets have high operating costs, they allow passengers to pay for the entire aircraft, often accommodating multiple travelers at a comparable price per person to first-class seats on commercial flights. For frequent travelers, groups, or executives prioritizing privacy and flexibility, the cost of a private jet can be an attractive alternative to first-class commercial options, providing greater value for a more tailored travel experience.

Table 4: Assessment of cost between private jet and commercial airline

Parameter	Private Jet (13-seater)	Commercial airlines (First-class)
Route: Chennai – London – Chennai [Round Trip]		
Cost Price Per person (Rs)	800,000	904,717
Ground handling charges (Rs)	115,385	-
Crew Accommodation & Transportation	19,231	-
Taxes and Surcharges (Rs)	168,231	198,952
Total cost per pax (Rs)	**1,102,846**	**1,103,669**
Mode of Flight	Direct	With one stop
Flight duration for one side (approximate)	10-12 hours	15-17 hours
Meal Allowance (Rs)	Upto 25,000	Free meal from service company
Flexibility	People can opt the service as per their time and convenience	The person is bound to follow the time scheduled by the airline
In-flight entertainment (audio/video)	Available	Available
Privacy	Entire aircraft is booked irrespective of the number of travelers	Limited privacy as the passenger is allotted with a specific seat
Accessibility	Travelers get a separate privilege to different check-in and check-out points which doesn't involve waiting	Travelers need to follow the queue as per the standard airline

Source: CareEdge Analysis; pax refers to passenger

Note: Private jet costs considered based on quotations received from FlySBS Aviation Pvt Ltd

The assessment highlights significant advantages for private jet travel over first-class commercial flights in terms of both cost and convenience. While private jets are often perceived as more expensive, the total cost per person for a private jet (Rs 1,102,846) is notably lower than that for a first-class commercial flight (Rs 1,103,669). This difference is largely due to higher ticket prices associated with the commercial option.

Moreover, private jets provide a direct route, cutting the travel time down to approximately 10-12 hours compared to the 15-17 hours required for a one-stop commercial flight. With substantial time savings, private jets become an efficient choice, providing better value, convenience, and exclusivity for discerning travelers

7 Threats and Challenges for Private Jet Industry

The private jet industry, while poised for growth, faces several threats and challenges that could impact its future expansion. Below are some key issues:

1. **High Operating Costs**

Fuel Prices: Volatile and rising fuel prices can significantly increase operational costs, making private jet travel more expensive.

Maintenance and Crew Costs: Private jets require constant maintenance, skilled pilots, and cabin crews, which can be a financial burden, especially for smaller operators.

Import Duties and Taxes: In regions like India, high import duties on aircraft, spare parts, and taxes on aviation fuel can drive up costs, reducing profitability.

2. **Regulatory Challenges**

Stringent Regulations: Complex regulatory frameworks around aircraft ownership, leasing, and operation can make it difficult to start or expand a private jet business. For instance, importing jets or getting operational permits can be time-consuming.

Airspace Restrictions: Restrictions on airspace usage, especially in congested zones, can create operational delays and logistical challenges for private jets.

Airport Infrastructure: Limited infrastructure for private jets in smaller airports (limited parking slots, hangars, or fueling facilities) can restrict access to certain regions.

3. **Environmental Concerns**

Carbon Footprint: Private jets are often criticized for having a disproportionately high carbon footprint per passenger compared to commercial airlines. This has led to increasing scrutiny from environmental groups.

Pressure for Sustainability: There's growing pressure on the industry to adopt greener practices, such as using Sustainable Aviation Fuel (SAF) or developing electric jets. However, these technologies are still expensive and in the early stages of development.

Regulatory Push for Emission Reduction: Governments might introduce stricter emission control policies or impose carbon taxes on private aviation, increasing operational costs.

4. **Economic Downturns**

Cyclical Demand: The demand for private jet services is closely linked to the overall economy and wealth creation. Economic downturns or market crashes can reduce corporate travel and luxury spending, significantly affecting the demand for private aviation.

Liquidity Crunch: Economic slowdowns can lead to fewer high-net-worth individuals willing to invest in or charter private jets.

5. **Safety and Security Concerns**

Terrorism and Hijacking Risks: Although private jets are perceived as safer, they can still be vulnerable to security risks such as hijackings or terrorist threats, especially if adequate security measures are not in place.

Aircraft Maintenance and Safety Protocols: Any failure to maintain stringent safety protocols can lead to accidents, damaging the industry's reputation.

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