CHALLENGES FOR AVIATION REGULATOR IN THE WAKE OF LIBERALISATION AND GROWTH IN AVIATION SECTOR

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1. **International Air Services**

Challenges

a) Updating the air services agreement – incorporation of provision for multiple designation, removal of tariff regulations, route flexibility, etc.

b) Provision for code share both on country-to-country basis and for 3rd country carriers.

c) Incorporation of safety and security provisions.

d) Bilateral traffic rights and allocation of traffic rights to new city for mutual advantage of both sides.

e) Seek Open Skies for cargo operations.

f) How to deal with the "substantive ownership and effective control" aspect e.g. Horizontal Agreement of European Union.

g) Regulation of charters – safeguarding the interests of scheduled operators.

Developments in India

In the year 2005 and 2006 (till date), 21 bi-lateral agreements have been concluded with various countries viz. Belgium, Bhutan, Canada, China, France, Germany, Italy, Kenya, Kuwait, Netherlands, New Zealand, Oman, Philippines, Qatar, Sharjah, Singapore, Tanzania, Thailand, UAE, UK and USA.

In order to promote tourism, the Government had liberalized operation of tourist charter flights in the year 2004 under inclusive Tour Package (ITP). Further betterment of the tourist charter policy has been implemented by revising guidelines by removing the restrictive requirement of minimum stay of 7 days and maximum stay up to four weeks. Also, the ratio of 2:1 for carriage of tourists in the operation of outbound tourist package has been done away with. During the peak tourist season, airlines are also permitted to increase the capacity and frequency to India.

Under the open sky policy, cargo flights are being cleared freely from airports where customs and immigration facilities are available. In the year 2004-05, the growth of overall cargo traffic by air was 27% in the domestic sector and 20% in the international sector.

2.   **Domestic Sector**
      <u>Challenges</u>

      a)   How to calibrate growth in order to protect the health of the aviation sector on the whole?

      b)   Whether to regulate capacity on some routes?

      c)   Regulation of foreign investment in aviation sector.

      d)   How to promote regional connectivity and connectivity to uneconomic routes?

      e)   Incentives and disincentives through taxation measures

      f)   How to regulate the manpower issues for safe and reliable operations?

      g)   Availability of manpower.

      h)   How to regulate mergers and acquisitions?

Development in India

A new Civil Aviation Policy is under finalization which, inter alia, lays down new eligibility criteria for setting up scheduled airlines. The Policy will also address the issue of giving incentives for operations on uneconomical routes and to promote connectivity.

The Government has liberalized Foreign Direct Investment (FDI) in the domestic aviation sector. While in most areas, 100% FDI is permitted, in domestic scheduled airlines, only 49% FDI is presently permitted with further restriction that no FDI is allowed to the foreign airlines.

With sudden boom in civil aviation, India is also faced at present with the shortage of skilled manpower for the sector. Government has taken certain measures to cope up with the situation of shortage of pilots. For the issue of Commercial Pilot Licence, the number of hours has been reduced from 250 hours to 200. Rules have also been amended to enable pilots to exercise privileges of their licences for commercial transport operations up to the age of 65 years under certain conditions. The intake of pupil pilots for training is being increased at the existing flying training institutes backed up by establishment of new flying training institutes which the Government is encouraging at this time.

To cater for the shortage of trained Indian pilots, Government has recently permitted two foreign pilots to operate together Indian registered aircraft. DGCA India has been allowed to deal with such requests for the purpose of training Indian pilots

for type endorsement on case-to-case basis and grant permission for a period not exceeding 12 weeks at a stretch.

3. **Security Regulation**

   Challenges

   a) How to facilitate aviation growth whilst maintaining the security standards?

   b) Upgrade security standards to meet the challenges.

   Developments in India

   Legal provisions are further being strengthened for exchange of information with a security perspective, both at the international level and in the domestic sector.

   Advance Passenger Information System (APIS) has been introduced.

4. **Infrastructure Issues**

   Challenges

   a) Upgrading the airport infrastructure.

   b) Promoting the multiple airport system.

   c) Upgrading communication and navigation system.

   Developments in India

   A number of steps are simultaneously being taken in the field of aerodrome infrastructure to meet the requirements of the civil aviation sector. The foremost is the revamping and modernization of existing airports. As the growth has picked up in the civil aviation sector, Delhi and Mumbai airports, which account for nearly 68% of total passenger traffic, have been

faced with increasing capacity constraints both from passenger as well as air traffic point of view. The ground infrastructure like parking bays, hangarage as available on date is saturated and cannot cater further to increasing demand. The modernization and restructuring of international airports at Delhi and Mumbai is being dealt through the formation of two separate joint venture companies. The airport management will be handled by the investor. However, air traffic control and security will continue to be handled by the Government. At Delhi, both the runways have been made operational for simultaneous use on the basis with added high speed taxiways, which has increased the number of take-offs and landings from nearly 30 to 45% per hour during peak hours.

To ease the capacity constraints at major airports across the country, the Government has embarked on developing 35 other non-metro airports along with the other metro airports like Kolkatta and Chennai. Two Greenfield airport projects are being undertaken at Bangalore and Hyderabad, the former is expected to become operational in the year 2008. Both these airports are being undertaken on a public-private partnership framework. Bangalore International Airport Ltd. (BIAL) and Hyderabad International Airport Ltd. (HIAL) have been created to implement these projects. Unlike existing airports, these new airports are looking at earning revenues from both aeronautical and non-aeronautical sources. These airports will have all the facilities expected at modern airports and the entire airport will be developed as a self-contained city with amenities such as hotels, business centres, food courts, etc.

The service provider at Indian airports namely AAI has also commenced to work to upgrade technology in air traffic management. Improved technology will help not only in faster traffic handling but at the same time with improved communication, navigation and surveillance systems, the safety of aircraft operations shall also be maintained to international standards. In this regard, India's own augmented satellite based navigation system for smooth air traffic is getting ready to take off. It will have countrywide trials in early 2007. The programme is called GAGAN (Global Positioning System (GPS) and GEO Augmented Navigation) will meet the civil aviation industry's emerging needs in CNS/ATM (communication, navigation and surveillance/air traffic management). Primarily aimed as a modern positioning aid for aircraft pilots, its immediate fall-out will be greater efficiency and safety for aircraft uniformly across the Indian airports. This will result in smooth communication with the ground control, precise landings, timely warning, etc. The single satellite in the GAGAN positioned over the Indian sub-continent will cover vast areas over Asia, Africa, Europe and the Asia-Pacific relieving the dependency on GPS system of USA and GLONASS of Russia.

Progress is being made to optimum use of airspace in India with implementation of flexible use of airspace wherein the airspace under the control of defence authorities would be used for civil purpose of close co-operation and well defined coordination procedure between military and civil air traffic service authorities.