



## Flawed and disappointing

By Sanat Kaul, Nov 25, 2014, DHNS

**After five and a half months of the new government coming to power, the Ministry of Civil Aviation has announced a draft aviation policy. Besides the Airport Infrastructure Policy of 1997, India is yet to produce a cabinet approved Civil Aviation Policy though draft policies have existed for over last 25 years. Now, we have yet another half baked four page draft document.**

After enunciation of the economic importance of civil aviation, the ministry has made certain announcements. The proposed corporatisation of Airports Authority of India (AAI) and Pawan Hans Helicopters Limited is a good sign as it will bring in greater efficiency and transparency.

However, there is no mention of hiving off and corporatising air traffic management, which has been on the anvil for some time and has been recommended by the Naresh Chandra Committee on the 'Road Ahead' as far back as 2002. Further, there is no mention of converting the Directorate General of Civil Aviation (DGCA) office into a Civil Aviation Authority – a much needed catalyst for an efficient DGCA – that was approved by the last government. This is a step backwards.

On specific issues starting with international aviation, it has proposed to develop six international hubs in India when we have none presently. We have also done great damage towards it than good by giving away very liberal bilateral rights to the Gulf region to sweeten our private deal leading to further re-enforcement of their hubs.

Hub creation is no easy task. It would be more realistic to propose a single international hub in India in the present context and work towards it. Linking hub creation with future bilateral air service agreements is a good suggestion.

The junking of the existing 5/20 policy (which stops younger airlines of India from flying abroad) will be a corollary to creating international hubs. However, the draft policy only mentions its review and not abolition. Further, this item is wrongly placed along with regional connectivity.

Domestic aviation and regional connectivity have been discussed. The policy proposes to tweak the existing Group Dispersal Guidelines (GDG) of DGCA to enhance regional connectivity. The GDG is a cross subsidy by private airlines forced by the DGCA and has not been favoured by the Naresh Chandra Committee which had recommended an Essential Aviation Services Fund (EASF). But, EASF finds no mention, which is unfortunate. This, again, is a regressive step.

The draft policy mentions that while developing airports one must ensure that related sectors such as manufacture, business, tourism and pilgrim are developed as well. While such a statement is welcome, with less than a dozen out of the 132 airports in India making profits, a policy towards unviable airports as part of general infrastructure needs to be developed. Creating an aerotropolis or developing good connectivity to tourist/pilgrimage spots with good hotels, will make the airports more viable.

### **Much needed subsidy**

While AAI is able to cross-subsidise all such airports from its profits, opening new regional airports in the private sector as well as running of regional air services may also require a subsidy, at least for a short period. But there is no mention of it.

While mention has been made of 'upgrading' DGCA, air cargo, Air India, corporatisation of AAI and Pawan Hans, there is, however, nothing in the draft policy regarding ground handling, aviation safety (we are already downgraded by the FAA of US) or security, satellite navigation, issues of leasing of aircraft or harmonising of laws with our international commitments.

Although, there is mention of developing Maintenance, Repair and Overhaul (MRO) facilities, we find that a similar sentiment was expressed by the then finance minister two budgets past. As the fiscal regime for MRO facilities is very high, India's airlines find it cheaper to send the aircraft abroad for maintenance and repairs. This unfortunate tax treatment is stopping a remunerative industry from taking roots in our country to serve our own aircrafts.

One of the biggest flaws in the draft policy is that there is no mention of encouraging aviation related industries in India. As an emerging aviation power, India has lost sight of domestic growth of this industry in spite of the general call for 'Make in India'. Even unmanned aviation vehicles (UAV), whose manufacture has started in India, have been banned by DGCA on grounds that International Civil Aviation Organisation (ICAO) has not made clear its Standards And Recommended Practices (SARPs) on it. As a matter of fact, rules regarding use of UAV within a country is not a subject matter for ICAO as it deals only with international aviation.

Air Navigation Service Provider (ANSP) has a great responsibility for both Indian and foreign aircraft. Unless it is modernised and kept up with the growth of aviation, it will lead to congestion in the air and compromise on air safety. While the policy speaks of improved service in very general terms, it does not mention the introduction of navigation by satellite, an area where India has taken a lead by launching GAGAN - the augmentation satellite for satellite-based navigation. There is no mention of hiving off the Air Navigation Services/ Communications, Navigation and Surveillance (ANS/CNS) functions from AAI into a new entity, an issue which has been debated for long.

Lastly, Air India has been retained as a holy cow. It went through an abortive process of divestment to a strategic partner in 2001, but then the policy was reversed not to divest it. This draft policy, unfortunately, continues the same. In one word, the draft policy may be described as 'disappointing'.

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