



## **CIVIL AVIATION POLICY**

### **Introduction**

Civil Aviation Sector is of National importance as it contributes significantly to the process of development of the country with as a result of enhanced productivity and efficiency in the movement of goods and services by providing access to safe, secure and affordable Air services and world class infrastructure facilities. The most important contribution Aviation makes to the economy is through its impact on the performance of other industries by enhancing efficiency and competitiveness by offering most efficient and fast transportation facility. This sector also contributes substantially to the GDP. Civil Aviation sector epitomizes modern, resurgent and fast developing Indian Economy which is moving to be a super power of the world in the near future. The contribution of Civil Aviation sector in providing employment opportunities directly, indirectly and induced is immense. This sector gives fascinating opportunities to an array of industries such as Airports, Airlines, Cargo, MRO, Ground Handling, ANS, Retail business, Real Estate etc. One of the important induced effects of air transport is on the tourism sector of an economy. There are great opportunities and the future is even more exciting. Setting up of world class airport infrastructure facility and offering a most modern and reliable Air connectivity together with integrated transportation connectivity holds the key.

The vast geographical expanse and terrain of India makes air transport a necessity and not the luxury service as it was often perceived in the past. Air transport is the fastest and safest mode of transport for relatively long distance. Total air passenger traffic in India has increased from 109 million in 2008-09 to 143 million in 2010-11. Available forecasts suggest that by 2020 air passenger traffic will be around 290-300 million. To meet this huge air traffic demand, the country will require approx. 350-400 operational airports across the country. This implies that huge private investments will have to be attracted as AAI alone will not be able to raise the funds (Rs. 60 - 70,000 Crores). Similarly, India is likely to have a 1,000 plus fleet strength of aircraft requiring huge investment of approx. US \$ 90 billion. In this respect, the effort taken by Ministry of Civil Aviation to notify a National Civil Aviation Policy is highly commendable as it will provide a blueprint and a road map/clear vision to all the stakeholders including the government in understanding their respective roles for ensuring the growth and development of the sector in the next decade .It is also extremely important that the policy should address the discrepancies in the existing rules/acts within the Civil Aviation sector thereby removing scope for different interpretations and to have cohesiveness in interpretation and implementing various rules/regulations.



Our detailed comments on various issues are furnished below:

## **1. AIRPORT:**

Airports are a critical part of the transport infrastructure. It is important that Airport Infrastructure gets developed in anticipation of meeting the future growth in demand for air travel. Therefore, well planned, efficiently operating, modern world class airports are important national assets. There is a vital need for the government to come up with the long term policy for the Airport Sector. The policy issues highlighted for discussion by FICCI do not contain Airport as one of the topic. It is very essential that a policy on the Airport must be part of the National Civil Aviation policy particularly the policy on issues of private participation, Greenfield policy, Brownfield policy, Cargo Policy, Hub Policy, development of non-metro airports and at Hilly and Remote areas etc. The Policy must, most importantly, address the economic viability issues of airports.

- 1.1 Civil Aviation Policy must ensure that airports are offered fiscal benefits similar to industries, which includes benefits for certain number of years e.g. exemption from Income Tax, Property Tax, Non Agricultural Tax (N.A. Tax), Electricity duty, Royalty on minor minerals etc. Additionally, open land should be exempted from N.A. Tax and post exemption period electricity duty should be as is applicable for industries and N.A. tax should also be based on rates applicable on industries.
- 1.2 The policy objective must be to ensure sustainable airport capacity to meet the demand forecasted for Passengers and Cargo traffic.
- 1.3 Ensure total safety and security of air transportation by introduction of state-of-art air traffic technology, equipments and training facilities.
- 1.4 Develop Airport as a Multi-modal Transportation Hub, by integrating the Airport with other modes of transport like Railway, Highway and Seaports to enable seamless transportation across the country
- 1.5 Policy should consider granting infrastructure industry status to Airport sector.
- 1.6 A forward looking Greenfield Airport policy which encourages the investors and developers to set up more and more Greenfield Airports in the country.
- 1.7 There should be a clear PPP policy on the airports.
- 1.8 Air Traffic control service may be allowed to be provided by licensed private operators.
- 1.9 More transparency needs to be on ATC/ANS pricing by incorporating international best practices.
- 1.10 There is a need to have a clear and forward looking policy on Ground Handling services by enhancing competition in the service by allowing professional ground handlers with international experience.



