

Civil Aviation

9.52 The Civil Aviation sector provides services, which can be categorized as, operational, infrastructural and regulatory-cum-developmental. Domestic air services in the country are provided by Indian Airlines Ltd. and private airlines (scheduled and non-scheduled), while Air India Ltd., Indian Airlines Ltd. and other international airlines operating to India provide international services. Pawan Hans Helicopters Ltd. basically provides helicopters 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 which include Government of Punjab, Arunachal Pradesh, Lakshadweep Administration, Gas Authority of India Ltd., and in addition also caters to the helicopter requirements of the private sector. Infrastructure facilities are taken care of by the Airports Authority of India (AAI).

9.53 At present, there are 2 scheduled private airlines which provide regular domestic air services alongwith Indian Airlines. In addition there are 41 non-scheduled operators providing air-taxi/non-scheduled air transport services. Private operators presently cater to nearly 41.4 per cent of the domestic air traffic. The number of passengers availing of private air services has increased from 15,000 in 1990 to 49.14 lakhs in 1998.

9.54 Indian Airlines has however, retained its position as the major player in domestic air transport services. During the year 1998-99, Indian Airlines Ltd. has made a net profit (before tax) of Rs.14 crore. After incurring losses continuously for a period of 8 years during 1989-90 to 1996-97 this is the second consecutive year when the company has made profit. To cope with the general recession in the economy sluggish market conditions and stagnation in the overall air travel market during the year, innovative and aggressive market strategies were inhaled by the company to maintain and improve its revenues and market share initiated aggressive market strategies. During the year, the operating profit increased to Rs.294 crore as compared to Rs.259 crore in 1997-98. The company has achieved the profit despite the

continued economic downturn and additional capacity induction by the competition and weakened demand which resulted in a decline in occupancy level and downward pressures on yields as compared to 1997-98. During April-October 1999, the company earned a net profit of Rs.14 crore. The year is expected to end with a net profit of around Rs.40 crore for Indian Airlines.

9.55 Air India Ltd. has reported a loss of Rs.174 crore for 1998-99, compared to a loss of Rs.181 crore in 1997-98. This was despite a 7.8 per cent increase in its operating revenue. During April-September, 1999, the company has incurred an estimated loss of Rs.5.3 crore which is significantly lower compared to loss of Rs. 127.4 crore during the corresponding period of 1998-99 last year. The losses can be attributed to factors like increase in expenditure on account of interest and depreciation on new aircraft, reduction in yield due to increased competition and cost of operations, increase in wage bill, other staff costs and landing, handling and navigational charges, and depreciation in the value of rupee etc.

9.56 The total revenue flying hours of Pawan Hans Helicopters Ltd. during 1998-99 was 18563 compared to 17673 during 1997-98. The revenue earnings and net profits during 1998-99 were Rs.116 crore and Rs.62 crore compared to Rs.111 crore and Rs.62 crore respectively in 1997-98. The flying hours in April-September, 1999 were 9367 and revenue and net profit in the same period were Rs.58 crore and Rs.29 crore respectively.

9.57 Airport Authority of India has earned profit after tax of Rs.208 crore in 1998-99 compared to Rs.196 crore in 1997-98. The higher profit is mainly due to increase in airport charges and cargo income.

8.58 A new policy for private investment in the domestic air transport services sector was announced in April, 1997 allowing for 100 per cent NRI/OCB equity and 40 per cent foreign equity participation in domestic airlines. However, equity participation by foreign airlines, directly or indirectly, has not been permitted.

9.59 A comprehensive policy on Airport Infrastructure was formulated in December,

1997. The Government has recognized the need for the participation of private parties (including foreign ones) both for reasons of bridging the gap in resources as also to bring in greater efficiency in management of airports. In the case of high-cost projects involving international hubs, Government may seek international or bilateral cooperation, the actual implementation of the projects would be

entrusted to consortia interested in turnkey execution on joint venture basis. Foreign equity participation in such ventures may be permitted upto 74 per cent with automatic approvals, and upto 100 per cent with special permissions. Restructuring of some of the Airports of Airport Authority of India is to take place through long term leasing route.