

CIVIL AVIATION IN INDIA -1

INTRODUCTION

Dear learner,

Welcome to this episode on “civil Aviation in India part 1”. As you know Air transport plays a significant role in the world economy today. Now Air transport in India supports 56.6 million jobs and produces over US\$ 2.2 trillion of the global gross domestic product (GDP). Air passenger traffic is also increasing at a healthy rate. The aviation industry’s potential in India is massive. The market already caters to about 150 million passengers passing through its many airports, with the potential to grow further. By 2020, traffic at airports in India is anticipated to reach 450 million. The aviation industry presently supports about 0.5 per cent of the India’s GDP. This paper on air travel introduces you to the dynamics of air travel management. In this episode we are going to learn about,

- i) History of Aviation in India
- ii) Ministry of Civil Aviation in India
- iii) Directorate General of Civil Aviation
- iv) Airports Authority of India
- v) Bureau of Civil Aviation Security and Airport Economic Regulatory Authority

1. HISTORY OF AVIATION IN INDIA

On 15th October 1932, TATA sons operated a schedule from Karachi to Colombo via Bombay and Madras. The flight carried no passengers but operated with only postal mail bags. In the year 1933, another air service named Indian national airways came in to operation and operated the same sector, ie Karachi/Bombay/madras/Colombo and both the companies earned entire revenue from the transportation of mails. During the second World war, the government was in need of more number of aircrafts and took all men and materials for war purpose, to the war front areas by aircrafts. Thus all aircrafts had come under the control of the government. After the second world war was over all these aircrafts were idle. In order to utilize the idle resources, the government of India invited private parties to start air services, that gave a big boost to civil aviation sector as a safe, efficient and comfortable means of transport. Large number of airlines emerged in late 1940s to operate flights. In order to regulate competition in India, aircraft act was amended to make it obligatory to license air transport undertaking and prohibited operation without license. This act came in to force on 1st October 1946. with these conditions prevailing in India these unutilized aircrafts were taken over by the parties and many airlines started operating throughout our country. Few of the airlines are kalinga airways, Deccan airways, Himalayan airways, Air India, Indian national airways, Bharath airways and so n.

Almost all these airlines were not making profit and the precious fuel was drained. On 15th August 1947, India got independence. We became our own rulers, we had our own civil aviation department like all other ministries and departments. Civil aviation ministry of government of India, went into the details of performance of all these private carriers and

found out that all of them were making losses and the precious fuel purchased against the foreign currency was not utilized properly making an impact on our exchequer. This made the government to lose precious foreign exchange. Hence it was decided to amalgamate all the airlines together and this was done by an act of the parliament. The government enacted the 'air corporation act, 1953' on 1st August 1953 and formulated Air India International and Indian airlines corporation. Air India was designed to operate international flights and Indian airline corporation was to operate domestic as well as flights to neighbouring countries like Srilanka, Nepal, Burma, Pakistan, Bangladesh, Maldives etc. both carriers operated with relatively old aircraft and inefficient work practices, from airports which were functional at best. There was no focus on developing traffic and the market grew at uninspiring single digit rates.

In 1986, private airlines were allowed to operate charter and non-scheduled services under the Air Taxi Scheme which meant, inter-alia that they could not publish time schedules, or issue tickets to passengers. This was introduced to boost tourism, augment domestic air services and boosted the much needed competition in the existing monopoly market. A host of private players commenced operations as air taxi operators including Air Sahara, Damania Airways, East-West Airlines, Jet airways, Modiluft and NEPC Airlines. With effect from 1st March 1994, the Air Corporation Act was repealed and the air transport sector in India was opened to private players subject to the fulfilment of statutory requirements for operation of scheduled services. While six operators were granted license only Jet and Air Sahara were able to start their services. In 1997, steps were taken to further remove the barriers to entry and exit from the sector.

There was now only a pre-entry scrutiny of applications to verify the financial soundness, maintenance, security and safety aspects of operations and human resources development proposed to be undertaken by the applicant. The choice of the aircraft type and size was also left to the operator. By 1997, only 4 operators that started operations following the deregulation continued to operate namely Jet airways, Air Sahara, Jagson and Modiluft. Thus during the period 1993-1995, the first steps in domestic aviation deregulation were taken allowing private airline entry. However the government was still focused on protecting the state owned carriers. Only Jet airways and Air Sahara survived beyond the initial couple of years.

