

## Air India Airbus Boeing Deal [UPSC Current Affairs]

In an attempt at its domestic and international aviation market expansion, Tata Group-owned Air India (AI) placed two mega orders from Airbus (250 planes) and Boeing (220 planes), adding up to a staggering 470 aircraft.

This is a significant development as far as the Indian aviation industry is concerned and hence the topic assumes relevance for the [IAS exam](#) economy segment. In this article, you can read all about this historic deal and its ramifications.

### Air India to buy 470 Aircraft from Airbus, Boeing

This is the largest order placed by an airline in one go anywhere in the world, even beating the 2011 order by American Airlines for a combined 460 aircraft.

- In monetary terms, the deals are around \$70 billion and \$80 billion respectively. However, the exact price is still not known to the public.
- Airbus is a European company whereas Boeing is a USA-based company.

### Air India Deal Significance

#### Economic Significance:

- It will help the western economy to come out of its struggling economic situation after the covid-19 pandemic and [Russia-Ukraine conflict](#)-induced slowdown.
- As per the US President, this order to Boeing will support “over one million jobs across 44 US states”, and the British government said the order to Airbus is worth “billions of pounds to the UK”. The Airbus deal means big business for engine maker Rolls-Royce, and will create jobs in the UK where parts of the aircraft are expected to be manufactured.
- It will put the first Indian airline among the top 10 global airlines in terms of the number of fleets.
- This deal will further boost the Indian airline market. Connectivity, affordability, and accessibility will further improve (currently, India is the third-largest aviation market).
- Lakhs of jobs will be created in India.

### Geopolitical Angle:

- India's discounted petroleum purchase from Russia has questioned Indian neutrality. This deal has proven India's long-standing stated foreign policy objective of strategic autonomy. Now, the West will not be sceptical about India's choices. India is ready to improve its economic ties with any country for the sake of its national Interest.
- It will further improve ties between India, the US, and France and consequently improve cooperation in the Indo-Pacific and hence check the rising assertiveness of China.
- This will also echo the message that India and Indian companies are open to business with the world, irrespective of the region and geopolitics. The fact that the **announcement has come in the year of India's G20 presidency adds strategic value to the order.**
- It will improve the frequency of international flights from India. It will help in easing people-to-people ties, especially from regions like Latin America, Africa, etc.

### Air India Deal Concerns

Some of the concerns expressed regarding the deal are as under.

- The current aircraft market is a duopoly of Airbus and Boeing.
  - Duopoly in any market is not good for the consumer. It further gives a diplomatic edge to Western powers.
- Aircraft will not be manufactured in India. If it would have been manufactured in India, it would have made India 'Atmanirbhar' in aircraft manufacturing, generated employment, provided technical expertise, etc.
- Development of airport infrastructure, regional inequality is still a concern.
- The airline market in India is facing a financial crunch. This deal may further aggravate cut-throat competition in airways.

### Way ahead:

- In the long run, a local manufacturing base for aircraft, and skilled manpower need to be generated.
- The airport infrastructure needs to be further strengthened.
- Proper synchronization with the other modes of transportation is also required.