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Government of India

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May 2026

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RAMMOHAN NAIDU KINJARAPU

सत्यमेव जयते

नागर विमानन मंत्री
भारत सरकार
Minister of Civil Aviation
Government of India



MESSAGE

India's civil aviation sector today stands at a defining juncture where scale, sustainability and strategic financing are converging to position India as a global aviation hub. Under the visionary leadership of Hon'ble Prime Minister Sh. Narendra Modi Ji, regulatory and fiscal reforms have enabled the country to rise as the third-largest domestic aviation market.

We are charting an ambitious growth path from 74 airports in 2014 to 165 today, with a Viksit Bharat vision of over 350 airports by 2047. Daily domestic passenger traffic has surpassed the 5-lakh mark multiple times in last three years and annual passenger traffic is projected to cross 1 billion by 2047.

For addressing the critical bottleneck of aircraft availability, India's aircraft leasing and financing ecosystem has been aligned with global standards through enactment of the landmark reform, Protection of Interests in Aircraft Objects Act 2025. I also had the honour of laying the Aircraft Object Rules in both houses of parliament during the Budget Session 2026. Through implementation of Cape Town Convention, we have provided legal certainty to the lessors, reducing the leasing cost for Indian carriers by 8-10%.

Along with strengthening investor confidence, the Government is committed to position India as an aviation leasing hub through the GIFT International Financial Services Centre (IFSC). Over 400 aviation assets including more than 200 aircraft, have already been leased through GIFT IFSC, signalling global confidence in India's evolving aviation financing ecosystem. To further strengthen the leasing framework, Union Budget 2026–27 has extended tax holiday period for eligible entities from 10 to 20 years with concessional post-holiday rate.

Building on the encouraging momentum, India Aircraft Leasing and Financing Summit 2026 is being organized. It will provide a vital platform for global representatives from airlines, aircraft operators, lessors, banking and finance companies and other key stakeholders. I am confident that the deliberations will advance India's position in the global aviation financing landscape and extend my best wishes for grand success of the Summit.

(Rammohan Naidu Kinjarapu)

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मुरलीधर मोहोळ
MURLIDHAR MOHOL

राज्य मंत्री
नागर विमानन एवं सहकारिता
भारत सरकार
Minister of State for
Civil Aviation and Cooperation
Government of India



Message

India's aviation sector is expanding at an unprecedented pace, and this growth is increasingly supported by the development of a strong and enabling financial ecosystem. In this context, the emergence of GIFT International Financial Services Centre (IFSC) represents a significant step towards building domestic capabilities in aircraft leasing and financing.

GIFT IFSC has evolved into a dynamic platform that brings together regulators, financial institutions, and aviation stakeholders within a globally competitive framework. The ecosystem has witnessed steady operationalization, with leasing entities, banking units, and airline participation contributing to its growing maturity.

A range of targeted policy measures has been instrumental in this progress. These include rationalized tax structures, facilitative regulatory mechanisms, and simplified procedures for aircraft acquisition and leasing. Such initiatives have not only improved ease of doing business but have also positioned India as an increasingly attractive destination for aviation finance activities.

Importantly, the development of GIFT IFSC reflects a coordinated approach involving multiple stakeholders, including the Central Government, financial regulators, and the state-level ecosystem. This integrated model is enabling faster decision-making improved investor confidence, and greater alignment with global best practices.

The India Aircraft Leasing and Financing Summit 2026 serves as a valuable platform to further strengthen this ecosystem by fostering dialogue between policymakers, industry leaders, and global investors. It also provides and opportunity to assess progress and identify areas for future growth.

As India continues to scale new heights in aviation, strengthening such institutional and financial frameworks will be critical in supporting long-term, sustainable expansion of the sector

I extend my best wishes for the success of the Summit.

(Murlidhar Mohol)

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Secretary

सत्यमेव जयते



भारत सरकार
नागर विमाननू मंत्रालय
GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION

Dated : 27th April, 2026

MESSAGE

India's civil aviation sector continues to demonstrate strong growth, driven by expanding connectivity, rising demand, and sustained policy interventions. In this context, the development of a robust aircraft leasing and financing ecosystem has emerged as a key enabler for supporting the sector's long-term expansion.

GIFT International Financial Services Centre (IFSC) has steadily developed into a functional platform for aviation financing, supported by an evolving institutional and regulatory framework. The ecosystem has witnessed increasing participation from both domestic and international stakeholders, including airlines, leasing entities, and financial institutions.

Aircraft financing activity through IFSC structures has gained traction, with significant capital deployment facilitated by both IFSC banking units and other financial institutions. The participation of leading global and domestic banks reflects growing confidence in the regulatory and operational framework being established.

Policy interventions by the Government have focused on addressing structural challenges and improving the overall ease of doing business. These include rationalization of tax frameworks, provision of targeted incentives for IFSC units, and the introduction of a robust legal architecture aligned with international conventions through the *Protection of Interest in Aircraft Objects Act, 2025*. Together, these measures have contributed to enhancing investor confidence and strengthening the ecosystem.

At the same time, continued efforts are required to deepen the market by expanding access to competitive financing, encouraging greater participation from domestic financial institutions, and aligning regulatory practices with evolving global standards. Strengthened industry–government engagement will remain critical in this process.

The India Aircraft Leasing and Financing Summit 2026 provides a timely platform to deliberate on these priorities and to identify actionable pathways for further strengthening the ecosystem. I am confident that the deliberations at the Summit will contribute meaningfully to advancing India's capabilities in aircraft leasing and financing.

(Samir Kumar Sinha)

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K.Rajaraman
Chairperson

सत्यमेव जयते
Government of India



MESSAGE

India's aviation sector is on a trajectory of unprecedented expansion, with Indian carriers having placed one of the largest cumulative aircraft orders globally and the addressable leasing market over the next two decades estimated at nearly USD 100 billion. GIFT IFSC has been positioned as the primary platform to anchor this growth within a robust domestic financing architecture.

The notification of aircraft leasing as a financial product under the IFSCA Act marked a fundamental shift in India's aviation finance regime. By bringing operating leases, finance leases and hybrid structures within a unified, principles-based regulatory framework, IFSCA has provided the regulatory clarity and legal certainty that international lessors seek. GIFT IFSC, as of March 2026, hosts 40 aircraft lessors with 198 aircraft and 88 engines leased through IFSC-based structures, and the execution of India's first JOLCO transaction alongside landmark wide-body deals demonstrates that the platform now supports complex, cross-border, creditor-driven structures.

Foundational legal and fiscal reforms have reinforced this momentum. The Protection of Interests in Aircraft Objects Act, 2025 gives full statutory effect to the Cape Town Convention, materially reducing jurisdictional risk. The Union Budget 2026 further extended the tax holiday to 20 consecutive years within a 25-year block, introduced a concessional 15 per cent post-holiday rate aligned with OECD BEPS Pillar Two, and required IFSCA concurrence before invocation of GAAR against IFSC entities collectively placing GIFT IFSC in the same effective tax band as established global leasing hubs.

The next phase of development encompassing the TCSP–SPV framework, bankruptcy-remote Orphan SPV structures, capital markets deepening, MRO expansion and specialised talent development will evolve GIFT IFSC from a leasing location into a complete aviation finance ecosystem. The India Aircraft Leasing and Financing Summit 2.0 2026 is a timely platform to deliberate on these priorities, and I extend my best wishes for its success.

6/5/2026
(K. Rajaraman)

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Mr. Juergen Westermeier
Chairman – FICCI Civil Aviation Committee and
President & MD, Airbus India & South Asia



MESSAGE

India's aviation growth story is now entering a phase where scale must be matched by capability. With one of the world's largest aircraft order backlogs and a leasing dependence significantly higher than global averages, the question is no longer about demand—but about where the value is created.

Aircraft leasing is central to this shift. It enables airlines to grow efficiently and determines where capital, expertise and financial returns are anchored. For India, this presents a strategic opportunity to move from being primarily a consumer of leasing services to becoming an active participant in the global aviation finance ecosystem. The progress made through GIFT IFSC is an important step in this direction. The evolving regulatory and fiscal framework is beginning to create the conditions necessary to attract long-term capital and global participation.

