

## Civil Aviation

9.74 The civil aviation sector provides three categories of services viz, operational, infrastructure, and regulatory-cum-developmental. Domestic air services are provided by Indian Airlines Ltd. and private airlines (scheduled and non-scheduled). The international air services are handled by Air India Ltd., Indian Airlines Limited and other international airlines operating to India. Pawan Hans Helicopters Ltd. provides helicopter support services to the petroleum sector including ONGC and Oil India Limited and connects remote and inaccessible areas of the North-Eastern region of the country. It also provides air support services to several customers including States and Union Territory Governments, Public Sector Undertakings and private sector companies. Infrastructure facilities are taken care of by the Airports Authority of India (AAI).

9.75 At present, two scheduled private airlines provide regular domestic air services along with Indian Airlines. In addition, there are also thirty-seven non-scheduled operators providing air-taxi/non-scheduled air transport services. Private operators presently cater to nearly 52.8 per cent of the domestic air traffic. The number of passengers availing of private sector air services (both scheduled and non-scheduled) has increased from 15,000 in 1990 to about 7 million in 2000. The tragic incident in the USA on September 11, 2001 has also affected traffic growth in domestic traffic in India. This incident has not only resulted in slow down of air traffic but also increased the cost of operation through higher insurance costs.

9.76 After earning profits for 3 consecutive years from 1997-98 to 1999-2000, Indian Airlines incurred loss of Rs.159 crore during 2000-01, despite an overall improvement in physical performance. The company continued to retain its position as the major player in domestic air transport services. To achieve a better market share and improvement in revenue realization, Indian Airlines has adopted aggressive marketing strategies and innovative pricing policies.

9.77 During the period April to September, 2001 Indian Airlines has earned a total revenue of Rs.1920 crore and incurred total expenditure of Rs.2117 crore resulting in net loss (provisional) of Rs.199 crore which is mainly due to high ATF cost, increase in landing and navigational charges, increase in expenditure related to security and safety of passengers, low seat factor etc. The situation is likely to worsen further in the second half of the year due to the impact of post 11<sup>th</sup> September incident.

9.78 During the year 2000-01, Air India earned an operating profit of Rs.3.10 crore as against Rs.76 crore earned during the year 1999-2000. After accounting for non-operating revenue/expenses, the company incurred a net loss of Rs.44 crore during the year 2000-01 as compared to the net loss of Rs.38 crore in the year 1999-2000. The provisional results for the period April-September 2001 are encouraging and the company has earned a net profit of Rs.11.87 crore. The budgeted estimates for the current financial year 2001-02 projects a net profit of Rs.21.50 crore.

9.79 It is proposed to sell the Government of India's shareholding in Indian Airlines and Air India within the framework of the Civil Aviation Policy, which is being finalized. The disinvestment process for both the firms is being undertaken by the Department of Disinvestment.

9.80 Airports Authority of India has earned a profit after tax of Rs.214 crore in 2000-01 as compared to Rs.211 crore in 1999-2000. The higher profit is mainly attributed to increase in airport charges and cargo income.

9.81 A proposal for restructuring the existing airports at Delhi, Mumbai, Chennai and Kolkata through long-term lease to make them world class is under consideration. This will help in attracting investments in improving the infrastructure and services at these airports. Setting up of new international airports at Bangalore, Hyderabad and Goa with private sector participation is also envisaged.