- 1.11 Policy to improve Cargo handling facility at Airport is essential and also to develop cargo handling capacity at all airports.
- 1.12 A clear policy to encourage the commercial activities in the airport for optimization of revenue from Non-Aeronautical Services.
- 1.13 Policy to upgrade the airport security system by systematically assessing aviation security threats, risks and vulnerabilities at the airport by adopting modern technology mechanism.
- 1.14 Clear policy on financing of Airport Infrastructure by incentivizing private participation, making easy the source of finance such as debt, equity, external assistance, public bonds, external commercial borrowing and also making easily available loans from government/institutions.
- 1.15 Policy on commercialization of all the non-metro airports by allowing private participation in both aero and non-aero activities.
- 1.16 Policy to have an unambiguous legislative framework for privatization of airports allowing total flexibility and avoiding any intervention by any agency.
- 1.17 Approval policy for the Greenfield Airport, Brownfield Airport should be made easy for private developers to take up the project work. Single Window concept to be implemented.
- 1.18 The policy should clearly define the role of central and state government and civil military cooperation.
- 1.19 Policy to develop human resources in the airport management. Civil Aviation industry requires well trained and highly skilled workforce on a continuous basis.
- 1.20 Policy to have easy clearance of all environmental issues.
- 1.21 Policy to develop a forward looking investor friendly regulatory mechanism.
- 1.22 Policy to encourage and support the Indian Industry to acquire airports development and operations abroad.
- 1.23 Clear land acquisition policy should be in place for setting up of airports in the country.
- 1.24 The policy should aim at facilitating continued investment by ensuring economic viability of the Airport sector.
- 1.25 Progressive tariff regime – Dual Till for all Airports.

## **2. CARGO POLICY:**

- 2.1 Trade in Airports/Aviation Sector is affected on account of several factors such as custom clearance, warehousing issues and intervention of many agencies. Indian Air Cargo industry is at an inflection point. Air Cargo through put has more than doubled in the last decade. Air Cargo policy should focus on making India a preferred transshipment hub for global air cargo movement. The right vision, road map, forward looking policy and regulatory framework is essential for taking India to the rightful place in global air cargo industry.
- 2.2 The processing time for major export handling activities / import cargo clearance are far below the international standards. Restricted working hours for cargo clearance affects



piling up of cargo and puts tremendous pressure on the capacity and cargo operations and requires 24x7 cargo clearance working by all agencies such as Customs dept. and Customs house agents etc. Hence a clear policy to streamline the regulatory procedures in all the airports in order to reduce the dwell time and to have 24\*7 cargo clearance working/customs operations in all airports is essential.

- 2.3 Policy to minimize/eliminate manual intervention in all clearing process.
- 2.4 Policy to make all the custom activities free for the operators. Recent issue of imposing Customs cost recovery on Greenfield Airports adversely affects the import / export business to be withdrawn as any additional cost will adversely affect the trade. Moreover, Customs being a sovereign function of the Govt. and the cost of that should be borne by the Government and not be charged from the Operators.
- 2.5 Policy to enhance the efficiency of all the agencies working at the airports. Apart from Customs, several other agencies are also responsible for clearance of goods at Airports and they must improve their processes for easy and fast clearance. The clearance process being extremely slow the capacity as well as throughput of Perishable cargo is greatly impacted, besides inconvenience to the Importers.
- 2.6 Policy should be to improve efficiency through automated material handling system and IT system, making paperless environment, e-freight etc.
- 2.7 There should be a clear policy on land acquisition near all the airports for expanding cargo handling capacity.
- 2.8 Policy to improve road and rail connectivity of the air cargo terminal to have easy transportation of goods, low cost of logistics and minimal wastage of perishable cargo.
- 2.9 Container Corporation (CONCOR) of India and other Integrated Container Depots (ICDs) need to be encouraged to tie up with Airports to develop the latter to Multi-modal Transportation Hub.

