Aviation: Flying For All

Civil Aviation Minister inaugurated the Global Aviation Summit 2019 in Mumbai on January 15. The two-day summit, with a theme **'Flying for all-especially the next 6 Billion'**, was organized by the Ministry of Civil Aviation in association with FICCI.

During the Summit, Union Minister released a **'Vision 2040' Document**.

Indian Aviation

- Total passenger traffic to, from and within India, during Apr-Nov 2018 grew by around 15% year on year as compared to around 6% globally.
- India is now the seventh largest aviation market with 187 million passengers in FY 2017-18 and it is expected to become the third largest by 2022.
- There is also possibility lot of Cargo Traffic in future.
- Indian Aviation is witnessing great switchover from Railways, by the kind of population in India which is just breaking into the financial acceptable limits of flying.
- Manufacturing in Europe and America is high due to high labor cost. India has a good potential to be an East-West and a West-East Hub due to its cheap labor.

Challenges

- **Infrastructure related problems:**
    - **India builds airports after the demand arises,** which delays the growth of Aviation Industry.
    - Not only the lower capabilities of airports is an issue, but **inefficient working of other things like Air navigation management, Air traffic control, Airline Slots waiting** etc. is also an issue.
    - **Shortage of Pilots:** As per a report, in the last three years, the average number of foreign pilots is over 300 in India and Airlines are paying huge sum to them.
    - **Inefficient functioning of UDAN Scheme:** 134 routes which were awarded under the scheme have not become functional yet. Hinterland of the country is not yet completely connected to the Aviation Sector.
- **Poor Financial Health of Indian Airlines:**
    - The Airlines have tried to make a capital expenditure on acquisition of new aircrafts which was probably much larger than they could afford. That was based on the expectancy of steady future growth. It is around 10% now as compared to 20%, early last year. This affected their liquidity as well as their ability to service the debts.
    - **High Fuel Prices and depreciation of Rupee** is also a reason.
    - **Heavy Taxation** over Aviation Sector as compared to other transport systems like Railways, Buses etc.
    - Once the Airline Ticket prices go up, People tend to switch back to Railways and other modes of transportation.
    - Global Aviation Sector, currently, not doing well, is another reason.
- **Air Safety and Security** is another challenge.
- **Absence of Maintenance and Repair Organizations (MRO)** in India. Indian Airlines enter in contract with foreign organizations for the maintenance of their fleet, which raises the

maintenance cost.

- **Not much improvement in Cargo Traffic,** despite the fact that India declared **'Unilateral Open Sky'** 20-25 years back.

Solution

- **Infrastructure:**
  - **More than one Airport in cities** will help in easing traffic. London is an example.
  - **Airports need to build on the anticipation of demand,** the way Ireland built the airport in Hong Kong.
  - **Use of Latest Technology is required** for the efficient working of **Air Traffic Control and Navigation system** and also for the **safety and security in Aircrafts**.
  - Regional Connectivity Scheme needs alternate requisite support.
  - **The capping of Airport Slots** is a good interim solution to meet the infrastructure deficit. The Airline which is not doing well should not enjoy the privilege of reserved slots. The slots should be given to good performing airlines.
  - We need not to keep Air India under Government fold. **Its Pilots can get employed in other airlines.**
- **Financial Health:**
  - All petroleum products including Aviation Turbine Fuel **(ATF) should be brought under GST**.
  - Using fuel-efficient technology for navigation system. Looking out for the use of biofuel and Solar Power.
  - A Rational Approach to Aviation Taxation should be adopted.
- **Maintenance and Repairing Organizations (MRO) should be started in India.**
- **Carrying Cargo is a solution for poor performing Airlines.** The Civil Aviation Minister also recently said that Government is thinking on 'Cargo Policy'.
- **Tie-Ups** with other departments are required to improve Cargo Traffic.
- **India Outbound is growing very well.** This is needed to be linked with India's Foreign Policy to ensure that growth takes all over.

Way Forward

- Government should also look at a clear policy for 'Unmanned Aerial Vehicles'.
- Involvement of as many as agencies, possible, is required for building Infrastructure and thus boosting Aviation Sector.
- The Central Government and the State Governments should make a concerted effort, for this sector to grow at a good pace.