However, global experience shows that success in this sector is built not only on incentives but also on consistency, ease of doing business, and investor confidence. As the sector evolves, the focus must now shift towards deepening the ecosystem -- expanding access to financing, enabling domestic capital participation and building capabilities across the aviation value chain. This will be critical to ensuring that India captures a greater share of the economic value generated by its aviation growth.

The India Aircraft Leasing and Financing Summit 2.0 provides a timely platform to move this agenda forward through focused dialogue and practical outcomes. FICCI remains committed to facilitating this process by strengthening industry–government collaboration and supporting the development of a globally competitive aviation financing ecosystem.

I extend my best wishes for the success of the Summit.

(Juergen Westermeier)

Industry's Voice for Policy Change

Foreward

The Ministry of Civil Aviation, Government of India (MoCA), jointly with the Federation of Indian Chambers of Commerce & Industry (FICCI) and the International Financial Services Centres Authority (IFSCA), is organising the India Aircraft Leasing and Financing Summit 2.0 at GIFT City, Gandhinagar, Gujarat on 8 May 2026.

The Summit will serve as a platform to deliberate on the evolving opportunities and challenges in India's aircraft leasing and financing sector, while charting the next phase of growth for the ecosystem.

The Protection of Interest in Aircraft Objects Act, 2025 marks a landmark reform in India's aviation financing landscape, aligning the country's legal framework with global standards under the Cape Town Convention. This development significantly strengthens creditor confidence, enhances repossession mechanisms, and reduces risk premiums, thereby improving lease terms and lowering capital costs for Indian airlines.

India's aircraft leasing and financing ecosystem has made significant progress, supported by regulatory reforms, a competitive tax framework, and growing market activity. With Indian airlines placing one of the largest aircraft orders globally and a projected leasing market of nearly USD100 billion[1], the sector presents a strong opportunity for domestic value creation. However, as leasing demand continues to be largely met by foreign lessors, strengthening domestic financing capabilities will be key to reducing foreign exchange outflows and enhancing strategic resilience.

This report provides an overview on the situation of commercial aircraft leasing in India, and the future scope of leasing. The report highlights the relevance of Gujarat International Finance Tec City International Financial Services Centre (GIFT IFSC) for aircraft leasing from India perspective, significant potential for growth in this sector, fiscal and non-fiscal measures taken so far for developing a robust leasing framework to support the growth of India's aviation industry.



1. India Aircraft Leasing and Financing Summit 2026 | Ministry of Civil Aviation

Table of Contents



1	India's expanding Aviation market: The structural role of leasing	10
2	Gujarat International Finance Tec-City International Financial Services Centre (GIFT IFSC) – the institutional platform for aircraft leasing	12
	- Background of GIFT IFSC	16
	- Broad Business Highlights as on December 2025 - GIFT IFSC	19
	- IFSC – aircraft leasing and financing	20
	- Landmark deals and transactions	23
	- Brief aircraft leasing regulatory framework in GIFT IFSC	26
3	Reforms delivered to strengthen India's leasing ecosystem	29
4	Advancing the Ecosystem: Enablers for the next phase of growth	34
5	Summary and way forward	36



1.
India's expanding Aviation market: The structural role of leasing

Aircraft acquisition is a highly capital-intensive activity in the aviation value chain, requiring significant upfront capital expenditure at the point of delivery. This challenge is compounded by the long economic life of aircraft, which typically ranges from 25 to 40 years[2] and necessitates financing structures capable of aligning capital outflows with operating cash flows over extended periods. Aircraft leasing addresses this requirement by spreading acquisition costs over the lease tenor, enabling timely induction of capacity without large upfront balance-sheet commitments, preserving financial flexibility, and allowing airlines to scale fleets in line with demand dynamics and network strategy.

This structural alignment between asset economics and airline operating requirements has established leasing as the dominant mode of aircraft financing globally, with over 70 per cent[3] of commercial aircraft fleet operating under lease arrangements. In India, reliance on leasing is even more pronounced, with approximately 85 per cent[4] of the scheduled commercial fleet operated under operating or finance leases. This reflects both the pace of growth in the Indian aviation market and airlines' preference for capital-efficient expansion amid increasing competitive intensity.

Despite this scale of leasing demand in India, aircraft leasing for Indian airline operations has historically been met by foreign lessors, with a significant concentration in established offshore jurisdictions such as Ireland[5]. These jurisdictions offer a combination of predictable tax regimes, investor-friendly legal frameworks, extensive tax treaty networks, and access to deep pools of specialised capital and expertise. As a result, leasing activity associated with Indian aviation has remained largely externalised. With typical annual lease rentals estimated at INR 7-8 crore per aircraft[6], this structure has led to significant and recurring foreign exchange outflows, constrained domestic participation in aviation finance, and limited India's ownership and control over strategically important aviation assets.

Over the past few years, however, India has begun laying the foundation for a domestic aircraft leasing ecosystem with policy, fiscal and institutional measures initiated to support leasing activity in the country. While this phase represents the initial contours of a long-term transition, it has enabled India to enter the next stage of growth with a more conducive and forward-aligned operating environment.

India's aviation sector has now reached a critical scale inflection. With more than 1,600 aircraft pending delivery[7] across leading Indian airlines, the magnitude and sequencing of planned fleet induction over the next two decades presents a substantial opportunity to internalise aircraft leasing and financing activity. The addressable market for aircraft leasing linked to Indian airline fleets over this period is estimated at approximately USD100 billion[8]. The details of aircraft deliveries pending for Indian airlines are shown in the figure below:

Figure 1: Aircraft pending deliveries by leading Indian airlines

Aircraft Pending Deliveries	Boeing			Airbus		Total
	737 Max	777x	787-9	A320 Family	A350 Family	
Indigo	-	-	-	841	60	901
Air India Group	168	10	19	300	44	541
Akasa Air	189	-	-	-	-	189
Total	386			1,245		~1,630

As India advances towards its long-term aviation ambitions under Viksit Bharat @ 2047, the ability to finance, own, and manage aviation assets through competitive domestic structures could assume increasing strategic importance. Realising this opportunity could depend on the availability of a predictable and competitive fiscal and regulatory framework, access to diversified and cost-efficient capital, and institutional capability to support leasing transactions across the full life cycle of aircraft assets. Strengthening a domestic leasing ecosystem therefore could be central to converting aviation scale into enduring financial capability and long-term sectoral resilience.

2. Industry estimates
3. Chart of the Week | IATA | 12 April 2024
4. Air India taps GIFT City Subsidiary for $300 Mn payment to Aircraft Lessors, Outlook Business, dated 17.04.2025
5. IQEQ Article on Ireland as global capital on aviation finance, FY 25
6. Industry estimates
7. Airbus (March 2026) and Boeing Orders and Deliveries
8. Industry estimates



2.
Gujarat International Finance Tec-City International Financial Services Centre (GIFT IFSC) – the institutional platform for aircraft leasing

Relevance of aircraft leasing

Aircraft leasing has emerged as one of the most strategically significant segments of global finance. Capital intensive by nature and embedded deeply within international financial markets, leasing is no longer a mere financing mechanism. It has evolved into a determinant of airline competitiveness, fleet modernisation, and balance sheet resilience. Globally, over 70 per cent[9] of commercial aircraft are leased rather than owned, underscoring airlines' preference for flexibility, capital efficiency, and risk management. Leasing allows carriers to scale capacity rapidly, manage cyclicality, and preserve capital, the advantages that have become central in an industry marked by volatile fuel prices, geopolitical risks, and recurring demand shocks.

India's paradox: High growth, offshore value capture

India represents one of the fastest growing aviation markets in the world, with sustained passenger growth and unprecedented fleet expansion plans. Yet, for decades, the financial value generated by this growth accrued largely outside the country. Indian airlines have historically relied on aircraft lessors and financiers domiciled in offshore hubs such as Ireland[10]. These jurisdictions developed sophisticated aviation finance ecosystems characterised by predictable regulation, tax neutrality, creditor friendly legal frameworks, and access to global capital. While this model efficiently supported Indian airlines growth, it resulted in structural capital outflows. Domestic capability building in aviation finance, asset management, and structured leasing remained limited. As Indian carriers placed orders running into the thousands of aircraft, the strategic case for a domestic aircraft leasing ecosystem became increasingly untenable. Continued dependence on offshore hubs risked reinforcing a structural imbalance between operational growth and financial value capture.



