Protection of Interests in Aircraft Objects Bill, 2025

Prelims – Indian polity and Governance

Mains (GS II & III) – GS I (Government Policies & Interventions) | GS III (Infrastructure).

Why in News?

Protection of Interests in Aircraft Objects Bill, 2025, was recently introduced in Rajya Sabha.

- The Bill seeks to give ***legal effect*** to the following international agreements in their application to India
  - Convention on International Interests in Mobile Equipment (also known as Capetown Convention of 2001), and
  - Protocol to the Convention on International Interests in Mobile Equipment on Matters specific to Aircraft Equipment.
- India had acceded to these in **2008**.
- The Convention and the Protocol aim to bring uniformity in securing rights for high-value assets such as aircrafts, helicopters, and engines.
- They aim to ensure predictability for creditors in the event of a financial default in
  - A lease – use for a specified period
  - Conditional purchase – transfer of ownership upon completion of certain terms and conditions, or
  - Security agreement – asset given as collateral for borrowing.
- **Registry Authority -** The Bill designates Directorate General of Civil Aviation (DGCA) as the Registry Authority for the purposes of the Convention.
- The Registry Authority is responsible for registration and de-registration of aircrafts.
- **Obligations of debtors -** Debtors *must submit records of dues* to DGCA.

  A debtor is a person who has taken an aviation asset under a lease or, conditional purchase agreement, or pledged an asset under a security agreement.

- **Remedies in case of default -** The Convention gives creditors certain remedies in case of default by a debtor.

  A creditor is a person who has provided an aviation asset under a lease or conditional purchase agreement, or has lended under a security agreement.

- It includes the right to take back possession of the asset within a period of *2 calendar months or a mutually agreed upon period*, whichever is earlier.

- The Bill states that before exercising any remedy, ***the creditor must notify DGCA*** about the occurrence of default.
- **Detention of assets by government agencies -** The following entities will continue to have the right to detain an asset if dues for services related to that asset remain unpaid
    - Central government,
    - Any other entity providing public services in India, or
    - An inter-governmental organization of which India is a member.
- **Overriding effect -** In case of any inconsistency between the Bill and any other law, the *provisions of the Bill* will prevail.
- **Jurisdiction of High Courts -** The High Courts will have jurisdiction over any claim under the Convention.
- **Power to make Rules -** The Bill empowers the central government to make Rules to implement the provisions of the Convention and the Protocol.

References

1. Economic Times | Protection of Interests in Aircraft Objects Bill, 2025
2. PRS India | Protection of Interests in Aircraft Objects Bill, 2025

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