### **3. HUB POLICY**

- 3.1 Policy should be framed to make all strategically located Indian Airports as Hub and Spoke model to make them most efficient, cost effective, liable, safe, secure and comfortable air travel to passengers. There are substantial economic gains which can be derived from a Hub airport including improving employment opportunities.
- 3.2 The policy should be to have an integrated transport model connecting Seaport, Road and Rail Transport and to certain extent Public Road transport utilities to make hub-spoke model most efficient and cost effective by utilizing economies of both scale and scope and provide passengers and cargo seamless connection and more efficient services.
- 3.3 The policy needs to position India as a global hub by effectively utilizing world class airport infrastructure capacity to handle large movement of aircraft and augment trade and tourism opportunities and to ensure seamless transition for the passenger and the airline.



- 3.4 Policy should be to facilitate a collaborative approach between both airports and airlines to work in tandem to handle the international competition and the growing air passengers and cargo movements. Hub-Spoke model provides both cost and demand advantage over smaller networks.
- 3.5 Policy should be to coordinate various agencies including Immigration, Customs, CISF etc. to make available the passenger convenience, connectivity/network etc. matching international benchmarks/standards.
- 3.6 Plan for scheduled optimization by utilizing bilateral traffic rights available for all Indian air carriers for expanding their global foot print.
- 3.7 A policy to allow visitors from all the friendly countries the facility of Visa on Arrival on arrival in all the Indian Hub airports.
- 3.8 Policy to discourage direct connections to the foreign airlines to the non-hub airports because it will be difficult to promote Indian airport as Hub specially when the rights are being granted to foreign carriers to over fly the Indian Hub.
- 3.9 A series of taxes and duties are levied on the ATF that makes it expensive compared to international industry average. As a result, ATF accounts for nearly 40% of the operating cost of Indian Carriers. The Policy should aim to minimize taxes on ATF to promote financial well being of airlines which will result in the overall growth of Aviation industry.
- 3.10 India is one of the few countries imposing service tax on air tickets, due to which air travel becomes a luxury rather than an integral mode of transport. The civil policy must abolish this tax to promote air transport in India.

#### **4. SLOT POLICY**

- 4.1 As per OMDA and SSA, the Airport operator is solely responsible for the management and allocation of both domestic and international slots.

##### 8.5.4 of OMDA agreement mentions:

*“The JVC (Airport Operator) is responsible for the management and allocation of aircraft landing and timetable slots at the Airports, for both domestic and international traffic. JVC shall allocate slots at the Airports in consultation with Airlines, in accordance with IATA Slot Allocation Guidelines as issued and updated from time to time in a fair, reasonable and equitable manner”*

##### 8.11 of SSA Agreement mentions::

*“Airport Operator shall have the final right to allocate slots at the Airports, subject to the same being allocated fairly and not arbitrarily and shall use reasonable endeavors to accommodate the relevant airline operators the slots allocated at the Existing Airport at the time of its closure.*



Accordingly, slot allocation should be the prerogative of the airport operator.

- 4.2 Presently slots allocation is done as per the IATA Worldwide Slot Guidelines and also various guidelines issued by MOCA/DGCA from time to time.
- 4.3 Civil Aviation Policy to be framed to protect the legitimate right of airports to allocate on a fair, transparent and user friendly basis.

The slot policy must address the following issues:

- a. The slot of those Airlines that are not operating flights continuously or irregularly for 7 days in a month must result into cancellation and no historicity to be given for cancelled slots for the next season. The Airport Operator would however give a fair opportunity to the carrier by seeking reasons for the non operation of the flight by that carrier prior to the cancellation of the slot.
- b. To prevent misuse of slots, a high penalty should be imposed on the Airlines, which will ensure scarce resources are used most efficiently.
- c. The Slots of the airlines who are regular defaulters in payments should be withdrawn.
- d. In congested airports such as CSIA, where slots are a scarce resource, 95-5 rule should be applied for grandfather rights, provided that the flights are operated within +/- 15 minutes of STA/STD. It is advisable that when Airlines file slots they should be taking into account the real block time and inherent constraints and delays in their operational system. For instance, the European airports are migrating from 80-20 to 85-15 rule for better utilization of capacity. However, 80-20 rule may continue for all other airports which are not congested.
- e. The 95-5 rule should be applied on the size of the aircraft at congested airports like CSIA. Therefore, the carrier should operate minimum 95% of the time the same size as approved or bigger size of aircraft as filed.
- f. Any changes by the airlines in the slots allocated for specific sectors with specific aircraft type without the due approval of the airport operators should be considered as a gross violation of approved slots. This will attract high penalty and result into cancellation of slots.

