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Landing in India: Why the World's Aerospace Giants are Betting Big

India has quietly risen to become the world's third-largest air transport market, moving about 174 million passengers in 2024 — a figure that seemed improbable a decade ago. Domestic traffic alone reached 161 million passengers, growing at roughly six percent a year. What's driving this isn't just a rise in flyers; it's a fundamental shift in how India flies — and increasingly, how it builds. The civil aviation sector has become a magnet for aircraft orders, training demand, and maintenance investment. The challenge now lies not in ambition but in execution: building infrastructure, certification systems, and skilled manpower fast enough to match demand. If that balance holds, India's market could double by 2035, placing it firmly among the global giants of the sky.

On the defence side, a quieter but deeper transformation is unfolding. The Defence Acquisition Procedure 2020 has redrawn the map of procurement by putting "Buy (Indian-IDDM)" — Indian-Indigenously Designed, Developed, and Manufactured — at the top of the priority list. Requiring at least 50% local content, it marks a decisive philosophical shift toward self-reliance rather than dependence on global suppliers. The Airbus–Tata C295 program, India's first private-sector military aircraft assembly line, embodies that shift. Sixteen aircraft have been delivered from Spain, and forty more will roll out from Vadodara by 2031. Projects like this don't just produce planes; they create ecosystems — Tier-1 and Tier-2 suppliers, tooling specialists, and a homegrown industrial base that endures.

The government's dual role as regulator and catalyst is also paying off. The UDAN scheme has redefined domestic connectivity, operationalising over 625 routes and 90 airports, heliports, and water aerodromes by May 2025. These regional links are feeding larger air networks, boosting traffic for aircraft like the ATR-72 and De Havilland DHC-8, while generating fresh demand for training academies, maintenance, repair, and overhaul (MRO) facilities, and ground services. The ambition is clear: expand operational airports from 157 in 2024 to 400 by 2047. The road is steep — manpower shortages and spare part delays persist — but the intent is firm.

India's overhaul of its MRO policy has begun shifting the industry's centre of gravity. By cutting GST from 18% to 5% and scrapping outdated airport fees, domestic servicing has become more competitive with Singapore and Malaysia. Yet, to truly rival them, India will need more hangars, engine test cells, and trained technicians. On the financial front, aircraft leasing — once entirely offshore — now has a domestic foothold in Gujarat International Finance Tec-City, better known as GIFT City. Its dedicated framework for aircraft and engine leasing brings home advantages that were once limited to Dublin or Dubai. For lessors and manufacturers, the message is simple: India is no longer a secondary market; it's a viable base.

Beyond traditional aviation, new segments are rising fast. India's restrictions on drone imports — limited to defence, research, and security — are forcing global players to build locally if they want to sell here. The logic is straightforward: if you want access to India's skies, manufacture in India. Meanwhile, the Indian Space Policy 2023 and recent foreign direct investment liberalisation have opened up what was once an entirely state-dominated domain. Up to 74% foreign ownership is now allowed automatically for satellites, 49% for launch vehicles, and 100% for component manufacturing. The result is a blurring line between aerospace and space — as dual-use avionics, RF systems, and composites fuel both sectors.

Private investment is accelerating. IndiGo and Air India together have over 1,700 aircraft on order. Boeing's 43-acre India Engineering and Technology Center in Bengaluru shows a long-term commitment to R&D, while GMR Aero Technic's partnerships with Lufthansa Technik and Spirit AeroSystems strengthen India's MRO backbone. For foreign firms, opportunity runs deep — from engines such as the LEAP, Geared Turbofan, and GE CF6 families to actuation systems and avionics software. What sets winners apart is understanding India's regulatory maze early, especially Directorate General of Civil Aviation certification pathways and the nuances of defence offsets under DAP 2020.

Hindustan Aeronautics Limited remains the cornerstone of Indian defence aviation, but it's no longer alone. Private companies such as Tata, Mahindra, Motherson, and Larsen & Toubro Defence are emerging as credible producers of aircraft structures, UAVs, and avionics. The key now is discipline: sticking to production schedules and building steady export pipelines that draw Tier-2 and Tier-3 suppliers into the fold. Regulatory mastery is not bureaucracy — it's strategy. The SCOMET list governs dual-use exports, demanding compliance from the ground up. The DGCA's CAR 21 certification rules can move slowly, so aligning early saves months. And the updated Make in India procurement policy ties tenders and pricing advantages to local content, reshaping how global players bid.

India's free trade agreements with Australia, ASEAN, and the UAE now include refined Rules of Origin, rewarding firms that achieve 35–45% local value addition. Combined with the CAROTAR 2020 framework, this effectively turns India into both a market and a manufacturing base for the Indo-Pacific — allowing aerospace firms to build locally and export with preferential tariffs.

Between 2025 and 2035, India's aerospace canvas will widen even further. Civil aviation and regional connectivity will sustain long-term demand for engine and component maintenance, hydraulic systems, cabin retrofits, and training. Defence programs like the C295 will anchor local manufacturing, while shared technologies — in navigation, guidance, and composites — will blur the boundaries between aerospace and space. India's ascent is no longer an aspiration; it's a transformation in motion.

Aviation growth, FDI reform, and defence localisation are feeding one another, compounding momentum each year. For global players, the real opportunity lies not in low-cost assembly but in design, certification, and export excellence. The next decade won't be about catching up with the world's aerospace leaders — it will be about joining them. For companies with vision and patience, India isn't just a growth market. It's the launchpad for the next generation of aerospace manufacturing, design, and innovation.

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