

Minutes of the meeting of the Consultative Committee of Members of Parliament for the Ministry of Civil Aviation held on 30th November, 2015 at 06.00 PM under the Chairmanship of Hon'ble Minister of Civil Aviation in the Committee Room "B", Parliament House Annexe, New Delhi.

Shri Ashok Gajapathi Raju Pusapati, Hon'ble Minister of Civil Aviation - Chairman
Dr. Mahesh Sharma, Hon'ble Minister of State in the Ministry of Civil Aviation.

Members of Lok Sabha

1. Shri A.P. Jithender Reddy
2. Shri Chandrakant Raghunath Patil
3. Shri E. Ahamed
4. Shri Jitendra Chaudhury
5. Shri S. Rajendran
6. Shri Thupstan Chhewang
7. Shri Vinayak Bhaurao Raut

Members of Rajya Sabha

8. Shri Praful Patel
9. Shri Vijay Jawaharlal Darda
10. Shri Vishambhar Prasad Nishad

The list of officers of the Ministry of Civil Aviation and its organisations who attended the meeting is at annexed.

2. Initiating the proceedings of the meeting, the Chairman welcomed the Members and outlined the structure of the meeting and requested the Members for their valued comments/suggestions on Draft Civil Aviation Policy after the presentation.

3. After a round of introduction and initial remarks, Secretary (Civil Aviation) informed the members that the Draft Civil Aviation Policy was put in public on 31st October, 2015 inviting comments of the stake holders and the last date for receiving the comments was 30.11.2015. A detailed presentation was thereafter made by Mrs. Gargi Kaul, Joint Secretary and Financial Advisor on the "Draft Civil Aviation Policy" highlighting thrust areas covered under the policy which aims to provide a conducive environment and a level playing field for the holistic growth of the aviation sector not losing sight of providing affordable connectivity.

4. Secretary (Civil Aviation) informed the Committee that our country had about 300 million middle class people with disposable income and purchasing power. However, the majority does not fly due to lack of connectivity. The country has more than 300 air strips and airports lying unused. He observed that the combination of these two aspects could be leveraged to formulate a scheme to take flying to the masses.

5. Before the start of the presentation Shri Thupstan Chhewang, Hon'ble Member strongly raised the issue regarding affordable connectivity for Ladakh region. Shri Praful Patel supported his demand and suggested that considering the sensitivity of the issue and the problem being peculiar to the region as there was no alternative mode of transportation, especially in the winter months, some special efforts were required for Leh and Lakshadweep either under the Regional Connectivity Scheme or Route Dispersal Guidelines.

6. The Chairman, after the presentation invited views and suggestions of the Members on the agenda. The views and suggestions of the Hon'ble Members made during the meeting of the Consultative Committee are as under:

