



PRESS RELEASE

IFSCA issues consultation paper on proposed Aircraft Leasing Regulations

India is poised to become the 3rd largest aviation market in the world by 2022. In January 2019, India's Ministry of Civil Aviation published a report, 'Project Rupee Raftar', that provided roadmap to developing an aircraft financing and leasing industry in India. The report identified International Financial Services Centre (GIFT city) for developing aircraft leasing and financing eco-system in the country.

The Hon'ble Finance Minister, in her Budget speech in July 2019, stated, "The time is ripe for India to enter into aircraft financing and leasing activities from India shores", this is critical for "development of self-reliant aviation industry" and creating, "aspirational jobs in aviation finance, besides leveraging the business opportunities available in India's Financial Special Economic Zone namely, International Financial Services Centre (IFSC)."

On October 16, 2020, Government of India, on the recommendation of IFSCA, had notified 'Aircraft lease which shall include operating and financial lease and any hybrid of operating and financial lease of aircraft or helicopter and engines of aircraft or helicopter or any part thereof' as a financial product under International Financial Services Centres Authority Act, 2019.

Considering, Aircraft leasing is a relatively new industry in India and Aircraft Leasing related regulations are different across various financial centres, IFSCA has prepared draft regulations for Aircraft Leasing and in order to get inputs from stakeholders as well as public comments.

Many global leasing entities have shown interest to set up leasing entity in IFSC in India as it provides them direct reach to one of the fastest growing aviation markets in the world. Domestic Airlines have also shown interest to undertake these transactions from IFSC in India as it provides them easy access to global lessors.

Draft regulations have been uploaded on the IFSCA website at the URL: <https://www.ifsca.gov.in/PublicConsultation>

Based on the comments from public, authority would finalize the regulations and provide framework for Aircraft leasing entities to set up operations in IFSC.

Gandhinagar

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