Airlines operating any flight without the due approval of the airport operators shall result into the imposition of high penalty. And the airport operator should have the right to stop such operations.

## **5. BILATERAL POLICY**

Excessively liberal bilateral towards Middle-East, Singapore and Sri-Lanka allow the respective carriers to leak traffic from non-metro airports. Most of the Bilaterals allow “All” Airports as “point of call” thus do not support funneling of traffic from Metro Airports. So foreign Airlines



should be allowed to operate To & Fro Metro Airports only. A review on the bilateral therefore is in the national interest. Also, the domestic carriers of Indian origin should be allowed to operate to international sectors availing the unutilized seats granted to the national carrier (Air India).

Majority of traffic rights granted to the designated carriers of India are either unutilized or underutilized and those granted to foreign carriers are either fully utilized or are being sufficiently utilized. This disparity in the usage of traffic rights is on account of various reasons like:

- Our national carrier is not in a position to fly on various sectors due to its financial condition & aircraft availability.
- Restrictive approach towards granting traffic rights to Indian Private carriers
- Past allocation of traffic rights to foreign airlines

The Civil Aviation policy must focus on:

1. Liberalizing our current policies and enabling the Indian Private carriers to utilize the available traffic rights granting additional rights on the sectors which are fully utilized by both countries.
2. Restriction on granting of additional traffic rights to foreign carriers (especially from Middle East).
3. No additional point of call in India to be granted to foreign carriers
4. Airport operator should be a part of the Bilateral Air Service negotiations.
5. Liberalization of code share agreements between Indian carriers (including private carriers) and foreign carriers.

## **6. MARKET ACCESS POLICY**

Civil Aviation market contributes significantly to the process of development of the country. It also contributes to GDP substantially. All this demonstrate the significant footprint the Civil Aviation sector has on the Indian economy. Considering the importance of this sector there should be an easy entry and exit policy for the Civil Aviation sector. The policy must encourage investment for both Indian and foreign investors. It must also ensure removal of all the bottlenecks for easy access.

The market access policy in India is governed and monitored by Ministry of Civil Aviation, Government of India. Market access to the designated carriers of foreign countries in India is dealt through bilateral Air Service Agreements. Domestic market for Indian carriers is fully liberalised, however DGCA has laid down Route Dispersal Guidelines to ensure route connectivity Pan India.

India has witnessed tremendous growth in air traffic for the last 5-7 years. This growth has been due to the economic growth and emergence of LCC in India. However there are limitations for



India carriers (Private) to expand their network in international market. Government should liberalise traffic rights for Indian carrier to access international markets.

## **7. LAND USE ISSUES**

Land Policy should be aimed at balancing and facilitating land acquisition for various public purposes including infrastructure development, industrialisation and other urbanisation but at the same time meaningfully addressing the concerns of land owners. The land acquisition should be aimed at infrastructure development in the country. Land acquisition and resettlement and rehabilitation policy for infrastructure development must not be cumbersome and should not be expensive. The scheme of compensation should not act as a barrier and burdensome to the extent discouraging future infrastructure development activities. In PPP model infrastructure development the responsibility of acquiring the land must be with the government and there should not be any procedure of seeking consent of the inhabitants and exorbitant price and cumbersome procedures. State/Central Government must acquire land and hand over the same to developer at reasonable terms. Civil Aviation Policy should address all these issues.

