



KNOWLEDGE PAPERS

Series 2/2021



Knowledge Paper: Developments in the Regulatory Framework for Aircraft Leasing and Financing in India

India is the world's 3rd largest domestic aviation market after China and the USA and is currently the fastest growing. Though India leases 85% of its fleet, there are no Indian leasing companies in this global industry. This must change for India to strengthen its aviation capabilities. India must leverage its growing air traffic to establish a robust aircraft leasing industry, which would finance new aircraft deliveries through its own policies and products. Aircraft Leasing & Financing sector in India has the potential to contribute to the growth of the economy in the form of higher tax revenue collections, new employment opportunities and aordable air travel for citizens. Aircraft financing is the most profitable segment of the aviation value chain. Currently, foreign financiers and lessors are the biggest beneficiaries of India's growing opportunity. The time is ripe to align India's aircraft / engine rupee-financing and high-value asset leasing regime with the jurisdictions holding global center-stage like Ireland, Singapore, the US, and China. In this regard, the Ministry of Civil Aviation and the IFSC Authority in collaboration with GIFT- City and FICCI organised an India Aircraft Leasing Summit with the theme Rupee Raftaar on Friday, 26th February 2021. To promote aircraft leasing and financing, IFSCA has been formed and the government is setting up the frameworks to add India on the map of global financial centers for international financial services.

<https://ficci.in/publication.asp?spid=23464>



Aircraft leasing in India: Ready to take off

The aviation industry has shown robust growth in a dynamic environment, demonstrating its underlying strength and the value of air travel. The Indian aviation industry has seen unprecedented double digit growth in the past few years. In order to make India an aviation hub and develop the aircraft leasing and financing business in India, a Working Group on Developing Avenues for Aircraft Financing and Leasing Activities in India was constituted by the Ministry of Civil Aviation in May 2018. The Working Group had identified the International Financial Services Centre (IFSC) in Gujarat International Finance Tec-City (GIFT City) as the location to onshore the offshore aviation leasing business in India. The International Financial Services Centres Authority (IFSCA) has also issued a framework for aircraft leasing in the IFSC and various measures are under consideration. The Ministry of Civil Aviation in collaboration with FICCI organised an India Aircraft Leasing Summit with the theme Rupee Raftaar on Friday, 26th February 2021. It is believed that the stage has now been set for the aircraft leasing business to take off in the country. The recent tax and regulatory changes seek to bring India on par with the leading regimes. With tremendous focus and support from the Central Government, India's aircraft leasing market is only set to become stronger and more attractive.

<https://ficci.in/publication.asp?spid=23463>



Knowledge report on Leasing & Financing Aircraft in India

India is emerging as a major hub for aviation in the world. The Government of India recognizes the potential for developing an industry for aircraft leasing and financing in India involving institutional investors. Globally, aircraft leasing and financing business is undertaken from international financial centers that offer a competitive regulatory framework and economic incentives to support the high value asset leasing and financing business. The Government has identified the IFSC at GIFT City in Gujarat, which has an offshore status for financial services, as a viable platform to provide a favorable legal and regulatory regime and host a globally competitive aircraft leasing and financing hub in India. The Ministry of Civil Aviation and the IFSC Authority in collaboration with GIFT- City and FICCI organised an India Aircraft Leasing Summit with the theme Rupee Raftaar on Friday, 26th February 2021. The report highlights the recent legal and regulatory reforms enabling aircraft leasing activity in India and the benefits of transacting out of the IFSC in GIFT City as compared to the global market leader Ireland. The recent changes have removed several bottlenecks to initiating aircraft leasing business and provide various tax incentives, competitive financing options, ease of compliance and a framework to implement globally used efficient structures. It is hoped that the proposed exemptions and incentives would help in creating an attractive ecosystem for aircraft leasing and financing in India.