9. Chart of the Week | IATA | 12 April 2024
10. IQEQ Article on Ireland as global capital on aviation finance, FY 25

GIFT IFSC: A structural intervention

The emergence of aircraft leasing within GIFT IFSC marks a structural shift in India's aviation finance architecture. Crucially, GIFT IFSC was conceived not as a sector specific incentive zone, but as a systemic financial reform. Designed as a deemed offshore jurisdiction within India, it enables capital mobility, regulatory certainty, and global market access while retaining legal sovereignty.

For aviation finance, this design aligns international competitiveness with domestic institutional control, an alignment previously missing from India's financial ecosystem.

Regulatory transformation under IFSCA

A defining inflection point was the classification of aircraft leasing as a financial product under the International Financial Services Centres Authority (IFSCA) Act, 2019. This reclassification fundamentally altered India's aviation finance regime. Under IFSCA, leasing now falls within a unified financial regulatory structure.

This shift delivers several strategic advantages such as:

- Regulatory clarity and predictability for international lessors
- Consolidated supervision over leasing, financing, and asset management activities
- Legal certainty in enforcement, repossession, and dispute resolution
- Alignment with global aviation finance norms while operating under Indian law

By embedding aircraft leasing within a coherent financial services framework, GIFT IFSC addresses many of the structural deterrents that historically pushed leasing activity offshore.



Reclaiming economic value and building capability

Beyond tax efficiency or regulatory ease, the strategic significance of aircraft leasing at GIFT IFSC lies in its potential to reclaim economic value and build domestic institutional capability.

A mature leasing ecosystem creates demand for:

- Aviation focused legal and accounting expertise
- Risk management, credit analysis, and asset valuation skills
- Capital markets structuring and syndication
- Ancillary services such as technical management and remarketing

- Over time, these capabilities form the backbone of a sustainable aviation finance cluster, reducing dependence on external hubs and retaining high value financial activity within India.

Overall significance

Recognising the central role of aircraft leasing in sustaining airline growth, reducing capital costs and anchoring long-term financial capability within the country, the Government of India has undertaken a series of coordinated fiscal, regulatory and institutional reforms to establish India as a competitive location for aircraft leasing and aviation finance. These interventions have been anchored at GIFT IFSC, which has been designated as the primary platform for aircraft leasing and financing in India.



Background of GIFT IFSC



Introduction

GIFT City is a destination for domestic and international businesses seeking to establish operations in one of India's most advanced smart cities. Conceived as a financial and technological hub, GIFT City offers infrastructure, regulatory efficiency,
and a conducive business environment.

India's First International Financial Services Centre (IFSC)

Located in Gandhinagar, Gujarat, GIFT City is India's one of the first operational IFSC. Spread across nearly 1,000 acres currently and maybe further expanded in future[11], GIFT City represents India's ambition to create a globally competitive centre for financial products and financial services. GIFT City integrates urban planning with economic strategy, positioning itself as a rising alternative to established international hubs.

Global standard financial ecosystem

GIFT IFSC is treated as a deemed foreign jurisdiction under the Foreign Exchange Management Act (FEMA), 1999. This status enables cross border financial transactions in freely convertible foreign currency while remaining fully within India's legal and judicial framework, offering international flexibility and domestic legal certainty.

Strategic vision: Gateway for global capital and innovation

The Government of India envisions GIFT City as a gateway for international capital, innovation, and financial services. Its long-term mission is to position India as a leading global financial centre by 2047, aligned with the national vision of Viksit Bharat 2047. Sustainability, digital finance, and technological innovation are core pillars of this vision. GIFT City is built to support both onshore and offshore financial operations, attract global investment, foster innovation, and generate employment.

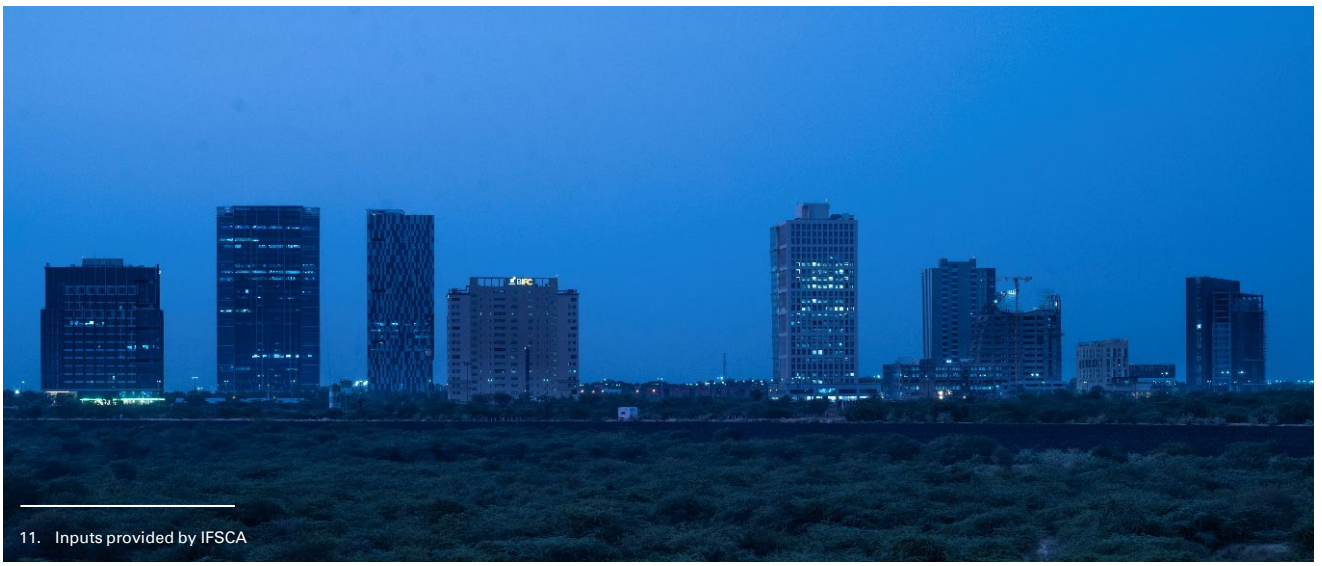
Infrastructure and smart urban design

GIFT City offers a 'plug and play' ecosystem that allows businesses to commence operations quickly and efficiently. Its integrated infrastructure includes:

- Grade A commercial office spaces
- Robust digital and telecom connectivity
- Reliable power, utilities, and data infrastructure
- Residential, social, retail, and recreational facilities

Together, these features create a 'walk to work' smart city, enhancing productivity, livability, and quality of life for professionals and residents alike.

Recognising its planned development, GIFT City has been acknowledged by the Government of India's Smart Cities – Mission Statement & Guidelines (June 2015) as a model for greenfield smart city development.



11. Inputs provided by IFSCA

Business opportunities at GIFT IFSC

GIFT IFSC supports financial and allied activities, including:



GIFT City is a strategic national project that integrates global financial standards with India's long term economic vision.