## **8. FOREIGN DIRECT INVESTMENT (FDI)**

The FDI policy should be to attract foreign investment in Indian Civil Aviation market. As far as airport sector is concerned, the existing policy allows 100% funding through FDI whereas in many of the segments of the Civil Aviation sector there are restrictions in allowing FDI. By facilitating free flow of FDI, the industry will be able to meet the requirements of funds, get the technical knowhow and also facilitate global access. The new Civil Aviation policy must address the issue, if any and facilitate flow of FDI to the maximum extent possible.

## **9. REGULATORY PHILOSOPHY**

- 9.1 The concession/project agreements already signed should be adhered to, to maintain the investor confidence. Ministry of Civil Aviation (MoCA) should issue directions to AERA in case of deviations in the policy.
- 9.2 MoCA should have unequivocal/absolute power to issue Directions to the regulator. Regulatory philosophy should be predictable and should not be subject to frequent changes to ensure regulatory certainty of the sector.
- 9.3 The policy should support in establishing a forward looking investor friendly regulatory environment which will ensure a level playing field for competing suppliers and also ensure credibility in the ability of the regulatory establishment to safeguard the interest of both the seekers and providers of service.





- 9.4 Policy should ensure setting up of independent regulatory mechanism to position between legislator, executive and judiciary on one hand and market on the other hand.
- 9.5 Policy should ensure to maintain independence of the regulator from the executive. Regulatory agency is given functional autonomy in its day to day functions.
- 9.6 The government should rest with the power to amend or to repeal law or rules in order to remove or reduce regulatory burden in the industry.
- 9.7 The policy should also ensure appointment of regulator who possesses the competence and integrity in order to inspire public confidence of the regulator. The regulator should be appointed on a fair and transparent basis with a view to ensure that the regulatory system remains insulated from political interferences.
- 9.8 The policy should ensure that the regulatory institution remain independent and autonomous.
- 9.9 Policy should ensure a reasonably long fixed tenure say 3-4 years for a regulator. The members of the regulatory body should ideally be drawn from different sectoral/subject field experts.
- 9.10 Policy should also clearly focus on fostering competition rather than on regulation.
- 9.11 In a supply-lacked scenario like India, regulations should seek to bring in investments by creating incentives for the operator to create additional capacity or efficient usage of the facilities to maximise the number of passengers (or freight volumes).
- 9.12 The return on capital employed should be in line with the risks involved with operating an airport and ensure that investor confidence is maintained enabling development of the airports in line with the vision of the Indian Government.

## **10. REGULATOR FOR AIR TRANSPORT SECTOR**

- 10.1 We believe that competition is the best regulator for a sector like air transport. Setting up of a regulatory mechanism for air transport should be the last priority rather the government should ensure a competitive market which will only give the desired result. However taking into account the present situation of airlines sector, there is a requirement to streamline the process and procedures in the airline market and to discipline the sector. It may be considered that this will also be subject to regulation and monitoring by AERA instead of setting up separate regulator for air transport sector.
- 10.2 There should be a separate Appellate Tribunal exclusively for the Civil Aviation Sector to ensure settlement of disputes speedily.

## **11. OMBUDSMAN**

- 11.1 Merely setting up of world class infrastructure alone will not ensure availability of world class service to the consumers. Appropriate regulatory framework to protect the interest of consumers at large is one of the crucial areas.



11.2 The proposed Civil Aviation Policy should address the feasibility of setting up of an Ombudsman for Civil Aviation Sector.

There is a working group for examining feasibility of Ombudsman for Civil Aviation, which has prepared a draft report on the same. APAO has already provided its comments on the report, a copy of which is attached for ready reference.

## 12. CONNECTIVITY ISSUES

a. **Route Dispersal Guidelines (RDG):** It is a fact that route dispersal guidelines have offered only a partial solution to issue of regional connectivity and was not a successful model. The policy formulation should address the requirement of innovative mechanism to achieve maximum connectivity with rural and inaccessible areas. New civil aviation policy should address the issue to make the most efficient and economical use of routes permitted by adopting market discovered pricing mechanism and also to help improve connectivity to all the regional airports.

b. **Regional Scheduled Operator Permit (RSOP):** With the growing need for air connectivity, it is essential to support and encourage regional players to enter into the aviation sector. However, keeping in view the past record of the regional carriers, it becomes crucial to review their performance and keep in place stringent checks relating to their financial performance and safety & security standards.