6.1 Shri Praful Patel

- i) Shri Patel expressed that the draft policy says that DGCA will carry out a comprehensive review of all CARs once every 5 years starting from FY 2016- 17. The Hon'ble Member observed that CAR has to be changed and modified as and when required which is for the DGCA to decide. He further made a cautionary remark that as he understood the policy would be placed before the Cabinet for approval and the Ministry may put enabling provision while seeking Cabinet approval that there was no need to go to the Cabinet every time change was required.
- ii) Shri Praful Patel complimented the Ministry for coming up with a comprehensive policy and observed that Aviation was a dynamic sector and was required to evolve according to the needs of changing and growing sector. He further observed that if only 10% of India flew once a year, at least 2000 planes would be required in India. The challenge would be to how to achieve and what all was required to be done to achieve the projected growth in the aviation sector which was absolutely necessary in terms of comprehensive policy document.
- iii) With regard to Regional Connectivity Scheme (RCS), he observed that there was a need to connect smaller cities, and that was the only way aviation's eventual number would grow because for an average air passenger in India ultimate destination is one step beyond metro or a big city. He further observed that cap on the fare was understandable because unless connectivity was provided with reasonable fare, nobody was actually going to take a plane to the smaller city. He mentioned that the challenge with regard to revival of unused airports in the country were two folds. One Ministry of Defence would be very difficult customer to deal with and funds would be a constraint in respect of Airport Authority of India. He suggested that it would be beneficial to first use the existing airports where there is no scheduled operation and thereafter go for airports which are owned by State Government who are willing and forthcoming to support Government plans. About 50 airports would be available for launch of regional connectivity.
- iv) With regard to Viability Gap Funding under RCS, he suggested that along with new regional carriers, the existing carriers were the best to take the scheme further as they were ready with their infrastructure and may be encouraged to make use of the scheme which would be a faster step. The Hon'ble Member strongly suggested that stations which needed connectivity at a fair price were Ladakh and Lakshwadeep. He felt that the national VAT on ATF proposed in the policy for regional connectivity was depended on State Government who have to agree. He further suggested extending "Regional Connectivity Scheme" for intra state connectivity.
- v) He observed that broad contours or principles for MRO in draft policy document are alright and MRO industry needed a fill up. The Fiscal incentive proposed in the policy may be extended to existing MRO in addition to new MRO facilities. He felt that skewed tax structure is inhibiting growth of MRO in the country and needed to be rationalized which would help even furthering, objectives under Make in India.
- vi) On Bilateral Traffic Rights, he observed that liberalized regime of bilateral rights was absolutely OK. He felt that Open sky with SAARC was already there, and suggested not to use the word SAARC because it may not be desirable politically. He also advised against giving specific time frame in the policy statement with regard to liberal open skies regime as these were weapons in the hands of Government for taking geo-political decisions. He

further observed that substantial ownership and effective control of an airline which is country's flag carrier, is a most important aspect in the ICAO template and advised against raising FDI beyond 50%. He further mentioned that United States which is the epitome of freedom and openness does not allow the foreign airlines to have more than 25% ownership.

vii) He felt that Code Share provision were fine.

viii) With regard to Route Dispersal Guidelines (RDG), he said that RDG was time tested and he would discourage from having a re-look into it. He felt that Cat.1 based on metro connectivity principle should not be touched as liberalization under Cat-1 would have a cascading effect diluting the obligations of the airlines.

ix) He suggested that Pawan Hans should be included under RCS for certain routes where they were flying and could do a good job.

x) He observed that 5/20 was not sacrosanct. There is background to the provisions which has to be understood in the right perspective. He further suggested that '5' need not be retained but 20 aircrafts could be retained as it is a reasonable critical mass, with the provision that 20 aircrafts will always fly on domestic routes and thereafter 21st aircraft onwards, 50% of ASKM be allowed for use abroad and 50% within India which will ensure a level playing field. He advised against adopting the Domestic Flying Credits (DFC) scheme as it was very complicated formula, and would be difficult to monitor.

xi) He mentioned that there was a cabinet note for development of Jewar airport with all justifications available in the Ministry and may be looked into. He further suggested for clearance of more than one airport in a city to avoid Delhi airport like situation.

xii) As regards, provisions related to Ground Handling in the policy, he observed that it was OK for domestic airlines to have self-handling but self-handling should not be provided to charter, NSOP and private planes.

xiii) As regards, Aviation Security, a comprehensive discussion was held in last Consultative Committee meeting at Bhubaneswar.

xiv) He observed that 100% FDI is allowed in helicopters, but unfortunately that was one area which has not been able to attract investment and a little bit of marketing would be required on that front for better helicopter operations in the country.

xv) He observed that Cargo and other provisions were good but MRO industry is the one which would take off immediately which would develop peripheral activities also.

xvi) Sh. Praful Patel observed that so far as manufacturing sector is concerned, the Government should take note of the fact that a number of India based companies are manufacturing aircraft parts/components and are single source suppliers to leading aircraft manufacturers like Airbus, Boeing etc. and it was time to study existing models and help them build, expand and grow bigger.

xvii) The Hon'ble member mentioned that Aviation education and skill building was other policy reform proposed in the Civil Aviation Policy which needs to be treated as an educational activity rather than commercial activity.