Broad Business Highlights as on December 2025 - GIFT IFSC[12]

1100+ Number
of IFSCA Registered entities
(770+ entities
as on January 2025)

USD 95 Bn
monthly turnover on IFSC International Stock Exchanges in Dec 2025

327 Funds
registered with IFSCA
(200+ Funds
as on January 2025)

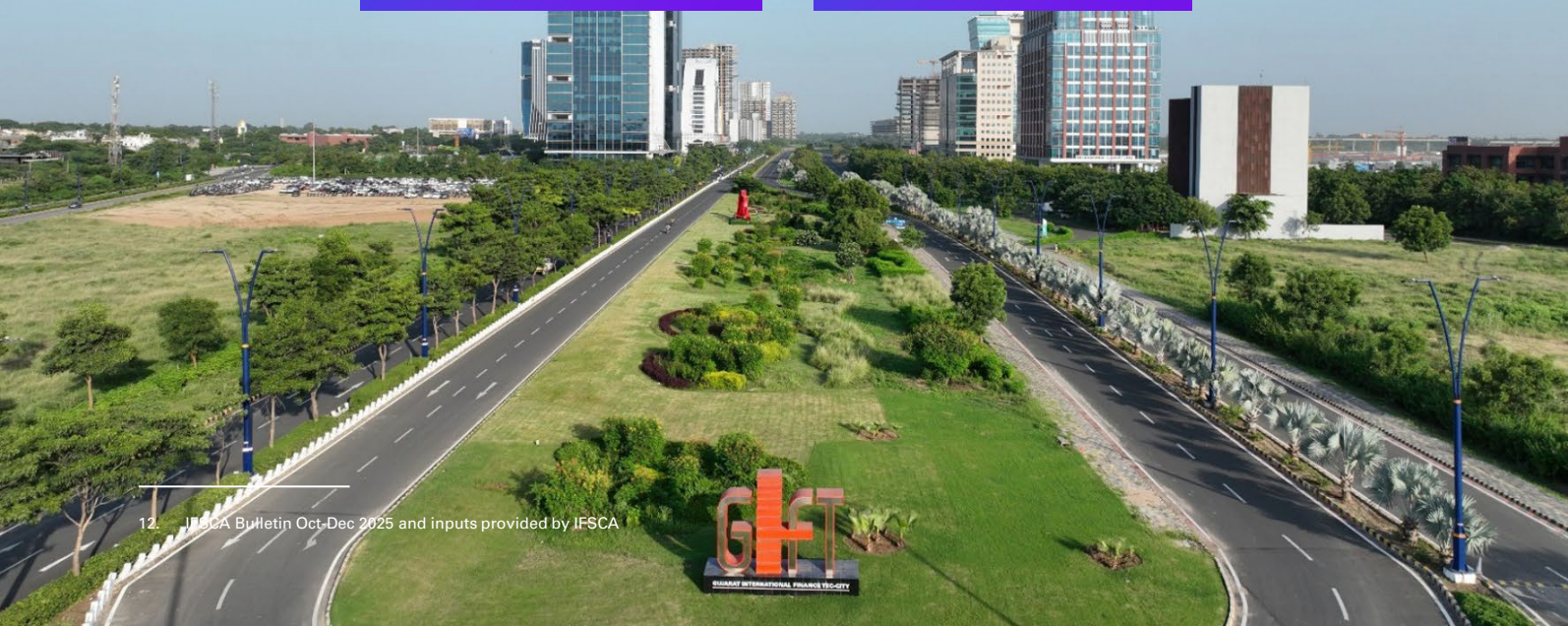
USD 68+ Bn
cumulative Debt Listing on IFSC Exchanges
(USD 64+ Bn
as on January 2025)

370 Aviation
Assets leased from IFSC
(200+ Aviation
Assets leased from IFSC as on January 2025)

USD 77+ Bn
total targeted corpus of Alternative Investment Funds
(USD 50 Bn
targeted corpus as on January 2025)

USD 106 Bn
total Banking Asset Size
(USD 77 Bn
in January 2025)

USD 68 Bn
banking transactions in Dec 2025



12. IFSCA Bulletin Oct-Dec 2025 and inputs provided by IFSCA



IFSC – aircraft leasing and financing

Strategic shift: Onshoring aircraft leasing through GIFT IFSC

As highlighted earlier, aircraft leasing has traditionally been anchored in mature offshore jurisdictions such as Ireland. As a result, despite being one of the world's fastest growing aviation markets, India's airlines historically relied almost entirely on offshore lessors. This dependence enabled efficient fleet expansion but came at a strategic cost. High value economic benefits including lessor margins, financial intermediation income, and asset appreciation accrued offshore, leading to sustained capital outflows and limited domestic participation in aviation finance. To address this imbalance and retain economic value within India, the Government of India established a dedicated aircraft leasing ecosystem within GIFT IFSC, regulated by the IFSCA.

By offering a globally competitive regulatory, tax, and legal framework, GIFT IFSC enables aircraft leasing to be undertaken from within India while meeting international standards. This framework aligns India's aviation growth with domestic value creation and positions the country as an emerging participant in the global aircraft leasing market. Aircraft lessors operating in GIFT IFSC are permitted to acquire, own, and lease aircraft to both Indian and foreign airlines. Leasing transactions can be executed in freely convertible foreign currency under a tax efficient regime, allowing internationally competitive lease structures while significantly reducing India's historical dependence on offshore leasing hubs.

With India projected to take deliveries of ~3,300 aircraft[13] by 2043, the scale of future fleet growth necessitates a strong domestic leasing and aviation finance platform.

Progress of aircraft leasing at GIFT IFSC

The growth of aircraft leasing activity at GIFT IFSC reflects increasing market confidence and institutional momentum.

Key milestones achieved (as of relevant dates)[14]:

- 38 aircraft lessors (including 4 provisional registrations) registered with IFSCA as of 31 December 2025, up from 33 as of 31 January 2025
- 196 aircraft and 89 engines leased through IFSC entities as of31 December 2025, a substantial increase from just over 60 aircraft and a comparable number of engines as of 31 January 2025.



13. Airbus Estimate
14. Inputs provided by IFSCA

Leasing transactions executed in GIFT IFSC span a range of aviation assets, including:

- Wide body aircraft
- Narrow body aircraft
- Turbo prop commercial aircraft (ATRs)
- Rotary wing aircraft (helicopters)
- Trainer aircraft
- Business jets
- Cargo Jets
- Aircraft engines
- Ground Support Equipment

This diversification demonstrates that GIFT IFSC is not limited to narrow segments of aviation leasing but is steadily building depth across asset classes.

Perspective from Policymakers and Regulators

Senior policymakers and regulators have highlighted the structural nature of this growth as under:

> **K. Rajaraman, Chairperson, IFSCA, stated:**
>
> The momentum in aircraft leasing at GIFT IFSC is structural—not episodic. Indian airlines have placed the largest aircraft orders globally, and leasing from GIFT IFSC is scaling in depth across aircraft, engines, and specialised assets to meet Hon'ble Prime Minister's the vision of Viksit Bharat @ 2047.[15]

> **Dr. Dipesh Shah, Executive Director (Development), IFSCA, noted:**
>
> The expansion of aircraft and ship leasing, once dominated by international financial hubs, is now taking shape in IFSC, marking India's rise as a global player in these sectors.[16]

The establishment of aircraft leasing at GIFT IFSC represents a strategic inflection point for India's aviation finance ecosystem. By onshoring leasing activity within a globally competitive financial framework, India is beginning to reverse decades of offshore value capture.