These carriers are essential for regional connectivity but at the same time they also lead to congestion at metro airports. This will put pressure on the infrastructure like terminal building, airside capacity and most importantly on ATC. Though connectivity to the regional airports is very essential, we cannot overlook the infrastructural constraints being faced by the airports today. Therefore, the civil aviation policy must be designed to ensure regional connectivity but also prevent unnecessary burden on airport infrastructure.

c. **Code Sharing:** With the growing need for global and domestic connectivity, it is vital for airlines to add new routes. Though it might not be feasible for one airline to fly on multiple routes, thus Code share is a significant tool for airlines to develop their route network and provide better connectivity with less time & cost.

It is essential for airports to have connectivity to multiple destinations (domestic & international) hence code share amongst the carriers is crucial.

Keeping in view the above, Code-share agreements between Indian Carriers (including Private Carriers) and foreign carriers should be liberalised. This will boost the overall international & domestic connectivity and restrict foreign airlines to enter into the regional markets. This will help in minimizing leakage of passengers from the catchment areas of Indian Airports.



### **13. CENTRAL AIR TRAFFIC FLOW MANAGEMENT (CATFM) - ATC AUTOMATION**

- 13.1 ATC automation is of paramount importance to ensure a safe and secure Air Transport service.
- 13.2 Since management of air space being a sovereign function, the policy should consider hiving off this function from Airport Authority of India which is an airport operator itself.
- 13.3 Since Airport Authority of India is undertaking multiple functions there is always a possibility of cross subsidisation of one service with another, which will be applicable in the case of ATC/ANS service also. Policy should formulate remedial measures to identify and eliminate such possibility of cross subsidisation by mandating maintenance of separate accounting records.
- 13.4 Policy should also address the short, medium and long term investment requirements and ensure timely investment in ANS infrastructure facilities. Also modernise the entire ATC systems and procedures.
- 13.5 Policy should also address the feasibility of offering the ANS service by other airport operators to eliminate monopoly of single operator.

### **14. SATELLITE BASED NAVIGATION SYSTEM - SERVICE TO OTHER SECTORS**

Since satellite based navigation system is an essential ingredient of safe and secured air transport system, the policy should address the issue of availability of an efficient satellite based navigation system for the Civil Aviation Sector. It can also be developed as a business model so that the service can also be offered to other sectors on cost plus basis.

### **15. FLEXIBLE USE OF AIRSPACE (FUA)**

Airspace is a scarce resource of the country and efficient and economical use of air space must be addressed in the policy. Restrictions on the use of airspace could lead to wastage of this national resource hence policy should address the maximum flexible use of airspace at the same time eliminate the misuse or under utilisation of airspace. Therefore, airspace should not be designated as civil or military but should be considered as a continuous entity and should be allocated to users on actual requirement basis. This will ensure increase in capacity of airspace and will result in reduction in operating cost of airlines and lesser carbon emission into the environment.

### **16. CUSTODIAN OF AIRSPACE**

Ideally the government (the sectoral ministry i.e. Ministry of Civil Aviation) must be the custodian of airspace.



### **17. ESSENTIAL AIR SERVICES FUND (EASF)/REGIONAL AIR CONNECTIVITY FUND (RACF)**

Development of rural and remote areas have a direct bearing on the air connectivity between these places ensuring essential air services to the remote and inaccessible areas of the country. In order to set up the required infrastructure in such remote areas, it is essential to establish non-lapsable essential air service fund to provide explicit and direct subsidies to airport operators and airlines to meet the shortfall of viability gaps in line with USO fund in telecom. A policy should consider setting up of such a funding mechanism for the civil aviation sector.

