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Business of private jet companies budding, but not booming in India

15 Sep, 2013, 0659 hrs IST, Binoy Prabhakar, ET Bureau



For India Inc's captains, private jets is more of a necessity. But it isn't always a smooth flight. Fortuitously, it is not only the Ambanis and Tatas who are flocking to these aircraft.

Every expression on the face of Thomas Flohr, founder and chairman of VistaJet Holding SA, bore the stress and strain of a nearly 10-hour flight when he showed up in New Delhi on a recent Thursday morning. He has barely had time to shower. He is still looking to grab a bite three hours after landing. Flohr's flight to India in a Global 6000, one of the London-based luxury air-charter company's 37 Bombardier jets, was delayed by an hour after a client in Spain insisted they meet the previous night.

Flohr's schedule — meetings with potential clients and journalists — has gone astray, but he is not complaining. This flexibility, he says, is why chartering a private jet makes better sense than flying a commercial airline. "Everything an airline does is driven to be on time. Everything we do is driven to be flexible."

Flohr had landed in India to make a big splash. The country, he says, is "absolutely important" for VistaJet — which placed the largest single transaction in the history of business aviation when it ordered 56 Globalseries aircraft from Bombardier last November — from two standpoints.

One is India's proximity to China, South East Asia and the Middle East, a geographical setting that renders cost benefits to a company that targets corporate customers and wealthy individuals travelling point-to-point with wide-cabin (8-20 seaters), longrange aircraft (connecting London with Tokyo or New York with Hong Kong). If VistaJet were to send a plane to a client in Hong Kong, it would take eight hours from Nairobi or Dubai, but only four hours from India. The second is the market itself. In recent years, a steady stream of promoters and executives from India has been travelling to their factories located in Australia, Africa, Europe and the US.

Boom Time

Flohr believes business aviation in India is on the cusp of the next phase of growth because the number of such travellers — "their DNA is very global" — is poised to rise dramatically. It is a sentiment shared by VistaJet's principal competitor, NetJets, a unit of Warren Buffett's Berkshire Hathaway Inc. In 2011, Buffett hosted a NetJets event in Delhi with business leaders to discuss business aviation, among other subjects.

NetJets already has a growing number of customers in India, both businesses and individuals, who are flying privately in and out of the country. "India is an important country for us and we are examining options for establishing operations here," says Thomas Hoyt, head of corporate communication, NetJets. Indeed, for these two companies, there couldn't have been a better time than now to enter India.

In August, aviation regulator Directorate General of Civil Aviation (DGCA) barred Indian companies that offer private jets on charter from flying abroad to comply with a safety audit by the UN's International Civil Aviation Organization (ICAO). Under the new standards laid down by ICAO, every non-scheduled operator (private jet and helicopter companies) in India must apply afresh with the DGCA and have their operations reviewed.

Expectedly, Rohit Kapur, president of Business Aircraft Operators Association (BAOA), the umbrella body representing private jet owners in India, does not share the exuberance of Flohr. Kapur is upset that the DGCA has thrown a 256-page document at the private jet industry in India and is "sitting on applications". "It will take at least six

months before every operator can fly abroad again because of the DGCA's staff crunch," he says.



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