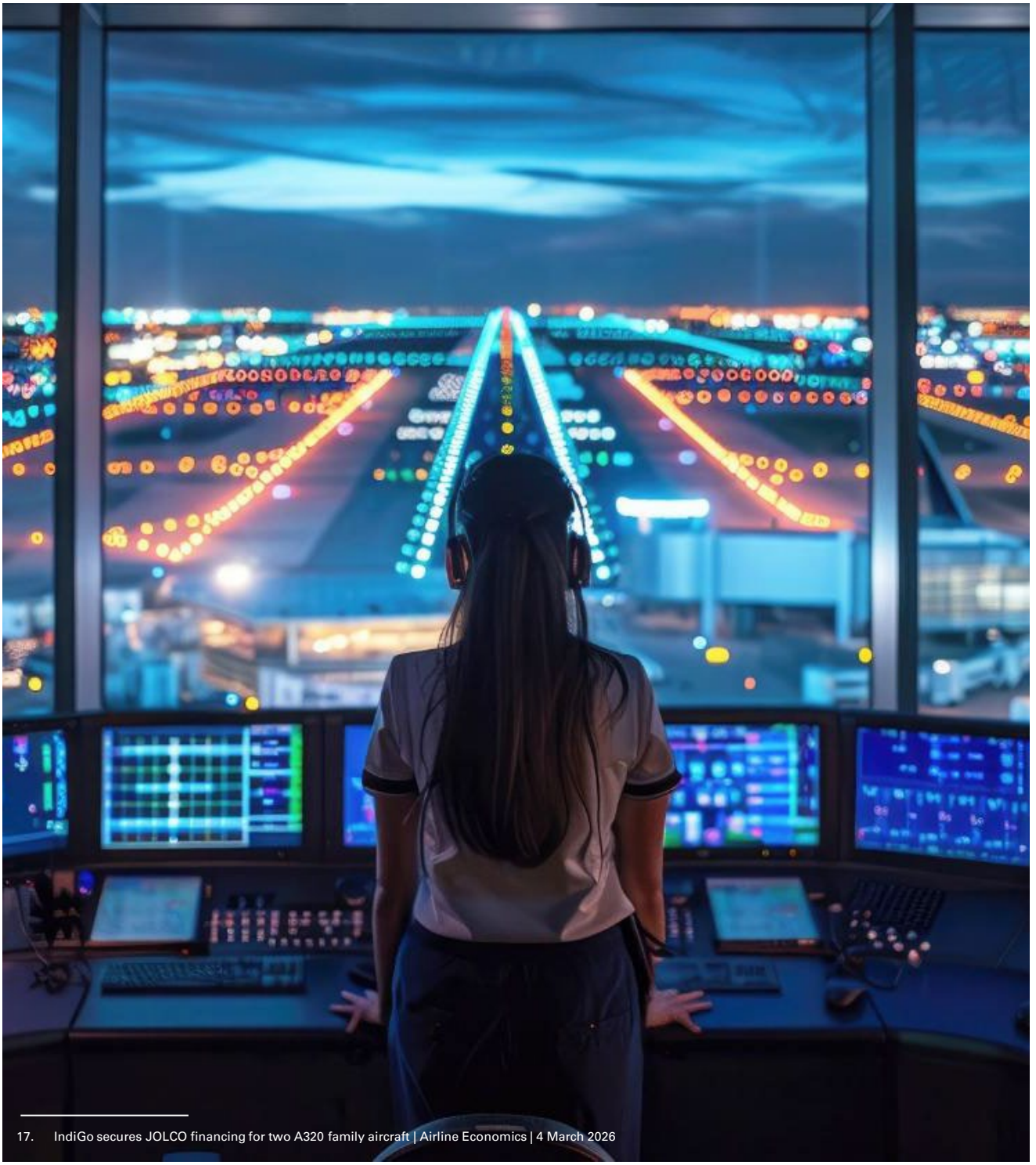
15. Inputs provided by IFSCA
16. GIFT IFSC: Dr. Dipesh Shah Discusses Growth and Investment Opportunities | Business News This Week | 14 March 2025

Landmark deals and transactions



Japanese Operating Lease with Call Option (JOLCO) transaction[17]

IndiGo has secured JOLCO financing for two Airbus A320 family aircraft. This not only marks the first JOLCO financing for the airline, but for an Indian carrier. The deal was secured through the airline's dedicated GIFT City entity. Recent domestic legislation reforms introduced last month has positioned India to be more closely aligned with the Cape Town Convention, such as allowing aircraft lessors to reclaim assets within 60 days of a bankruptcy event. This has reduced the risk associated with India. Additionally, GIFT City also facilitates cross-border aviation finance, which has supported the lack of a double taxation avoidance agreement between India and Japan. With GIFT City and the recent legislation reforms, the JOLCO avenue has opened up to Indian carriers.



17. IndiGo secures JOLCO financing for two A320 family aircraft | Airline Economics | 4 March 2026

Air India deals

- In September 2023, Air India, India's leading global airline, has successfully acquired India's first Airbus A350-900 aircraft through a finance lease transaction with multinational banking institution. This is Air India's first financing transaction from its record-setting orders for 470 aircraft. The transaction makes Air India the first scheduled carrier to have acquired an aircraft from an entity registered in GIFT City. Air India's first A350-900 is also the first widebody aircraft to have been leased through India's first IFSC. The transaction was facilitated by a 100 per cent subsidiary of Air India, and a GIFT IFSC-registered finance company.[18]
- In October 2025, Air India's wholly owned aircraft leasing subsidiary based in GIFT IFSC secured a USD215 million structured term loan to finance six Boeing 777 300ER aircraft. The transaction was arranged by banks. The facility was structured as a seven-year amortising loan, and the aircraft financed under the facility are owned by Air India's wholly owned subsidiary and leased to Air India. This deal represented the first large scale commercial aircraft financing with a GIFT IFSC based borrower, marking a validation of GIFT IFSC's legal, regulatory, and financing infrastructure and positioning it as an emerging hub for aircraft leasing and aviation finance in India.[19]

Quotes from airlines & leasing practitioners

> **Nipun Aggarwal, Chief Commercial & Transformation Officer, Air India**
>
> This landmark transaction marks the beginning of our aircraft leasing business from GIFT IFSC, as AIFS will be the primary Air India Group entity for widebody aircraft financing, playing a pivotal role in the future aircraft financing strategy for us and our subsidiaries. It is also a shot in the arm for the development of a robust aviation ecosystem in India. As a flag-bearer of the country, Air India is happy to support the Government of India's efforts to develop an aircraft leasing hub in GIFT IFSC.[20]

> **Sanjay Sharma, Chairman, AI Fleet Services IFSC & CFO, Air India**
>
> Air India has embarked on a five-year transformation journey, placing an order for 570 aircraft, and GIFT City will be important for financing these aircraft. With this commercial aircraft finance transaction *via* Standard Chartered and Bank of India, we are glad to see GIFT City maturing further and emerging as an aircraft leasing and financing option for airlines as Indian aviation takes strides.[21]



18. Media Release | AIR INDIA CONCLUDES ACQUISITION OF INDIA'S FIRST A350-900 THROUGH GIFT IFSC | 29 September 2023
19. MRO Business Today - Air India's leasing arm secures $215 Million loan via GIFT City | 15 October 2025
20. Media Release | AIR INDIA CONCLUDES ACQUISITION OF INDIA'S FIRST A350-900 THROUGH GIFT IFSC | 29 September 2023
21. MRO Business Today - Air India's leasing arm secures $215 Million loan via GIFT City | 15 October 2025

Brief aircraft leasing regulatory framework in GIFT IFSC



From parity to credibility

Aircraft leasing including operating leases, financial leases, and hybrid structures has been formally notified as a financial product as mentioned above. This regulatory recognition represents a foundational shift in India's aviation finance framework, bringing clarity, certainty, and alignment with established global leasing jurisdictions. The notified framework permits leasing of a broad spectrum of aviation assets, including:

- Aircraft and helicopters
- Aircraft engines
- Aircraft ground support equipment
- Aviation training simulation device

By embedding aircraft leasing within a unified financial regulatory regime, GIFT IFSC enables consistency with global practices while operating under India's legal sovereignty.

Permitted activities under IFSCA regulations

Under the IFSCA (Finance Company) Regulations 2021 read with Framework for Aircraft Lease dated 18 May 2022, aircraft leasing entities are permitted to undertake a wide range of activities across the leasing value chain, including:

- Operating and financial leasing
- Sale and leaseback transactions
- Asset management support services for assets owned or leased out by the entity or by any of its Group Entities set up in IFSC in India
- Asset transfers

This scope enables leasing platforms at GIFT IFSC to mirror international operating models rather than function as narrow financing vehicles.

Operating lease structures

Operating leases dominate global commercial aviation, offering airlines fleet flexibility while placing residual value risk with lessors. GIFT IFSC based operating lease structures are designed to mirror international norms, enabling Indian airlines to access aircraft through competitive lease terms without reliance on offshore lessors. For lessors, the framework allows true asset ownership, independent securitisation, and remarketing capabilities - critical features for scaling leasing platforms.

