Boosting Indian Aviation Sector

What is the issue?

Policymakers ought to recognise the country’s untapped potential and work towards dismantling the many hurdles.

What is the significance of aviation sector?

> *India is the world's third-largest market in aviation sector.*

- Aviation is integral to equitable economic growth, for a country to be globally competitive and to change the situation of poverty and unemployment.
- Passenger airlines and air cargo overcome geography and connect remote areas that are alienated from the mainstream.
- They can drive investment deep into the country, giving people access to markets.
- They also boost tourism, which is the largest employment generator in the unorganised sector.

What is the status of aviation sector in India?

- **Pre-economic reform period**- India had only two airlines - Air India and Indian Airlines.
- **Post 1991 reforms**- The reforms that opened up the aviation sector in 1991 and ended the licence raj and the monopoly of Indian Airlines and Air India changed the sector.
- Numerous private sector airlines were given the licence to fly, but Jet Airways and Sahara, survived, resulting in cartelisation.
- The concept of low cost airlines in India took shape in 2003 which overcame the cost barrier.
- Sadly, Indian aviation has become ‘the sick man of India’.

What are the barriers in Indian aviation sector?

- **Per capita consumption of air tickets -** The number of Indians who buy air tickets in 2019 is 140 million of which 35 million to 40 million frequent flyers form the bulk of ticket buyers.
- It translates to less than 4% of the population who can afford air travel, placing India just alongside some poorer African countries, in terms of the per capita consumption of air tickets.
- **Factors affecting the growth of aviation sector**- The growth of aviation has been affected by
    - Choking regulations
    - Tough entry barriers for new entrants
    - High fuel prices on account of sky high taxes
    - Inefficient public sector airports that pave the way for monopoly airports
- Frequent and knee-jerk changes point to the absence of a long-term visionary strategic policy for the entire gamut of sectors in aviation.

How efficient are government schemes in the development of the airline sector?

- **Boosting entrepreneurship-** Start-up India initiative was started with the objective of supporting entrepreneurs, building a robust startup ecosystem and transforming India into a country of job creators.
- **Regional connectivity**- Ude Desh Ka Aam Naagrik (UDAN) scheme aims to connect small and medium cities with big cities through air service.
- **Low cost airlines**- UDAN plans to connect the underserved airports to key airports through flights that will cost Rs 2,500 for per hour flight.
- **Comprehensive development**- The National Civil Aviation Policy 2016 aims to take flying to the masses and covers 22 areas of the Civil Aviation sector.

What reforms are needed?

- **Reforms in all sectors**- It is critical to understand that for passenger airlines to grow, there have to be reforms in all areas of aviation - air cargo, airports, aviation fuel taxes and Maintenance, Repair and Overhaul (MRO).
- **Updated laws**- India's Aircraft Act, 1934 and Aircraft Rules, 1937 need to be updated to keep pace with modern technology in aerospace, increasing costs to the industry and ultimately affecting passenger growth.
- **Overhaul DGCA** - India's statutory regulatory authority, the Directorate General of Civil Aviation (DGCA), needs to be modernised, well-staffed, motivated and incentivized.
- **Need for aviation professionals**- There need to be aviation professionals in charge rather than the ubiquitous bureaucrat from the Indian Administrative Service**.**

Directorate General of Civil Aviation is an attached office of the Ministry of Civil Aviation responsible for regulation of air transport services to/from/within India and for enforcement of civil air regulations, air safety and airworthiness standards.

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