

**GOVERNMENT OF INDIA
MINISTRY OF CIVIL AVIATION
LOK SABHA
STARRED QUESTION NO. : 227
(To be answered on the 2nd August 2018)**

MAJOR CHALLENGES IN AVIATION SECTOR

***227. SHRI N.K. PREMACHANDRAN**

Will the Minister of CIVIL AVIATION

नागर विमानन मंत्री

be pleased to state:-

- (a) whether the Government has identified the major challenges in the aviation sector of the country, if so, the details thereof and the action taken by the Government to reduce the operational cost;
- (b) whether the Government proposes to supply the Aviation Turbine Fuel at reasonable price, if so, the details thereof along with the reasons for high service tax and other charges and the action taken to reduce the same;
- (c) whether the Government proposes to increase the maintenance facility of aircraft and if so, the action taken thereon;
- (d) whether the airlines in the country are facing competition from foreign airlines and if so, the details of study, if any, conducted in this regard; and
- (e) whether the Government proposes to develop the airports so as to avoid the congestion at airports and if so, the action taken thereon?

ANSWER

Minister of State in the Ministry of CIVIL AVIATION

नागर विमानन मंत्रालय में राज्य मंत्री

(Shri Jayant Sinha)

(a) to (e): A statement is laid on the table of the House.

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ANSWER

Minister of State in the Ministry of CIVIL AVIATION

(Shri Jayant Singh)

(a) to (e): A statement is laid on the table of the House.

STATEMENT IN RESPECT OF LOK SABHA STARRED QUESTION NO. 227 TO BE ANSWERED ON 02.08.2018 REGARDING "MAJOR CHALLENGES IN AVIATION SECTOR"

(a): Civil Aviation is a sector which requires continuous adjustment according to global & domestic needs and various challenges being faced by the Industry. The Government has constantly been responding to changing scenario and undertaking sector specific measures. First ever National Civil Aviation Policy (NCAP-2016) to drive growth in the aviation sector leading to unprecedented growth on every metric: passenger traffic, planes in operation, planes ordered, cargo tonnage, passenger satisfaction, number of operational airports, airport capacity, and investment in future airport capacity was launched on 15.06.2016. NCAP 2016 covers the following policy areas:

- i. Regional connectivity**
- ii. Safety**
- iii. Air Transport Operations**
- iv. Route Dispersal Guidelines**
- v. 5/20 Requirement for International Operations**
- vi. Bilateral traffic rights**
- vii. Code-share agreements**
- viii. Fiscal Support**
- ix. Airports developed by State Govt, Private sector or in PPP mode**
- x. Airports Authority of India**
- xi. Air Navigation Services**
- xii. Aviation security, Immigration and Customs**
- xiii. Helicopters**
- xiv. Charters**
- xv. Maintenance, Repair and Overhaul**
- xvi. Ground handling**
- xvii. Air-cargo**
- xviii. Aeronautical 'Make in India'**
- xix. Aviation education and skill development**
- xx. Sustainable aviation**
- xxi. Essential Services Maintenance Act, 1968**

(b): The pricing of Aviation Turbine Fuel (ATF) was deregulated with effect from 1st April, 2001 and the Public Sector Oil Marketing Companies (OMCs) take appropriate decision on pricing of ATF in line with its international price and other market conditions. However, as per the provisions of Article 279 A (5) of the Constitution of India (inserted by the Constitution (one Hundred and First Amendment) Act, 2016), the Goods and Services Tax Council shall recommend the date on which Goods and Services Tax shall be levied on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel.

(c): Given our technology and skill base, the government is keen to develop India as an MRO hub in Asia, attracting business from foreign airlines. Accordingly, the following provisions were made in the Budget

announcements for 2016-17 :

i) The tools and tool-kits used by the MRO have been exempted from Customs duty. The exemption shall be given on the basis of list the tools and tool kits certified by the Directorate General of Civil Aviation (DGCA) approved Quality Managers of aircraft maintenance organisations.

ii) MROs were required to provide proof of their requirements of parts, or orders from their client airlines. The process for the clearance of the parts has been brought in line with that of the tool kits for a one time certification by DGCA approved Quality Managers in MRO's.

iii) To enable economies of scale, the restriction of one year for utilization of duty free parts has been extended to three years.

iv) To allow import of unserviceable parts including aircraft components like engines and landing gears by MROs for providing exchange/advance exchange, the concerned notification has been revised to enable advance export of serviceable parts.

v) Foreign aircraft brought to India for MRO work will be allowed to stay for the entire period of maintenance or up to 6 months, whichever is lesser, provided it undertakes no commercial flights during the stay period. The aircraft may, however, carry passengers in the flights at the beginning and end of the stay period in India.

(d): No such study has been carried out by this Ministry.

(e): A comprehensive aviation capacity expansion program, NABH (NextGen Airports for Bharat) Nirman, as announced in the Union Budget 2018, is intended to develop sufficient airport and air space capacity. NABH Nirman, a multi-year program, envisages to expand India's aviation capacity 4 to 5 times to serve a billion passenger trips a year.

This program includes overall passenger growth projections, detailed passenger forecasts for all major airports, new regulatory approaches for greenfield and brownfield airports, collaborative urban and land planning frameworks with various states, and necessary financing to build out aviation capacity. Various experts have estimated that aviation capacity expansion to reach a billion trips will require between Rs. 3 lakh crores and 4 lakh crores. Airport investments are required in both commercially viable major airports, minor airports operated as a public service and wide range of other landing facilities such as no-frills airports, helipads, and water-based ports for seaplanes. Significant investments are also required in managing air space and in digitizing air traffic management.
