

Boosting Indian Aviation Sector

What is the issue?

Policymakers ought to recognise the country's untapped potential and work towards dismantling the many hurdles.

What is the significance of aviation sector?

India is the world's third-largest market in aviation sector.

- Aviation is integral to equitable economic growth, for a country to be globally competitive and to change the situation of poverty and unemployment.
- Passenger airlines and air cargo overcome geography and connect remote areas that are alienated from the mainstream.
- They can drive investment deep into the country, giving people access to markets.
- They also boost tourism, which is the largest employment generator in the unorganised sector.

What is the status of aviation sector in India?

- **Pre-economic reform period-** India had only two airlines - Air India and Indian Airlines.
- **Post 1991 reforms-** The reforms that opened up the aviation sector in 1991 and ended the licence raj and the monopoly of Indian Airlines and Air India changed the sector.
- Numerous private sector airlines were given the licence to fly, but Jet Airways and Sahara, survived, resulting in cartelisation.
- The concept of low cost airlines in India took shape in 2003 which overcame the cost barrier.
- Sadly, Indian aviation has become 'the sick man of India'.

What are the barriers in Indian aviation sector?

- **Per capita consumption of air tickets** - The number of Indians who buy air tickets in 2019 is 140 million of which 35 million to 40 million frequent flyers form the bulk of ticket buyers.
- It translates to less than 4% of the population who can afford air travel, placing India just alongside some poorer African countries, in terms of the per capita consumption of air tickets.
- **Factors affecting the growth of aviation sector-** The growth of aviation has been affected by
 - Choking regulations
 - Tough entry barriers for new entrants
 - High fuel prices on account of sky high taxes
 - Inefficient public sector airports that pave the way for monopoly airports
- Frequent and knee-jerk changes point to the absence of a long-term visionary strategic policy for the entire gamut of sectors in aviation.

How efficient are government schemes in the development of the airline sector?

- **Boosting entrepreneurship-** Start-up India initiative was started with the objective of supporting entrepreneurs, building a robust startup ecosystem and transforming India into a country of job creators.
- **Regional connectivity-** Ude Desh Ka Aam Naagrik (UDAN) scheme aims to connect small and medium cities with big cities through air service.
- **Low cost airlines-** UDAN plans to connect the underserved airports to key airports through flights that will cost Rs 2,500 for per hour flight.
- **Comprehensive development-** The National Civil Aviation Policy 2016 aims to take flying to the masses and covers 22 areas of the Civil Aviation sector.

What reforms are needed?

- **Reforms in all sectors-** It is critical to understand that for passenger airlines to grow, there have to be reforms in all areas of aviation - air cargo, airports, aviation fuel taxes and Maintenance, Repair and Overhaul (MRO).
- **Updated laws-** India's Aircraft Act, 1934 and Aircraft Rules, 1937 need to be updated to keep pace with modern technology in aerospace, increasing costs to the industry and ultimately affecting passenger growth.
- **Overhaul DGCA -** India's statutory regulatory authority, the Directorate General of Civil Aviation (DGCA), needs to be modernised, well-staffed, motivated and incentivized.
- **Need for aviation professionals-** There need to be aviation professionals in charge rather than the ubiquitous bureaucrat from the Indian Administrative Service.

Directorate General of Civil Aviation is an attached office of the Ministry of Civil Aviation responsible for regulation of air transport services to/from/within India and for enforcement of civil air regulations, air safety and airworthiness standards.

References

1. <https://www.thehindu.com/opinion/lead/indian-aviation-needs-a-strong-and-steady-tailwind/article65603834.ece>
2. https://www.civilaviation.gov.in/sites/default/files/Udaan_Eng.pdf
3. <https://pib.gov.in/newsite/Printrelease.aspx?relid=146238>
4. <https://www.dgca.gov.in/digigov-portal/?page=jsp/dgca/topHeader/aboutDGCA/aboutUsDetail.html>