

Civil aviation

9.75 The civil aviation sector has made significant strides in coping with the growth of international and domestic traffic. It is now increasingly recognized that aviation, far from being a mere mode of transportation for a small elite group, makes an important contribution to the national economy and is crucial for sustainable development of trade and tourism. This 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). International air services are handled by Air India Ltd., Indian Airlines Ltd. 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 and islands of the country. It also provides air support services to several customers including State and Union Territory Governments, Public Sector Undertakings and private sector companies. Infrastructure facilities are taken care of by Airports Authority of India.

9.76 At present, two scheduled private airlines provide regular domestic air services along with Indian Airlines. In addition, there are forty non-scheduled operators providing air taxi/non-scheduled air transport services. Private operators presently cater to nearly 52.6 percent 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 6.7 million in 2001. It was anticipated that during the current year the impact of September 11, 2001 incident in USA would start tapering off and the market would show improvement and achieve the projected growth of 5 per cent in passenger traffic. These expectations have, however,

not materialized despite various promotional schemes/fares being offered by airlines operators.

9.77 The process of disinvestment in Indian Airlines and Air India has been delayed because of lack of interest on the part of bidders due to overall downturn in global economic scenario.

9.78 Airports Authority of India (AAI) earned a profit after tax of Rs.267 crore in 2001-02 as compared to Rs.214.1 crore in 2000-01. The estimated profit for the period April-September 2002 is Rs.176 crore. The higher profit is mainly attributed to increase in airport charges and cargo income. The development of airports in the country, is no longer in the domain of public sector. The Airport Infrastructure policy, 1997, permits private equity participation in development of airport infrastructure. Success has been achieved in developing green-field airport in the country. With the initiative of State Government of Kerala, a new international airport has been constructed and commissioned at Cochin. The project has been financed from contributions from Non-Resident Indians and loan from financial institutions. The airport is being managed by Cochin International Airport Ltd. in which State Government holds majority shareholdings.

9.79 Government has approved restructuring of four Metro Airports viz., Delhi, Mumbai, Kolkata and Chennai to make them world class. The transaction structure is being worked out. Approval in principle has been granted for setting up new international airports at Bangalore, Hyderabad, and Goa with private sector participation. These airports are to be set up under joint venture where the private sector partners will hold 74 percent equity and State Governments and AAI will together hold the balance 26 per cent. The State Governments of Andhra Pradesh and Karnataka have selected private sector partners for Hyderabad and Bangalore airports.