AIR INDIA TO INDUCT 15 AIRBUS A320S ON LEASE TO ENHANCE CAPACITY

News / Airlines

National carrier Air India would lease 15 Airbus A320s as it seeks to enhance capacity on the rapidly growing domestic market, which has seen over 20 percent growth in the recent months.

The carrier is expected to invite global tenders for the dry-leasing of these aircraft shortly, airline sources said.

The induction of these aircraft, which is likely to commence from the second quarter of the next calendar year, would be in addition to 14 A320 neos that Air India is leasing to replace the classic A320s, sources told PTI.

"Domestic market is growing exponentially but somehow Air India has not been able to keep pace with this growth. On the contrary, our market share has only shrunk during this period," sources said.

The decline in market pie is more because of the capacity constraints, they said adding, "Therefore, we have decided to induct more planes on the domestic routes not only to stem slide in the market share but also increase it as well."

Domestic air passengers traffic logged a 20.1 percent growth in the January-September period of this calendar year as 11 Indian carriers together flown 590.21 lakh passenger during the period as against 491.44 lakh a year-ago.

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Air India has, however, seen a slump in its market share during this period, which stood at 15.9 percent in September as against 18.7 percent in January.

Sources said that the airline has already secured its board's approval for leasing of these 15 narrow-body A320s.

The carrier has, however, yet not decided whether it should go for A320 NEOs (new engine option) or A320 CEOs (current engine option).

Air India has already signed a deal for the dry leasing of 14 A320 neos with the Kuwaiti lessor, Aviation Lease and Finance Company.

These jets, which are to be inducted in the fleet between April 20117 and March 2018, would replace the classic A320s, most of them are as old as 18-years.

Besides, the carrier has also inducted five sharklets-equipped A320 ceos, leased from China Aircraft Leasing Company as part of its classic A320 phase out plan.

Besides, the airline is also in discussion with global engine suppliers Pratt & Whitney and CFM for supplying engines for these planes, they said.

Air India currently has 63 narrow-body planes comprising A319s, A320s and A 321s. Some of these A320s are as old as 26 years. Lessors generally charge an airline between 0.85 to 1 percent of the aircraft's list price(aircraft cost) as rental per month.

As per the new prices announced by Airbus this year, an A320 list price stands at US$97 million and A320 Neo at US$106.02 million.

While the A320 Ceos are 180-seater planes, the A320 neo will have 236 seats, the official said. On the impact of the oil price fall on the airline, he said the airline saved Rs 2,000 crore on this count so far.

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