Financial leasing

Financial leasing structures are increasingly relevant for:

- Wide body aircraft fleets
- Long tenor financing
- Captive leasing platforms and structured ownership models

GIFT IFSC supports structured ownership transfers, longer tenors, and innovative capital stacking, allowing financial and hybrid leases to be deployed alongside traditional operating leases. This flexibility is particularly important for airlines seeking bespoke financing structures and for institutional investors seeking predictable cash flow profiles.

Sale and leaseback transactions

Sale and leaseback transactions are a core liquidity tool for airlines, allowing capital to be unlocked from owned aircraft while retaining operational control. The IFSC framework explicitly permits such transactions, enabling airlines to optimise balance sheets without asset disposals or fleet disruptions.

Operational flexibility for leasing entities

To support efficient scaling, IFSCA has provided operational flexibilities to aircraft leasing entities, including the utilisation and sharing of office space and manpower among group entities subject to satisfaction of stipulated conditions such as seeking prior approval of IFSCA, providing Board resolution, declaration etc. This flexibility, enabled through an IFSCA circular, reduces fixed costs while maintaining regulatory safeguards and governance standards.

Bankruptcy remote Special Purpose Vehicle (SPVs): The Next Structural Evolution

GIFT IFSC is actively working toward enabling the Bankruptcy remote SPV structure domestically, an architecture that is standard in mature leasing jurisdictions such as Ireland.

In a Bankruptcy remote SPV structure:

- Shares of the SPV are held by an independent corporate services entity
- A trust is declared over those shares for the benefit of charitable organisations

This structure delivers true bankruptcy remoteness, allowing aircraft assets to be ring fenced from sponsor insolvency risks and enabling creditors to enforce their security directly and with confidence. Bankruptcy remote SPVs are a cornerstone of global aircraft leasing and securitisation markets. Their introduction at GIFT IFSC would represent a critical step in establishing a fully institutional grade aviation finance ecosystem.

Strategic impact of Bankruptcy remote SPVs

The availability of Bankruptcy remote SPVs would materially expand the addressable transaction universe at GIFT IFSC by enabling:

- Lower cost and longer tenor financing
- Aircraft and engine backed securitisations
- Dedicated engine leasing platforms
- Participation by large scale institutional players such as pension funds and insurers.

TCSP–SPV Framework: Institutionalizing the Ecosystem

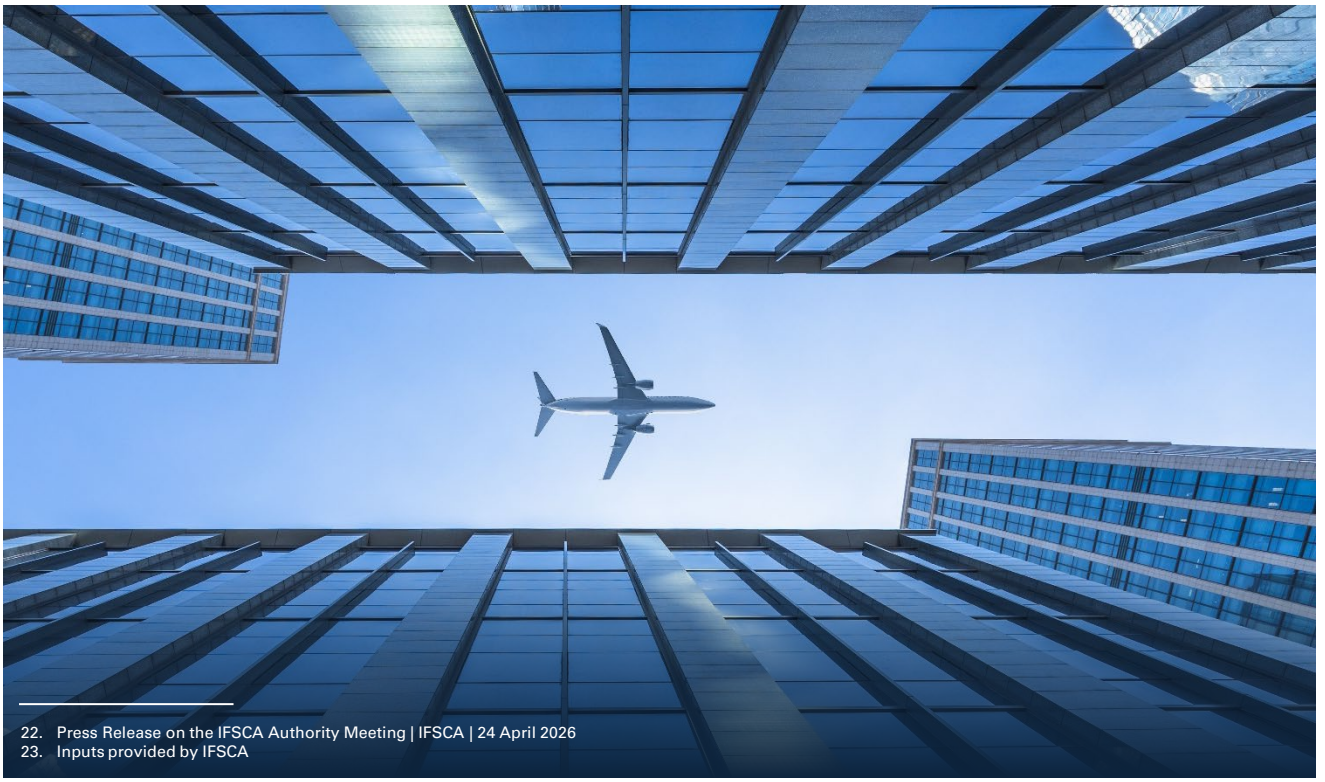
The IFSCA Consultation Paper on the Trust and Company Service Provider (TCSP) SPV Framework (March 2026) proposes a new regulatory architecture to deepen the aircraft leasing ecosystem at GIFT IFSC. The framework is primarily aimed at enabling Bankruptcy remote structures and would also aid in moving core leasing substance such as ownership, structuring, governance, and administration of leasing SPVs into IFSC, reducing reliance on offshore jurisdictions such as Ireland.

Key elements include:

- Regulated TCSPs, governed under the IFSCA (TechFin and Ancillary Services) Regulations, providing incorporation, governance, compliance, and anti-money laundering services.
- Onshore SPVs, governed under the IFSCA (Finance Company) Regulations, acting as asset holding and financing vehicles.

This architecture aligns GIFT IFSC with global best practices while embedding substance domestically, rather than outsourcing critical governance functions.

IFSCA has approved draft amendments[22] to its TechFin, Ancillary Services, and Finance Company Regulations to enable SPVs and TCSPs to be fully structured and managed within GIFT IFSC. These changes support the rapidly growing aircraft leasing ecosystem, now exceeding 370 aviation assets[23] and aim to position GIFT IFSC as a globally competitive aviation finance hub.
By bringing aircraft ownership and financing structures onshore, the framework is expected to attract global lenders and lessors, reduce offshore cost outflows, create high skilled employment, and strengthen governance through regulated, Financial Action Task Force (FATF) aligned TCSPs, thereby reinforcing India's aviation finance ecosystem.



22. Press Release on the IFSCA Authority Meeting | IFSCA | 24 April 2026
23. Inputs provided by IFSCA



3. Reforms delivered to strengthen India's leasing ecosystem

Building a competitive and predictable fiscal framework

At the core of aircraft leasing competitiveness lies the ability to deliver predictable, cost-efficient cash flows over long asset lives. Global leasing hubs derive their advantage from fiscal regimes that provide long-term certainty, neutrality across transactions, and alignment with the economic life of aircraft. Recognising this, the Government's first set of interventions has focused on creating a fiscal framework at GIFT IFSC that directly addresses the cost, return and predictability expectations of global lessors, financiers and airlines.

