

Charter Jets, Choppers New Market for Pre-Paid Cards

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Some firms have introduced pre-paid cards facilities that enable HNIs to fly in private jets at cheaper rates

Mumbai: With even the rich hesitating to buy, or fly in a private jet or helicopter in a slowing economy, some private companies have begun offering such clients pre-paid annual membership cards that enable them to fly in private jets at cheaper rates.

"With the (rupee) dollar value touching all-time high, it may not be the appropriate time to buy an aircraft. However, Baron Eagle membership provides an ideal choice for customers to avail all the benefits of owning an aircraft at a fraction of ownership cost," said Rajeev Wadhwa, chairman and chief executive at Baron Luxury.

There are around 700 private planes, including jets and helicopters, in the country. In a slowing economy, many of them are underutilized and some even lie idle at airport hangars. Companies like Baron Luxury lease aircraft from such owners.

Typically, the aggregator-aircraft owner arrangement works on a 10:90 revenue share basis, considering that the aircraft owner bears the cost of fuel, manpower and related expenses, according to industry estimates.

Wadhwa said his company has 27 aircraft of different sizes and 5,000 hours to offer to its members. The company has priced annual membership for its silver card at Rs.25 lakh, Rs.50 lakh for the gold and Rs.2 crore for the platinum. The company claims it will refund any unused portion.

The Global Jet card will be "by invitation only", according to Wadhwa, and will allow members to fly private to most international destinations.

"We have 5,000 hours of flying on offer for a year. Anything less than 2,500 hours will land us in losses and anything more than 2,500 hours of flying will help us in making operating profits," Wadhwa said.

Wadhwa, however, did not disclose the details of owners but a promoter of a Mumbai-based chemicals manufacturer, who did not wish to be named, appeared happy with the deal.

"I have a chemical plant in Vapi (Gujarat) and I stay at Napean Sea Road. I used to visit my plant once in 10 days and it would always be a painful, long, boring journey. I always had to get up early and take my breakfast somewhere on a roadside *dhaba*," he said.

Now, he charters a helicopter, "which picks me up from Mahalaxmi and drops me in Vapi in just 60 minutes". "It has added a great lifestyle status to my business," said the promoter, who uses a flying card programme of Baron.

"Aggregation of underutilized private planes used to happen in a most informal way in the past. Now it's getting more organized. It augurs well during an economic slowdown," said Rohit Kapur, president of the Business Aircraft Operators Association (BAOA).

Kapur added it helps an aircraft owner to get a chance to increase the utilization of his planes while others who have decided to defer aircraft acquisition owing to slowdown get a chance to fly a plane without owning it. "It's a win-win situation for flyers, aggregators and aircraft owners," Kapur said.

Another private jet company, Invision Air, part of the Invision Group, launched a similar jet card membership programme early this year. It is designed for regular users of private jets with the entry level membership (silver) starting at 25 hours per year costing Rs.33.75 lakh and the top-tier (platinum) at 100 hours per year costing Rs.1.2 crore plus taxes. Vinit Phatak, managing director at Invision Air, said he will offer 14 planes of different types to customers by way of aggregating idle planes, though the company owns two planes.

"We found an essential element for a successful jet card programme is to own a few aircraft ourselves and have 100% control on their deployment. This ensures high service level and availability demanded by this level of clients," Phatak said. "When one is dependent only on aircraft from other operators, it is difficult to provide a consistent level of service quality to the members."

He, too, did not disclose details of the owners but said his company is in the process of taking an entire fleet of planes on lease. Another private aircraft company Club One Air has a similar model. It invites owners of private jets, who are finding it difficult to meet requirement on size.

Baron Luxury's Wadhwa said his company has no plans to own aircraft but will stick to its model of aggregation to avoid debt on its balance sheet. To avoid conflict between owners and customers, Baron Luxury has developed an online calendar application that the operators will update in real-time. The calendar is updated with whoever confirms the flights first to avoid conflict, said Wadhwa.

Meanwhile, lobby groups of private jets are in dialogue with the Directorate General of Civil Aviation (DGCA) to sort out the issue as the aviation regulator in August banned international flights by non-scheduled operators.

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