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Indian carriers may fly into delivery shortfall in 2025 as Boeing battles production issues

Aircraft supplies are likely to taper off by 15-25 percent in 2025 as Boeing may deliver 20-30 fewer planes to Indian airlines next year

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Article Content:

As a year of record growth in fleet size comes to an end, Indian carriers seem to be flying into a rough weather in 2025, as aircraft manufacturers grapple with supply chain issues.

Domestic airlines together added 120-130 aircraft to their fleets in 2024, making the biggest expansion in India's aviation history. But the supplies are likely to taper off by 15-25 percent in 2025 as Boeing may deliver 20-30 fewer aircraft to Indian carriers next year, multiple officials told *Moneycontrol*.

IndiGo, the country's largest airline by the traffic volume, added 52 aircraft to its fleet between January 1 and September 30, 2024, with an estimated 20-25 planes being delivered in the October-December quarter. Air India added around 70 planes in 2024, while Akasa Air added four. Out of these, 45-55 aircraft came from Boeing and most were white tail aircraft delivered to the Air India group.

"With the Boeing aircraft production expected to be capped at 38 every month by the FAA (Federal Aviation Administration) and the OEM (Original Equipment Manufacturer), it is currently

producing around 25-30 Boeing 737 Max planes. Deliveries to global airlines will likely slow down in 2025," a senior official from Air India told *Moneycontrol*.

Since the mid-air blowout of the door on Alaska Airlines 1282 earlier this year, Boeing is in throes of intense scrutiny from the US government about the practices followed at its Renton plant, where the 737 aircraft are assembled.

On January 5, the door plug on an Alaska Airlines Flight blew out mid-flight, causing rapid depressurisation and a gaping hole on the side of the plane. The door plug blew out at 16,000 feet, about six minutes into flight from Portland, Oregon, to Ontario, California. After the door plug there is a panel that replaces unnecessary doors with windows. The blowout was caused by the absence of four retaining bolts that secure the plug to the fuselage.

The US regulators had put a cap on Boeing to assemble no more than 38 aircraft of 737 MAX category in a month until they were satisfied that the quality issues were resolved. The aircraft major suffered the next setback when its Seattle factory workers called a strike.

All these caused the delay in delivery of 737 Max flying machines which impacted Akasa Air as well. The US manufacturer was due to hand over 981 Max jets to various carriers in Asia, led by Air India and Indonesia's Lion Air, by 2030, according to data from Cirium. That's close to a third of all scheduled deliveries of the aircraft worldwide over that period.

Slowing deliveries

The executive from Air India added that in 2024, the Tatas-run airline took delivery of around 50 white-tail Boeing 737-8 planes, but delivery of white-tail aircraft by Boeing in 2025 to Indian carriers is likely to slow down as many Chinese and American airlines are also awaiting fresh deliveries.

White-tail aircraft are those originally manufactured for a different airline and later acquired by another. Indian carriers, including Air India, Akasa Air, and IndiGo, have taken advantage of the slowdown in deliveries of aircraft engines and aircraft to Chinese airlines for the last two years by taking priority deliveries as they look to expand their domestic and international networks. Around 90 Boeing 737 aircraft that were manufactured for foreign carriers were to be delivered to Indian airlines between 2022 and 2024.

The International Air Transport Association (IATA) last month predicted severe supply chain issues to continue to impact airline performance into 2025, raising costs and limiting growth.

Globally, aircraft deliveries have fallen sharply from a peak of 1,813 aircraft in 2018. The estimate for 2024 deliveries fell to 1,254 aircraft, making a 30 percent shortfall on what was predicted going into the year. In 2025, deliveries are forecast to rise to 1,802, well below the earlier expectations of 2,293 deliveries with further downward revisions in 2025 widely seen as quite possible.

"In the short term, delivery delays are causing a capacity crunch, leading to higher airfares and constrained service reliability. In the long term, these disruptions may hurt the airlines' ability to modernise fleets, achieve fuel efficiency, and remain cost-competitive, particularly for low-cost carriers (LCCs)," Pragya Priyadarshini, vice-president of Primus Partners, said.

Leasing woes

Leasing planes from the secondary market remains a concern for smaller airlines in India. A senior executive from an aircraft lessor based in the UAE said that leasing to smaller Indian carriers has become riskier, despite the expected growth of the domestic aviation market.

"The Indian government needs to look at implementing more Cape Town Convention (CTC) complaint norms for arbitration cases in India, before global lessors would be willing to offer smaller carriers in the country higher discounts," the executive said. India's CTC compliance index rating has fallen from 69 in December 2022 to 61 in December 2024, according to latest data released by the Aviation Working Group (AWG) this month.

The UK-based global aviation watchdog had last year downgraded India to 'negative' from 'positive' after lessors were unable to repossess their aircraft from embattled Go First after the budget carrier filed for insolvency in May 2023.