- **Facilitating asset transfers and portfolio management:** A 100 per cent tax deduction during tax holiday period on capital gains arising from the transfer of leased aircraft and aircraft engines has been provided to IFSC-based lessors provided the said lessors have commenced operations before 1 April 2030. This enables efficient asset rotation and remarketing, which is essential in a leasing business where aircraft and engines may transition across multiple operators and jurisdictions over their economic life
- **Access to global funding at competitive costs:** Interest income earned by non-resident financiers lending to IFSC leasing units is exempt from tax in India. This measure strengthens the attractiveness of IFSC structures for international banks and institutional investors, enabling lessors operating from India to access deep, cost-competitive global capital pools
- **Tax neutrality on lease rentals:** To directly reduce leasing costs for Indian airlines, aircraft leasing units operating in GIFT IFSC are exempt from withholding tax on lease rentals paid by Indian lessees during the applicable tax holiday period. This measure addresses a core pricing disadvantage historically faced by domestic leasing structures and improves airline cash flows over the lease tenor
- **Concessional taxation of returns to investors:** Dividends distributed by IFSC units to non-resident shareholders are subject to a concessional tax rate of 10 per cent, enhancing post-tax returns and supporting long-term investor participation in the Indian leasing ecosystem
- Income-tax/withholding exemption on royalty and interest payable under head lease by IFSC Unit to a non-resident provided IFSC Unit commence operations before 1 April 2030
- Withholding tax exemptions on Dividends paid by IFSC leasing entities to another IFSC aircraft leasing entity
- Capital gains exemption to non-resident shareholder(s) and aircraft leasing IFSC Unit engaged primarily in aircraft leasing business in respect of sale of shares of aircraft leasing IFSC Unit engaged primarily in aircraft leasing business subject to certain conditions provided aircraft leasing IFSC Unit operations are commenced before 1 April 2030
- No Minimum Alternate Tax (MAT) on aircraft leasing entities set-up as Company in GIFT IFSC
- Exemption from thin capitalisation provisions (provisions limiting deduction of interest in respect of loan obtained from associated enterprise from income-tax perspective) in specified cases
- Import of specified aircraft by Indian scheduled airline operators from an IFSC based Indian lessor - whether on lease or outright purchase is exempt from Basic Customs Duty, subject to prescribed conditions
- Aircraft leasing services undertaken within the IFSC for authorised operations are exempt from Integrated Goods and Services Tax (IGST); however, when an IFSC unit leases aircraft to an Indian airline, IGST is payable by the Indian lessee under the forward charge on lease rentals
- Leasing between IFSC units, to Special Economic Zone (SEZ) units, or to entities outside India is not subject to Goods and Services Tax (GST)
- Additionally, the Government of Gujarat grants a stamp duty exemption on specified IFSC related transactions, including acquisition of movable property such as aircraft, for 10 years starting 4 August 2020, significantly reducing transaction costs for IFSC aircraft leasing activities.



Budget 2026 Measures at GIFT IFSC

Extended tax holiday period

- Union Budget 2026 marks a decisive turning point for aircraft leasing in GIFT IFSC by aligning India's fiscal regime with the long economic life cycle of aviation assets. The game-changing reform is the extension of the IFSC income tax deduction to 20 consecutive years within a 25-year period, directly addressing the long tenure nature of aircraft leasing. Given that aircraft, engines, and financing structures typically span well over a decade, the earlier 10-year tax holiday often ended before assets achieved peak returns
- The extension of the IFSC tax holiday to 20 consecutive years out of a 25-year block enables lessors to synchronise fiscal benefits with
actual profitability cycles, positioning India as a globally competitive aircraft leasing hub
- For early movers whose original tax holidays were nearing expiry, the budget restores confidence and encourages scale rather than retrenchment.

Reduced corporate income-tax rate

Equally game-changing is the introduction of a 15 per cent tax rate (excluding surcharge and cess) post tax-holiday period, removing terminal value uncertainty and making GIFT IFSC competitive in terms of head-line corporate tax rate with leading jurisdictions like Ireland and in line with the OECD BEPS Pillar Two..

Clarity from General Anti Avoidance Rule (GAAR) perspective

- Aircraft leasing is a highly capital-intensive business, requiring significant and long-term capital commitment to develop a robust leasing ecosystem in GIFT IFSC. Accordingly, foreign investors place paramount importance on a certain, predictable, and non-adversarial tax environment when making investment decisions. Hence, the foreign lessors fear that the tax benefits could be denied to them by Indian revenue authorities by invoking GAAR
- Towards this, a safeguard has been introduced in income-tax law which requires that before GAAR can be invoked against a GIFT-IFSC entity, the Commissioner of Income-tax must first obtain a factual report from the IFSCA.

This adds a meaningful institutional check that significantly strengthens investor confidence.

Taken together, the budget transforms GIFT IFSC from an India-focused leasing base into a competitive aviation finance jurisdiction, capable of hosting widebody leasing, engine-only platforms, and international airline portfolios. The budget 2026 reforms significantly enhance GIFT IFSC's appeal to global capital providers. It cements GIFT IFSC as a long-term pillar of India's aviation finance strategy.

Collectively, these fiscal measures align India's leasing framework more closely with established global leasing hubs and materially improve the commercial viability of leasing from GIFT IFSC.

Legal and regulatory reforms to strengthen creditor confidence

Fiscal competitiveness alone is insufficient to anchor aircraft leasing activity without strong legal certainty and enforceability of rights. Aircraft leasing is fundamentally a creditor-sensitive business, where confidence in repossession, deregistration and insolvency outcomes directly influences pricing, availability of capital and risk appetite. Recognising this, the Government has prioritised the creation of a modern, internationally aligned legal framework to strengthen creditor confidence and reduce jurisdictional risk.

- **Modernising aviation legislation:** The Bharatiya Vayuyan Adhiniyam, 2024 replaces the Aircraft Act, 1934 and provides a contemporary legal foundation aligned with global aviation standards, signalling a shift towards a modern, internationally consistent regulatory framework
- **Statutory adoption of the Cape Town Convention:** The Protection of Interests in Aircraft Objects Act, 2025 gives full legal effect to the Cape Town Convention and Aircraft Protocol in India. This substantially strengthens the protection available to aircraft lessors and financiers by providing internationally recognised safeguards for ownership, security interests and creditor remedies

- **Operational clarity through Rules, 2026:** The Protection of Interests in Aircraft Objects Rules, 2026 establish clear and time-bound procedures for deregistration of aircraft, repossession and settlement of outstanding dues in cases of default or insolvency. Rules 11 and 14, in particular, set out the procedures governing treatment of insolvency scenarios and the settlement of obligations between lessors and lessees, providing explicit operational guidance that enhances predictability for stakeholders. These rules reduce ambiguity in enforcement outcomes, improve predictability in stressed scenarios and contribute directly to lowering the risk premium embedded in lease pricing for Indian airlines.

Taken together, these legal and regulatory reforms materially reduce enforcement uncertainty, align India with global aircraft finance norms and lower jurisdictional risk for international lessors and lenders, thereby strengthening India's credibility as a leasing destination.

Ease of doing business and execution measures

Beyond fiscal and legal frameworks, the effectiveness of a leasing hub is ultimately determined by the efficiency and predictability of transactional execution. Aircraft leasing involves time-sensitive, multi-jurisdictional processes where procedural delays directly translate into commercial cost. Improving regulatory coordination, reducing approval layers and simplifying operational processes have therefore been essential to translating policy into executable outcomes at GIFT IFSC.

Single Window regulatory interface

The International Financial Services Centres Authority has operationalised the Single Window IT System (SWITS) to streamline application processing and regulatory approvals across IFSC entities. This reduces procedural complexity, approval timelines and coordination risks across multiple regulatory touchpoints.

Simplification of aircraft import and acquisition

Aircraft leasing units operating in GIFT IFSC are exempt from requirements for prior approvals or no-objection certificates for aircraft import and acquisition. This removes a longstanding procedural bottleneck and significantly improves transaction execution timelines for leasing deals.

Early ecosystem traction

As a result of these operational reforms, GIFT IFSC has progressed from hosting no aircraft leasing entities in 2014 to 38 leasing entities as of December 2025, with 196 aircraft and 89 engines leased through IFSC-based structures by December 2025[24]. The establishment of leasing subsidiaries by major Indian airlines reflects growing confidence in the regulatory and institutional framework.



These measures demonstrate that policy reforms at GIFT IFSC are translating into operational execution and early market adoption, creating the foundation for scalable leasing activity as airline fleet induction accelerates.

