

Boeing eyes final assembly in India

US Aircraft Major Plans To Ramp Up Sourcing From Current \$1Bn Annually

Saurabh Sinha
@timesgroup.com

New Delhi: Boeing is “looking at the business case for having a final assembly line (FAL) in India” and Prime Minister Narendra Modi’s recent US visit has “certainly laid the groundwork for engine manufacturing” in the country. Boeing India president Salil Gupte has told **TOI** that the US aerospace major is going to ramp up its sourcing from the country from current \$1 billion annually.

Boeing and Airbus have together bagged firm orders for 970 aircraft worth \$120 billion in last four months from Air India and IndiGo. Boeing may additionally get a significant wide-body order from IndiGo, which is testing waters with two Boeing 777s wet leased (hired with operating crew) from Turkish Airlines.

“We are looking at the business case for that (having a final assembly line in India)... focused on increasing sourcing that leads up to that — for components, higher value systems and parts of aircraft. FAL is relatively small in the overall value chain of an aeroplane, unlike say

BULLISH ON GROWTH IN INDIA

“...Focused on increasing sourcing that leads up to that (final assembly line) — for components, higher value systems and parts of aircraft. FAL (final assembly line) is relatively small in overall value chain of an aeroplane, unlike say smartphones or electronics where a lot of value is added in the final step. It is critical but (represents) less than 10% of overall value of an aircraft. Over time, as the demand grows in India and for the region, we will evaluate the business case for a FAL

“We have been at \$1bn level of sourcing from India for two-three years. During pandemic time, aeroplane production rates went down significantly. While globally sourcing dropped... in India it stayed flat at a billion dollars. So, you can imagine how fast growth here was even when aircraft production rates were lower. Now as those rates increase, India will ride that wave

SALIL GUPTÉ | PRESIDENT, BOEING INDIA



smartphones or electronics where a lot of value is added in the final step. It is critical but (represents) less than 10% of the overall value of an aircraft. Over time, as the demand grows in India and for the region, we will evaluate the business case for a FAL,” Gupte said. Boeing’s sourcing from India at the moment is over \$1 billion (Rs 8,200 crore) per year, of which roughly two-thirds is manufacturing, making it the biggest original equipment manufacturer (OEM) importer

from here. Over the last 18-24 months it has signed an additional \$1 billion worth of contracts. While these contracts are spread over several years, the sourcing from India will grow significantly in two to three years.

“We have been at the \$1-billion level of sourcing from India for the last two-three years. During this pandemic time, aeroplane production rates went down significantly. While globally sourcing dropped in that period, in India it stayed flat at a billion dollars.

‘\$100mn primarily for simulator training’

When PM Narendra Modi was recently in the US for a state visit, Boeing had announced \$100-million investment in India. Regarding that, Boeing India president Salil Gupte said, “The India market is growing so fast that it will need tens of thousands of pilots over the next 20 years. That means there has to be the required training infrastructure in India. Many students currently go out of India for pilot training and for simulator sessions. We want as much as possible of that to be done in India. Much of our announced \$100-million investment will go towards the simulator infra, software to support sims and on developing curriculum for training. We will certainly have our involvement in this, but much of that investment will be done via our partnership with CAE. Some of the investment will happen with Air India as they get into training themselves as well.” **TNN**

So, you can imagine how fast the growth here was even when aircraft production rates were lower. Now as those rates increase, India will ride that wave up,” Gupte said.

India, the world’s fastest growing aviation market, is keen that both Boeing and Airbus set up FALs here. With PM Modi’s push, the country is getting the ecosystem for defence side. Last year, Tata and Airbus decided to jointly make the C-295 transport aircraft for the Indian Air Force in Gujarat. Modi’s recent state visit to Washington saw US major GE Aerospace signing a pact to jointly make fighter

jet engines in India. These defence aviation ecosystems and supply chains will provide the groundwork for civil side manufacturing and FALs.

“The announcement for co-production of military engines in India made during PM Modi’s Washington visit by GE is a big step forward. That certainly laid the groundwork for engine manufacturing in India. That’s a great step forward,” Gupte said. CFM International, GE’s JV with French Safran, is a leading supplier for engines for single-aisles including Boeing 737 MAX and Airbus A320neo family aircraft.