### **18. MAINTENANCE REPAIR AND OVERHAUL (MRO)**

Available forecasts indicate that India will have a huge fleet strength of aircraft by 2020 i.e. approx. 1200+ aircrafts for Scheduled flights, 1000+ Helicopters, 2000 General Aviation aircraft etc. India has therefore the potential to become a global MRO hub due to its low cost, favourable geographical location, availability of technically skilled/certified aviation personnel. Also, considering that India's share is only 1% of global MRO market, developing MRO facility in all the major airports in India is essential. The policy should address this issue of setting up of MRO facility by facilitating investment in this sector and also making available the land near the airport. The policy should also address the issue of the present high tax regime which is causing a major detriment for the growth of MRO industry.

### **19. AVIATION UNIVERSITY/TRAINING INFRASTRUCTURE**

Various forecasts suggest that India will require additional 3 - 3.5 lakhs employees in aviation sector to meet the demand in the coming years. There is a need to increase capacity of current training facility. Skill shortage is also more serious in aviation sector. There is also an opportunity for demand for skilled personnel in Civil Aviation sector across the world. There is clear absence of qualitative and duly recognised formal educational programs. It is therefore necessary to establish a National Aviation University to cater to the growing educational and training requirements of Civil Aviation sector in India. The Civil Aviation Policy should address the issue of setting up of Civil Aviation University in the country.

### **20. POLICY FOR GENERAL AVIATION**

There should be a clear policy for encouraging the growth of general aviation in the country. The policy should address to have a regulatory framework to enable the growth of general aviation. The policy should also address to encourage investors for developing the supporting infrastructure at all airports, to enhance the passenger amenities and to boost General Aviation industry. Policy should



also address for improving and up gradation of non-operational airstrips to make it a full scale operation in future. The policy should also address the importance of creating a reliable and regularly updated database of all airports and airstrips in the country. It is also important to develop heliports to support the growth of general aviation in India. Policy should also address the option of setting up of a separate monitoring and facilitation agency for general airlines in the country. Aeronautical charges for General Aviation should be out of the purview of regulator and the airport operator must be given the right to fix the same.

## **21. DEVELOPMENT OF AEROSPACE/ AIR SPACE MANAGEMENT POLICY**

Considering the growth prospects of air traffic in the country and the competitive advantages arising out of growing pool of scientific and technical manpower, it is necessary to consider initiating activities for the development of aerospace industry in the country. This will also help in reducing the import cost.

With the privatisation of airports in India, the JVC airports are separate entities who are required to generate their own revenue and make themselves financially viable by using the airside resources of the airport. Therefore, it will be prudent to handover the control and management of Aerodrome control tower and Terminal airspace to the JVC so that they are in effective control over the utilisation of their resources.

## **22. CENTRE STATE CO-OPERATION**

Without the active support and cooperation of state governments the development of Civil Aviation sector is next to impossible. It is essential that the Civil Aviation Policy should address the issue of the areas where enhanced cooperation of state governments are required.

## **23. CIVIL MILITARY CO-OPERATION**

There are numerous areas of interaction/coordination between the Civil Aviation department and the defence authorities in order to meet the requirement of air traffic. There is a necessity to optimise the utilisation of restricted air space by adopting latest radar and data systems. There are issues of non availability of additional slots for civilian flights for military airports and sharing of revenue from non-aeronautical revenue from these airports with defence and civil aviation. The Civil Aviation Policy should address this issue.

## **24. Dual Till Accounting**

The Airport Infrastructure policy should clearly spell out dual-till that would not warrant any cross-subsidization of non-aero revenue for encouraging investment by private entrepreneurs.



Aeronautical revenue and non-aeronautical revenue should be accounted separately. Otherwise, investors will shy away from this sector.

#### **24. Aerotropolis Development**

In order to make the highly capital intensive Airports commercially viable, Aerotropolis development with appropriate zoning around the Airport should be encouraged. The Metropolitan City Master Plan developments should be integrated with the Aerotropolis development. Land use policy should incentivize development of Aerotropolis in the airport area which will bring tremendous multiplier effect in the whole metropolitan city.

#### **26. Airport- Collaborative Decision Making (A-CDM)**

Implementation of A-CDM at national level as enforced by US and EU, should be a priority. It will improve the operational efficiency, ensure efficient use of scarce resources and minimize the flight delays. The collaborative data sharing and decision making by all the stakeholders in the aviation industry like Airlines, Airports, ATC, Ground Handlers, Customs, Catering and the passengers will be benefited substantially by A-CDM.