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Did You Know? Common Items Regulated under SCOMET

It is FICCI's belief that an aware, informed, and compliant Industry is the first line of Defence against proliferation. The Did You Know: Common Items Regulated Under SCOMET is part of FICCI's efforts in sensitising Indian industry on the fine line between the common and Dual Use application of an item. The industry resource is an informative document containing details of common items that appear mundane but are in fact Dual Use and are controlled under SCOMET categorization. The document is meant to act as a training resource for organisations to help minimise the risk of proliferation of Dual Use items. The document will be used as part would be used as a reference document for future Outreach programmes on export control and will be very useful for those industry people who are starting to, or looking to export of dual use items, especially MSMEs.

<https://ficci.in/publication.asp?spid=23472>



Industrial Safety Improvement Audit as per IS 14489 – Code of Occupational Safety and Health

Industrial Safety Audits are essential to evaluate the effectiveness of the existing safety and health management system, suggest improvements, recommendations for implementation by the management. Besides management systems audit, technical aspects of plant activities namely Storage, Handling, Transportation of Hazardous Substances, Emergency Preparedness, Process & Operational Safety Review, Testing & Examination of Plant Equipment, Hygiene, Housekeeping, Waste Disposal System, Electrical, Fire Prevention and Control System etc. are audited. Environment, Health & Safety (EHS) Audits or Industrial Safety Audits is carried out as per the checklist under IS 14489, Factories Act, 1948, State Factories Rules, EPA Act, 1986 & Rules etc. A thorough survey of various applicable statutes, codes of practices, standards & technical literature is done prior to the field visit. A detailed Recommendations/Action Plan is prepared based on the 'Audit Findings'. The action plan contains suggestions for improvements/ implementable schemes/ best practices / technologies/ innovative solutions for improving Electrical, Fire, Occupational & Health Safety, Emergency Preparedness and Response Plan measures. FICCI Industry Members could also avail this service offered by Resource Conservation & Management (RCM) Division of FICCI.

<https://ficci.in/publication.asp?spid=23443>



Creating an ecosystem for increasing water use efficiency in Agriculture

FICCI PwC Knowledge Report on "Creating an ecosystem for increasing water use efficiency in Agriculture" was released on 23rd March, 2021 during Inaugural session of 2nd edition of FICCI National Summit on "Investing in future through Sustainable water use management in Agriculture". Report proposes solutions for efficiently implementing the existing schemes and measures that would assist in the greater adoption of sustainable water-use management practices amongst small and marginal farmers, and other stakeholders in the agriculture sector. This report will certainly improve understanding on how to build water efficient agriculture value chain, particularly in the context of future demand for water in agriculture sector.

<https://ficci.in/publication.asp?spid=23451>



Combat COVID-19: Guide Towards Prevention and Effective Home Treatment of COVID-19

FICCI developed a guide 'Combat COVID-19: Guide Towards Prevention and Effective Home Treatment of COVID-19' for prevention and effective home treatment of COVID-19. It highlights preventive measures, detection methods of COVID-19, vaccines available in India, precautions to be followed before and after getting vaccinated, symptoms of COVID-19 and ways to self-monitor at home. The guide provides a brief understanding of necessary precautions to be followed, importance of healthy diet and most importantly breathing techniques. The document is shaped by guidelines issued by the Government which will prove to be helpful for home treatment of mild COVID cases.

<https://ficci.in/publication.asp?spid=23482>



India: A global manufacturing hub for chemicals and petrochemicals

The global chemical industry has witnessed a change over the last decade owing to dependency on fossil fuels. Climate change goals are expected to alter the way the industry develops and present chemical companies with the opportunity to explore new growth areas. India is poised to emerge as a global chemical and petrochemical manufacturing hub. This report highlights the importance of chemicals and petrochemicals in the manufacturing sector and the Indian economy. The Government's progressive efforts to promote investments in the chemical industry and improve the Ease of Doing Businesses have also been highlighted in this report.

These Government initiatives will catalyse the growth of the industry in the next five years, helping to transform India into a global manufacturing hub for chemicals and petrochemicals. The Department of Chemicals and Petrochemicals, Government of India, and FICCI jointly organised the eleventh edition of India Chem 2021, held from 17–19 March 2021 with 'India: A global manufacturing hub for chemicals and petrochemicals' as its theme with PwC as the Knowledge partner.

