

Civil Aviation

Airports

9.59 The operations, management and development of the airports at Delhi and Mumbai were handed over to the joint venture companies namely Delhi International Airport (P) Ltd. (DIAL) and Mumbai International Airport (P) Ltd. (MIAL). The strategic joint venture partners in DIAL are a consortium led by M/s GMR Group along with Fraport as the Airport Operator, and Malaysian Airports and India Development Fund as the other members. The joint venture partners together hold 74 per cent equity with the balance 26 per cent being held by Airports Authority of India (AAI). Similarly, in case of MIAL, the strategic joint venture partners are a consortium comprising of M/s GVK Group along with Airport Company South Africa as the Airport Operator, and Bidest, South Africa as the other member. Various agreements/contracts for handing over the control of the two airports to DIAL and MIAL were executed in April 2006; and with effect from May 3, 2006, the transactions have become effective. The companies have since finalized their master plans for a 20 year period.

9.60 Construction work at greenfield airports of international standards at Hyderabad and Bangalore is in progress. The two airports are likely to be operational by the middle of 2008. State Governments are encouraged to set up greenfield airports with private sector participation. Proposals to set up greenfield airports in Navi Mumbai, Kannur

in Kerala, Goa and Pakyong near Gangtok in Sikkim are in the pipeline. A greenfield international airport is already operational in Kochi.

9.61 Airports Authority of India (AAI) has decided to develop and modernize 35 non-metro airports in the country: Agati, Agartala, Agra, Ahmedabad, Amritsar, Aurangabad, Bhopal, Bhubaneswar, Chandigarh, Coimbatore, Dehradun, Dimapur, Goa, Guwahati, Imphal, Indore, Jaipur, Jammu Khajurao, Lucknow, Madurai, Mangalore, Nagpur, Patna, Port Blair, Pune, Raipur, Rajkot, Ranchi, Trichy, Thiruvananthapuram, Udaipur, Vadodara, Varanasi, and Vishakapatnam. The Committee on Infrastructure has approved the report of the task force for the development of 35 non-metro airports. Development of airports in NE Region will be taken up by AAI on a priority basis.

9.62 Through an Act of Parliament, Airport Economic Regulatory Authority (AERA) is proposed to be set up to fix, review and approve tariff structure for the aeronautical services and monitor pre-set performance standards at Indian airports. The Authority will ensure a level playing field for all categories of airport operators and also oversee and deal with natural monopoly and common user/carrier segments of airports. Government has adopted an overall liberal approach in the matter of grant of traffic rights under bilateral agreements with various foreign countries. A revised air services agreement was signed with USA that led to increased co-operation in

the aviation sector. Under this agreement, both sides can designate any number of services to any point in the territory of the other country with full intermediate and beyond traffic rights. Similarly, traffic rights were enhanced with 19 other countries — Australia, Belgium, Canada, China, Egypt, France, Germany, Italy, Japan, Kuwait, Mauritius, the Netherlands, New Zealand, Oman, Scandinavian countries, Singapore, Spain, UAE (Sharjah), UK — to provide for more flights and better connectivity with these countries and also more commercial opportunity to all operating carriers.

9.63 The signing of a new Air Services Agreement is the first milestone for the purpose of establishing air connectivity with new destinations. During the recent past, a number of new Air Services Agreements were initialled/signed based on modern practices in the civil aviation sector. Air Services Agreement with some countries were signed a long time ago and needed updating in view of the changed circumstances and developments in the international civil aviation scenario, and with respect to newer standards and recommended practices. Some of these countries are Australia, Brazil, Finland, Iceland, New Zealand, Qatar, Tunisia, UK and USA. The tourist charter guidelines were significantly liberalized in 2004. All airports in the country were opened for international tourist charters flights and Indian passport holders were also allowed to travel on the tourist charter flights. Recently, Government has decided to liberalise the tourist charter guidelines further.

Augmentation of fleet by airlines

9.64 A major fleet acquisition is underway by the national carriers, namely Indian Airlines, Air India and Air India Charters' Limited. The project of Indian Airlines for acquisition of 43 Airbus aircraft has been approved by the Government. The first A-319 from this batch of new aircraft joined the fleet of Indian Airlines Limited in October, 2006 and the remaining 42 aircraft will arrive in batches by March, 2010. After receiving Government approval,

Air India signed an agreement with M/s Boeing Company on December 30, 2005 for the acquisition of 8 B777-200 LR, 15 B777-300 ER, 27 B787 Dreamliner aircraft for itself, and 18 B737-800 aircraft for its subsidiary company Air India Charters Limited, which operates a low cost airline under the brand name Air India Express. These aircraft would be delivered to Air India between end of November, 2006 and December, 2011. Up to December, 2006, Ministry of Civil Aviation has issued no objection certificate for import/acquisition of 42 aircraft for scheduled operators, 62 aircraft for non-scheduled operators and 31 aircraft for private operators. Besides this, in principle approval for 135 aircraft was also granted to scheduled operators.

Commencement of new air services

9.65 During 2006, Air India Express started operations in the sectors Mangalore-Delhi-Amritsar-Dubai and Dubai-Chennai. Air India Express also took over Air India's Singapore operations from Chennai with effect from October 29, 2006. While Indian Airlines commenced operation in the sectors Bangalore-Bhubaneshwar-Bangalore and Delhi-Khajurao-Varanasi and return, Alliance Air started operation in the sector Chennai-Bhubaneshwar-Chennai. Several private sector airlines started new services both on metro and non-metro routes. Go Air and IndiGo were among the new airlines that started operations during the year. During 2006, private airlines have introduced 22 new routes.

Air traffic

9.66 Policy initiatives have had a marked impact upon airline traffic. The years 2004-05, 2005-06 and 2006-07 have been years of record growth in air traffic. During the period April-September, 2006, international and domestic passengers recorded growth of 15.8 per cent and 44.6 per cent, respectively, leading to an overall growth of 35.5 per cent. During the same period, international and domestic cargo recorded growth of 13.8 per cent and 8.7 per cent, respectively, resulting in an overall growth of 12.0 per cent.