#### **27. Sharing of Load Distribution Message (LDM) with Airports.**

Sharing of LDM, which contains the details of the passengers, with the respective Airports before landing of the Aircraft should be made mandatory for any scheduled flight operation.

#### **28. Aircraft Manufacturing**

As Indian Aviation is poised to grow substantially, the policy should address the need to establish an Aircraft Designing and Manufacturing Centre, with the support of ISRO, DRDO, Airlines, Airports, MROs and Aerospace Industries in the national level through PPP model.

#### **29. Ancillary industries**

The policy should encourage setting up of Airport related ancillary industries such as manufacturing of Aircraft sheets, baggage trolleys, x-ray scanning machines etc., which will help indigenous production of such critical items that will also avoid draining foreign exchange, besides generating large scale employment.

#### **30. Green Airport Initiatives**

The policy should provide for rewarding and incentivizing the "Green Airport Initiatives" like harnessing Solar, Wind energies; Rain Water etc.



### **31. Noise Abating Policy**

A 'Noise Abating Consultation Committee' has to be formed with the involvement of local community. Rewarding the noise abating initiatives of Airlines and Airports is a right step in this direction. Metropolitan development plans should not permit residential zones in Landing and take-off paths.

### **32. Environmental Protection**

Rewarding 'Air pollution reduction Methods', Forest/ green belt cultivation initiatives, Landscaping etc with appropriate “carbon credit” provision may be dovetailed into the policy.

### **33. R&D in Civil Aviation**

The policy may spell out the modalities of setting up of an 'R&D Centre for Civil Aviation' in line with ISRO, DRDO, IISc, IITs etc.

### **34. Local Community Development**

As part of Corporate Social Responsibility, ear-marking a portion of the profit of Aviation entities should be mandated in the policy for Local Community Development.

### **35. Tourism Policy**

As Civil Aviation and Tourism are very much inter-connected, the comprehensive 'Tourism Policy' should encompass Civil Aviation aspects and ensure integrated growth of both the sectors.

### **36. Prior Immigration Clearance**

Prior immigration Clearance facility from the originating country to the Hub Airport in India will be a right step in attracting tourists and Hub development.

### **37. Tax Exemption**

In line with IT sector, which gets Tax holidays because of its potential to bring Foreign exchange, investments in Aviation Sector also should get a tax holiday at least for the initial 10 years.

### **38. Periodical review**

There must be an Omni Bus Clause in the policy to review the Civil Aviation policy at least once in 10 years.

### **39. “Declared Goods” Status for ATF**

The policy should address the discriminatory treatment meted out to domestic carriers in the tax burden on ATF that cause undue hardship to them.



**To summarize, the proposed Civil Aviation Policy should address the following important issues:**

A well structured national aviation policy is need of the hour and should address the following:

1. Address the discrepancies in the existing rules/acts within the Civil Aviation sector thereby removing scope for different interpretations. There is a need to reexamine the regulations/rules of MoCA, AERA Act/OMDA/SSA etc. to have cohesiveness in interpretation and implementing the rules.
2. Ensure setting up of an investor friendly Regulatory regime.
3. Ensure all future airport projects under PPP model.
4. Allowing private participation in all the areas of Civil Aviation sector.
5. Ensure financial viability of Airports – Promote non-aero revenue source.
6. Ensure the freedom and flexibility of operation and management for private airport developers.
7. Promote an integrated transport system in the country.
8. No intervention from any agency like CAG audit or application of RTI rules to the PPP airports.
9. A well structured policy for planned development of Airports, Cargo, Hub, MRO, Aerotropolis, R&D, General Aviation and Aviation University etc.
10. Policy should formulate a progressive tariff regime of Dual Till in the Indian Airports Sector.
11. Review of Bilateral Policy to minimize leakage of passengers from the catchment area of Indian Airports.
12. Granting infrastructure industry status to airports.
13. Fiscal benefits like tax exemption/tax holiday to airports.
14. Clear policy to facilitate private sector investment in airports and for Aerotropolis development.