After the failure of the deregulation experiment, the industry fell in to dormancy during 1995 to 2003. no new carriers entered the market and air india and Indian airlines continued to be starved of capital. Aviation was largely untouched by the economic reform agenda of the governments in power as there was little strategic direction for the sector. Period between 2003-2006 was a period of unprecedented change. The ministry of civil aviation recognized the importance of aviation for the development of business, trade and tourism, and had a vision for delivering a vibrant and modern sector, the industry saw dramatic reforms across the aviation value chain. The year 2003-04 is a watershed year in the history of civil aviation in India marked by the entry of low cost carriers. In August 2003, India witnessed the advent of its first low cost carrier (no frills) Air Deccan, to enter the domestic aviation industry bringing in competition to the existing highly concentrated airline industry with players like

Indian Airlines, Air Sahara and Jet Airways. This changed the competitive landscape of the industry. Since then, many other Low Cost Carriers (LCC) have entered the market. In 2005-06, Kingfisher, a full service carrier and 3 LCCs namely Go Air, Paramount and Spice Jet began their operations. Another LCC, Indigo Airlines, entered the market in 2006-07. The entry of LCC or 'no-frill' model into the airline market changed the landscape of competition in the market significantly and air travel became gradually more affordable resulting in rapid growth in passenger traffic. This model brought with it newer pricing strategy such as Advance Purchase Fare that resulted in discounted fares, promotional offers and introduction of flights to newer destinations. The co-existence of full service carriers (FSC) and low cost carriers (LCC) has also given the consumer a wide choice of service in the market. However, this period also witnessed major corporate restructuring with three significant mergers taking place in 2007-08 between AirIndia and Indian airlines; Kingfisher and Air Deccan; and Jet Airways and Air Sahara. The growing LCC market share in the period 2007-2011 eventually forced the FSCs to take note of the changing dynamics of the Indian domestic Airline industry. The FSCs subsequently introduced their own low cost model. In 2011-12 it has been observed that the combined market share of all the LCCs including the low cost arm of the FSC is approximately 70%. Developments during this period included:

- Domestic open sky policy which saw market entry by several carriers.
- The arrival of the low cost airline model in india with the launch of air Deccan and subsequently Spice jet, Indigo, Go air
- Announcement of the airport modernization plan
- Placement of orders for 111 new aircraft for Air india and Indian airlines
- Liberalization of international sector with some private carriers permitted to operate overseas
- Greater access for foreign carriers and opening up of international routes for non metro airports
- Increased foreign direct investment caps in certain sectors of the industry
- Traffic started to accelerate at double digit rates, both domestic and international, levels never before seen in india , highlighting a latent demand for travel.

REGULATORY AUTHORITIES FOR AVIATION IN INDIA

The ministry of civil aviation, India is responsible for the regulation of civil aviation in India

2. MINISTRY OF CIVIL AVIATION, INDIA

It is the nodal ministry responsible for the formulation of national policies and programs for development and regulation of civil aviation and for devising and implementing schemes for the orderly growth and expansion of civil air transport. Its functions also extends to overseeing airport facilities, air traffic services and carriage of passengers and goods by air. The ministry also administers implementation of the aircraft act, 1934.

Composition of the ministry

The ministry is under the charge of a minister of state for civil aviation. The secretary is the head of the ministry and is assisted by one additional secretary and financial adviser, three joint secretaries, seven officers of the level of director/ deputy secretary/ financial controller and ten officers of the level of under secretary. It is located at Rajiv Gandhi Bhavan, Safdarjung Airport, New Delhi.

Structure

The ministry has the following organizations under its purview

Autonomous/attached organizations

- Directorate General of Civil Aviation
- Bureau of Civil Aviation Security
- Commission of Railway Safety

Air carriers

- Air India
- Indian Airlines
- Pawan Hans Helicopters Limited

Airports

- Airports Authority of India
- Airports Economic Regulatory Authority

3. DIRECTORATE GENERAL OF CIVIL AVIATION(DGCA)

The Directorate General of Civil Aviation (DGCA) is the regulatory body in the field of Civil Aviation, primarily dealing with safety issues. It is responsible for regulation of air transport services to/from/within India and for enforcement of civil air regulations, air safety, and airworthiness standards. The DGCA also co-ordinates all regulatory functions with the International Civil Aviation Organisation (ICAO).

The functions of DGCA are,

1. Construction, maintenance and management of domestic civil airports, provision of aircraft firefighting services, security and anti – hijacking measures.
2. Provision of aeronautical communication, radar and navigation facilities at all civil airports including international airports, in accordance with the requirements specified by ICAO.
3. Enforcement of air transport regulations, safety requirements, formulation of standards of airworthiness for civil aircraft registered in India, certification of airworthiness of aircrafts, licensing of pilots/ navigators and other crew members and regulation rules of air traffic
4. Investigation of aircraft incidents and accidents

5. Evaluation of performance and economies of aircraft, design and development of aircraft
6. Supervision of the activities of flying and gliding clubs.
7. Training of department personnel in air traffic control and communication operations and maintenance of radio and radar navigational devices and telecommunication facilities.
8. Formulation, administration and implementation of air transport rules and regulations.
9. Implementation of bilateral air service agreements between India and other countries and liaison with international civil aviation organization.
10. Registration of civil aircraft in India

4. AIRPORTS AUTHORITY OF INDIA (AAI)

It is an organization working under the ministry of civil aviation that manages all the airports in India. The Airports authority of India was formed on 1st April 1995 by merging the international Airports Authority of India and national Airports Authority. It is responsible for providing safe, efficient air traffic in the Indian air space. It controls and manages the entire Indian airspace extending even beyond the territorial limits of the country as accepted by the International Civil Aviation Organisation (ICAO). The AAI manages and operates 126 airports including 11 international airports, 89 domestic airports and 26 civil enclaves. The corporate headquarters are at Rajiv Gandhi bhawan, Safdarjung airport, New Delhi.

