MORE EMIRATES FLIGHTS INTO INDIA TO BOOST ECONOMY BUT HURT LOCAL AIRLINES

News /

Expanding flying rights for UAE airlines into **India** could help **to boost** the subcontinent's **economy,** but the move would come at the expense of the ailing state airline Air India, analysts say.

A report by India's National Council of Applied Economic Research (NCAER), released on Thursday, highlighted that Emirates airline has an economic impact of $848.6 million on India's economy, and that with a greater allocation of seats the airline would generate further jobs, tourists and foreign exchange earnings.

This comes as Arabian Gulf airlines face pressure in Europe and the US as their competitors in those markets try to get governments to restrict their market access.

"It is only right that the Indian government facilitate Emirates' growth in the country, which would not only boost direct employment but also expand the GDP contribution for the country as well," said Saj Ahmad, the chief analyst at StrategicAero Research.

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“In fact, it should apply to all UAE airlines. Carriers like flydubai have been hampered in their growth in India because the government is reluctant to offer up additional capacity, when its own Indian-based airlines fail to fill the void.”

He said that “Emirates and other GCC airlines won’t face the same regulatory pressure as seen in the US and Europe” because those are “mature” markets compared to India’s “highly immature aviation market”.

Emirates has an annual direct impact on India of $370.9m, while its total direct and indirect contribution amounts to $848.6m, according to the NCAER report. The airline supports more than 86,000 jobs in India, the report showed, while the number of Emirates’ tourist arrivals each year is estimated at 673,544, resulting in foreign exchange earnings of about $1.75 billion.

In February last year authorities in India and the UAE negotiated the first increase of seat entitlements in six years, resulting in Dubai-based airlines being awarded an additional 11,000 seats each week. Emirates operates 183 flights a week to nine destinations in India.

The report estimated that an additional 4,500 seats a week for Emirates in India would result in an extra 37,728 tourists per year and foreign exchange earnings of $97.9m.

But some analysts caution that India could lose out on homegrown revenues if they allow Emirates even greater access.

“In the era of Make in India this will be the most regressive decision,” says Satish Modh, who was in the aviation sector for 28 years and worked on a turnaround plan for Air India, before becoming director of the Vivekananda Education Society Institute of Management Studies and Research in Mumbai. “A seat in the plane is a perishable commodity. If Emirates is flying the plane it is an import and if an Indian carrier is flying it is an export – it is as simple as that.”

Mr Modh said he believed the report “is a clear case of overstating the contribution of Emirates to Indian economy”.

The allocation of large number of seats to Emirates has already led to increased losses for Air India, he said.

Mr Ahmad said: “Like US and European airlines, carriers in India are frightened of competition and would rather avoid it. They thus rely on the regressive aviation policymakers to stifle consumer choice and prevent airlines like Emirates from expanding – despite knowing full well the vast financial and economic benefits that Emirates and others would bring to India.”

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