24. IFSCA Bulletin Oct-Dec 2025

Integration with Maintenance, Repair, and Operations (MRO) and aviation support services

Aircraft leasing does not operate in isolation from the broader aviation ecosystem. Lease economics, residual values and redelivery risks are closely linked to the availability, cost and quality of maintenance and aviation support services. A competitive leasing framework therefore requires parallel development of domestic asset-management capabilities, particularly in maintenance, repair and overhaul. In this context, Government interventions in the MRO sector form an integral component of the leasing strategy rather than an adjacent policy initiative.

Strengthening domestic maintenance capability

Recognising the direct impact of maintenance capability on lease economics and asset redelivery risk, the government has pursued parallel reforms in the MRO sector. The number of registered MROs has increased from 96 in 2014 to 164 in 2026[25], supported by policy measures aimed at reducing cost and operational uncertainty

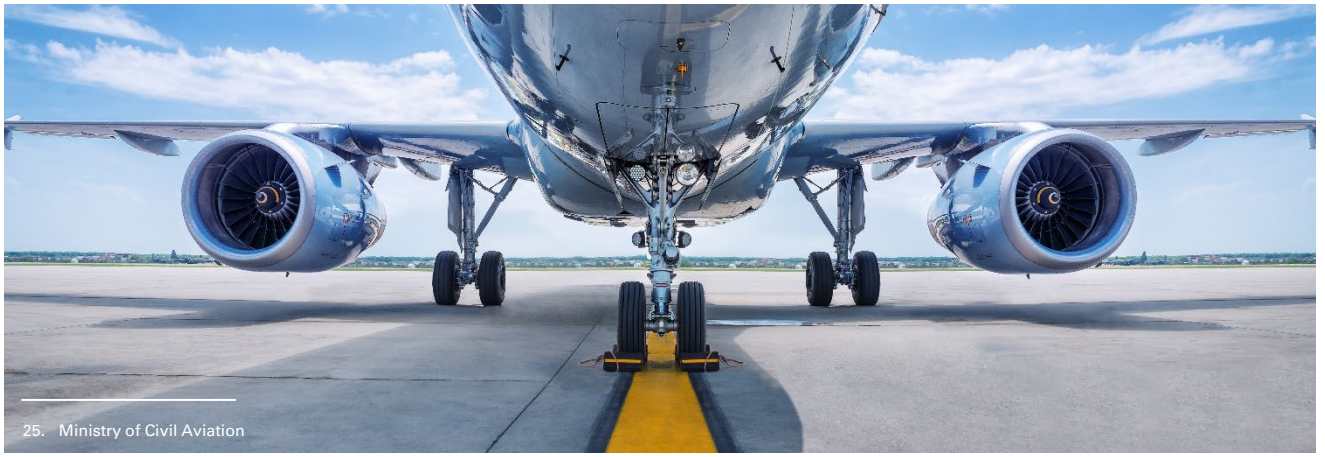
Policy and tax reforms for MRO

Key measures include abolition of airport royalties, enhanced transparency and predictability in land allotment at Airports Authority of India airports, reduction of GST on MRO services to 5 per cent with full input tax credit, rationalisation of IGST on aircraft parts and engines, zero-rating of GST on subcontracted MRO work treated as exports, and extension of customs duty exemptions on aircraft parts, tools and testing equipment

Anchor investments in maintenance infrastructure

Major investments in engine and airframe maintenance facilities, including airline-led MRO infrastructure and large-scale engine overhaul capacity, are improving India's ability to undertake heavy checks and lease return work domestically. Examples include SAFRAN's engine facility in Hyderabad for 300 Leap engines, Air India's MRO facility in Bengaluru for 40 widebody aircraft and Indigo's MRO facility in Bengaluru enabling 100 per cent in-house C-checks. This reduces offshore dependence, improves asset value retention and strengthens India's leasing proposition over the full asset life cycle.

By strengthening domestic asset-support capabilities alongside leasing reforms, India is reducing redelivery risk, retaining lifecycle value within the country and reinforcing the long-term sustainability of the aircraft leasing ecosystem.



25. Ministry of Civil Aviation



4. Advancing the Ecosystem: Enablers for the next phase of growth

While the IFSC at GIFT City is a commendable initiative by the government to attract lessors to India and considerable grounds have been covered in last few years, the following potential action points may be considered.

Capital access and funding

- Include aircraft, aircraft engines and aircraft leasing and financing undertaken through IFSC in the harmonised infrastructure sector list to enable access to long-tenor domestic capital from banks, insurance companies, pension funds and infrastructure financing institutions
- Amend the Banking Regulation Act, 1949 and the corresponding Reserve Bank of India (RBI) regulatory framework to explicitly permit equipment leasing, including aircraft leasing, as an authorised business activity for banks to enable their direct participation in aircraft financing structures
- Enable Indian banks and financial institutions to establish dedicated aviation finance and asset-based lending desks within their organisations to support underwriting, risk assessment and structuring of aircraft finance transactions.

Policy and fiscal

- To incentivise aircraft lessors to establish leasing entities in GIFT IFSC, the Government of India may consider renegotiating or amending tax treaties with select jurisdictions to ensure that aircraft leasing income arising from IFSC based lessors is not subject to taxation in the source country. Such treaty alignment would ensure tax neutrality, eliminate withholding tax leakage, and make leasing from GIFT IFSC competitive and on par with established offshore leasing centres thereby materially enhancing its attractiveness as a preferred jurisdiction for cross border aircraft leasing
- Extend IFSC-linked tax incentives for aircraft leasing and financing to cover aircraft MRO, engine overhaul, component repair and other lease-transition services undertaken within IFSC, recognising these activities as integral components of aircraft leasing and financing workflows
- Extend Rule 29A and associated SEZ provisions to include aircraft parts, major components and ancillary aviation assets, enabling their direct customs clearance within IFSC rather than routing through domestic airports for inspection
- Permit post-facto reporting of change in lessor without requiring physical export and re-import of aircraft, thereby enabling in-country novation and seamless transfer of aircraft ownership between IFSC-based lessors.

Ecosystem development and other initiatives

- Introduce targeted measures to attract and retain specialised global aviation finance professionals in GIFT IFSC, including consideration of competitive personal taxation and professional mobility facilitation
- Accelerate development of residential, social and community infrastructure in GIFT City to support the relocation and long-term retention of international aviation finance talent.



5. Summary and way forward



Aircraft leasing in GIFT IFSC has crossed a critical threshold. What began as an initiative to onshore India's leasing exposure has now evolved into a platform demonstrating structuring credibility, policy coherence, and investor confidence.

Three developments mark this transition.

- First, policy interventions have enhanced global competitiveness. With aircraft leasing formally recognised as a financial product, Cape Town Convention protections operationalised, and long-term fiscal certainty reinforced, most recently through Union Budget 2026's 20-year tax horizon and 15 per cent (excluding surcharge and cess) steady state rate, GIFT IFSC now offers the predictability demanded by long life aviation assets and global capital allocators
- Second, transactional sophistication has emerged. The execution of India's first JOLCO transaction through GIFT IFSC, alongside wide body leases, regional fleet leasing, engines, helicopters and business aviation assets, demonstrates that the ecosystem can support complex, cross border, tax sensitive and creditor driven structures, not merely vanilla operating leases. This is a decisive shift from balance sheet hosting to true aviation finance intermediation
- Third, ecosystem depth is now being structurally addressed. The IFSCA initiative on TCSPs and SPVs framework signals a clear regulatory intent to introduce global standard, independently governed, bankruptcy remote SPV frameworks.

A global leasing hub requires technical asset managers, engine specialists, remarketing expertise, and legal depth. Talent development remains the sector's critical success factor. Looking ahead, the next phase of growth is not likely to be measured by aircraft count alone, but by who allocates capital through GIFT IFSC and for what purpose. The real inflection could come when aircraft and engine assets leased from IFSC are routinely financed by global pension funds, banks, insurers and Asset backed securitisation markets.

Over the next decade, GIFT IFSC could evolve into a regional and eventually global leasing node. Its success is likely to influence India's broader financial services ambitions.







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