Functions

1. Control and management of the Indian airspace extending beyond the territorial limits of the country, as accepted by ICAO.
2. Design, development, operation and maintenance of international and domestic airports and civil enclaves
3. Construction, modification and management of passenger terminals
4. Development and management of cargo terminals at domestic and international airports.
5. Provision of passenger facilities and information system at the passenger terminals at airports.
6. Expansion and strengthening of operation area viz. runways, aprons, taxiway etc
7. Provision of visual aids
8. Provision of communication and navigational aids.

Revenue

Most of AAI's revenue is generated from landing/ parking fees and fees collected by providing air traffic control services to aircraft over the Indian air space. Only 16 of the 126 airfields operated by AAI are profitable while the other airports incur heavy losses due to underutilization and poor management.

Privatization of airports

The AAI was involved in a tussle with the ministry of civil aviation over the issue of privatization of its two most profitable airports, Delhi airport and Mumbai airport. The Government of India handed over these airports to private companies for the purpose of modernization in 2006. The privatization for Mumbai has been handed over to GVK group and for Delhi to the GMR group

The airports which have been privatized are,

1. Hyderabad international airport
2. Bengaluru international airport
3. Delhi international airport
4. Mumbai international airport
5. Cochin international airport

International projects

The AAI has been involved in various consultancy projects with Libya, Algeria, Yemen, Maldives, Nauru and Afghanistan. The AAI also provides trained personnel for operation, maintenance and management of airports in these countries.

The authority comprises of a National Airport division and an International Airport division. Air traffic control services, communication services and radio navigational aids are provided by the national airports division at all the airports. It has a civil aviation training college at Allahabad which imparts training to various operational cadre like communication, ATC/radar controllers. It also has a fire service training school at Narayanpur near Calcutta for imparting training and conducting refresher courses in firefighting and rescue services.

5. BUREAU OF CIVIL AVIATION SECURITY

Bureau of civil aviation security is a nodal body on all civil aviation security matters. It is responsible for the formulation of national civil aviation security program and its application. It sets the guidelines/ standard of the security measures and monitors their enforcement at the airports through periodical/surprise inspections and conduct of dummy checks. It also imparts training in aviation security on a regular basis. It has four regional offices at Mumbai, Delhi, Calcutta and Chennai which have a bomb detection and disposal squad.

- Laying down Aviation Security Standards in accordance with Annex 17 to Chicago Convention of ICAO for airport operators, airlines operators, and their security agencies responsible for implementing AVSEC measures
- Monitoring the implementation of security rules and regulations and carrying out survey of security needs.
- Ensure that the persons implementing security controls are appropriately trained and possess all competencies required to perform their duties.
- Planning and coordination of Aviation security matters.

- Surprise/Dummy checks to test professional efficiency and alertness of security staff.
- Mock exercise to test efficacy of Contingency Plans and operational preparedness of the various agencies.

AIRPORTS ECONOMIC REGULATORY AUTHORITY

The Airports Economic Regulatory Authority (AERA) is a statutory body constituted under the Airports Economic Regulatory Authority of India Act, 2008. Its head office is at Delhi.

The statutory functions of AERA are as below:

1. To determine the tariff for the aeronautical services
2. To determine the amount of the Development Fees in respect of major airports.
3. To determine the amount of the Passengers Service Fee levied under rule 88 of the Aircraft Rules, 1937 made under the Aircraft Act, 1934.
4. To monitor the set Performance Standards relating to quality, continuity and reliability of service as may be specified by the Central Government or any authority authorized by it in this behalf.
5. To call for such information as may be necessary to determine the tariff under clause (a).
6. To perform such other functions relating to tariff, as may be entrusted to it by the Central Government or as may be necessary to carry out the provisions of this Act.

CONCLUSION:

Aviation in India has a long history. Civil aviation sector has been a catalyst for the economic development of the country. However this sector has not received the due weight age over many years and is mainly considered as an elite group segment. The ministry of civil aviation, India is responsible for the regulation of civil aviation activities in India. The Indian government has recognized the importance of civil aviation sector due to its rapid growth. It has also been estimated that 95% of International arrivals in India are by air. This emphasizes the fact that the aviation sector has a bright future in the country's growth and development in the coming years.