

# Strengthening the Cape Town Convention in India: How the Newly Implemented Protection of Interests in Aircraft Objects Act Promotes Aviation Financing

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On May 1, 2025, new legislation came into force in India called The Protection of Interests in Aircraft Objects Act 2025 (the “**Act**”). The new legislation arises out of the insolvency of Indian airline Go First, where lessors faced multiple problems in enforcing their rights under the Convention on International Interests in Mobile Equipment (the “**CTC**”) and the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment (the “**Protocol**”) in India.

In particular, whilst the Indian High Court recognized the enforcement of lessors’ IDERAs (Irrevocable Deregistration and Export Request Authorizations) allowing the subject aircraft to be deregistered, following the imposition of a 180-day moratorium imposed as a result of Go First initiating voluntary insolvency resolution proceedings, the Indian civil aviation authority (the “**DGCA**”) refused to deregister the aircraft. In practice this meant that the aircraft remained in India and were not delivered up to the lessors for many months.

The imposition of the 180-day moratorium was at odds with the provisions for speedy relief under the CTC, to which India had acceded in 2008. As a result, confidence in the ability of the CTC to apply effectively in repossession scenarios in India was greatly undermined.

In order to restore confidence, the Indian Government has implemented the Act, the purpose of which is to provide for the protection of interests in aircraft objects and to implement the CTC and the Protocol. To do so, the Act clarifies that:

- it prevails in the event of any inconsistency between any other law for the time being in force in India and the Act. This should help to cure any inconsistency between the 180-day moratorium imposed under the Insolvency and Bankruptcy Code 2016 and the CTC which provides for the return of an aircraft to its owner in an insolvency scenario in a much shorter timeframe;
- subject to the provisions of the Act and any declarations made by India, the Convention and Protocol have the force of law in India, in respect of aircraft objects;
- upon a creditor declaring the occurrence of a default to the DGCA, it is entitled to exercise any remedy available to it under the Convention or the Protocol; and
- the provisions of Article XIII of the Protocol shall apply to any de-registration and export request. This requires, inter alia, the DGCA and other relevant authorities in India to co-operate with and assist the creditor in the exercise of its remedies under Article XI (remedies on insolvency) of the Protocol.

Therefore, the Act represents positive action by the Indian government to protect and promote interests in aircraft objects, the CTC and the Protocol and will hopefully ensure that the problems faced by lessors and creditors in the Go First insolvency do not occur in the future.

If you have any questions about this article, please contact **Helen Biggin** at [hbiggin@vedderprice.com](mailto:hbiggin@vedderprice.com) or any other Vedder Price attorney with whom you have worked.