The mega event attracted over 100 exhibitors and more than 7,000 business visitors from India and abroad. The theme is appropriate for India Chem 2021, as on the one hand, the initiatives to improve infrastructure through petroleum, chemicals and petrochemicals investment regions (PCPIRs) and chemical clusters are gaining momentum and on the other hand, global players are looking at India to reduce their dependency on China. The Government of India has launched flagship programmes such as Make in India and the Aatmanirbhar Bharat Abhiyan to provide much-needed support to this sector and create a facilitative environment to attract further investments.

<https://ficci.in/publication.asp?spid=23452>

The Future Workplace



This report on "Charting the future of offices in India" studies the prospects of office spaces in the aftermath of Covid. Offices, which were considered a top asset class until a few months before the pandemic struck, witnessed a decline in net absorption across the top six Indian cities by 42.8% on a year-on-year basis, owing to stringent lockdowns and social distancing measures.

The report also reflects a positive sentiment towards few sectors growth, Technology (IT-BPM) engineering & manufacturing sectors, which will drive the demand in 2021. Technology companies will broaden their office portfolio over the next three years, as demand for artificial intelligence, machine learning, and robotics is expected to grow significantly, and Indian talent is being considered favourably for high-end R&D activities. With the significant growth of E-commerce and data centers across the country, investors to take a strong interest in data centres as they offer net yields of about 17% per annum.

<https://ficci.in/publication.asp?spid=23478>



Manufacturing Excellence in India - Current & Future

FICCI and EFESO Consulting (India) jointly launched a national level survey in Q4- 2020 to explore the current status of manufacturing excellence in India and its preparedness to face the challenges of imminent future. The survey was designed to cover three axes of Manufacturing Excellence viz. "Process – Human Dynamics – DigiTech". Through a range of questions, the survey tried to understand the maturity of the Manufacturing Excellence journey in Indian organizations, as well as exploring the barriers they face and the solutions they have adopted. The survey received over 150 responses from Industry leaders across manufacturing sectors. The key findings of the survey are summarized here:

- 50% companies adopt either of structured operational excellence methodology such as TPM, TQM, WCM, etc.; while only 13% are leveraging digital technology to predict product, equipment, and process failures;
- 41% companies have adopted traditional Key Performance Indicators (KPIs) to ensure people work towards company objectives, while only 6% understand Key Activity Indicators (KAI);
- 5S practices are most prevalent across companies, yet only 30% use Anomaly Tagging – De-tagging, VSM and Poka-Yoke in their organizations;
- 51% companies feel that development of new skills is a major roadblock in their manufacturing excellence journey;
- 27% companies are using sensors for reliably collecting data from diverse sources; while 18% have all assets monitored in real-time with negligible delay.

<https://ficci.in/publication.asp?spid=23473>



FICCI Booklet on Break the Chain orders and FAQ

FICCI Maharashtra compiled a report on Lockdown orders of state of Maharashtra along with Local and district level announcements. The document also gave details of point person in each district and Mantralaya for addressing issues of industries in functioning of manufacturing units as well as logistical issue. The objective of publishing this document was to give ease of access and quick reference guide to all the members for Maharashtra.

<https://ficci.in/publication.asp?spid=23476>



Boosting Growth of India's Maize Ecosystem

FICCI in collaboration with Yes Bank has developed a Knowledge report "Boosting Growth of India's Maize Ecosystem-Key Imperative". The Report attempts to identify the critical pain points faced by the stakeholders across the maize supply chain and suggest specific action steps. These steps, if implemented, can significantly boost growth of the maize sector. It is our strong belief that this report will be a useful reference point for co-creating a meaningful roadmap and pathway that can boost growth, development and prosperity of all stakeholders across the Maize ecosystem.

<https://ficci.in/publication.asp?spid=23479>

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