6.2 Shri Vinayak Bhaurao Raut

- i) The Hon'ble Member thanked Hon'ble Prime Minister and Hon'ble Minister of Civil Aviation for coming up with Draft Civil Aviation Policy and congratulated them for starting a direct flight for San Francisco for the first time.
- ii) He further suggested for reduction in air fares particularly for short distance travels which prohibits common man's travel by air.
- iii) He also raised the issue regarding capping of increase in air fares to maximum of 10 to 15 percent.
- iv) The Hon'ble Member mentioned that out of 476 airports, 75 are operational and only 5-6 operational airports are in Maharashtra. No air services are provided despite adequate demand for starting flights. He further suggested for increase in frequency of flights on routes having lesser services.

6.3 Shri Thupstan Chhewang

- i) The Hon'ble Member expressed his dissatisfaction over non implementation of suggestions made by him during previous meetings.
- ii) He raised the issue regarding improvements required in existing runways and increase in frequency of services particularly in Leh and Ladakh regions besides other remote locations such as Lakshadweep and Andaman and Nicobar islands.

6.4 Shri Vijay J. Darda

- i) The Hon'ble Member congratulated the Ministry of Civil Aviation for coming up with Draft Civil Aviation Policy and suggested that the policy should cater to transparency which is essentially required in the aviation sector.
- ii) He also suggested for laying emphasis on training and skill development and said that the Government has laid emphasis on "Make in India", it should lay emphasis on "Flying in India".
- iii) He observed that the policy document does not lay special emphasis on aviation security and suggested for incorporating tangible measures for strengthening aviation security. He observed that the policy document should have defined role of various agencies such as CISF, MHA, MoCA, BCAS, DGCA, State Governments, AAI etc. from aviation security perspective.
- iv) He suggested for development of helipads for unhindered helicopter operations for growth of general aviation and providing remote area connectivity.
- v) He desired to know the steps taken to resolve differences between Ministry of Home Affairs, Ministry of Civil Aviation and Customs and Immigration agencies in respect of aviation security.
- vi) He also suggested for reduction in air fares. He also pointed out that the policy does not mention anything about state taxes on ATF and tourists.
- vii) He desired to know whether consultation has been done with the airlines while fixing fare of rupees 2500 per person per hour as given in para 5 of the policy document. He raised the concern that about 90 percent of the MRO business was going out of the country due to

heavy tax structures. He desired to know whether introduction of GST would resolve the problem. He referred to Para 9 of the policy regarding development of MRO and desired to know what has been provided in the policy for attracting foreign airlines for MRO business.

viii) Shri Praful Patel, Hon'ble Member supplemented by suggesting that the policy document could provide exclusion of the MRO business under the GST regime currently under consideration of the Government.

ix) He suggested improvements in Ground handling as policy measure to be incorporated in the Civil Aviation Policy.

x) He suggested that the policy should have provisions for arresting exodus of Indian trained pilots to foreign countries.

6.5 Shri Chandrakant Raghunath Patil

i) The Hon'ble Member welcomed the suggestion under Draft Civil Aviation Policy for targeting an all-inclusive air fare of Rs.2500 per passenger for one hour flight on RCS routes and desired to know whether airlines have been consulted in the matter.

ii) He observed that the services on Air India should have more aircrafts and its flights need improvement in terms of time performance and maintenance of aircraft and upkeep of passenger services on board.

iii) The Hon'ble Member further suggested for connectivity to smaller destinations like Surat and reduction in air fares for short haul flights to facilitate air travel of common man. He also suggested for starting of flights between Mumbai and Surat at affordable fares. Shri Praful Patel mentioned that the problem could be addressed by expanding the scope of RCS to include intra state connectivity also to connect destinations within a state.

iv) The Member further suggested that the passengers should have choice to pay for optional facilities and may not be charged from passengers who are not willing to avail such facilities being offered by the airlines.

v) He highlighted the lack of job opportunities for the trained pilots and cabin crew in the country which needs to be addressed in the policy.

6.6 Shri A.P. Jithender Reddy

i) The Hon'ble Member observed that he was unable to understand that when the MRO business of Indian carriers alone was Rs.5000 crores and 90 percent which was being spent outside India due to unviable taxation policy, why was it not being taken up with Finance Ministry for rationalization of taxes.

ii) He mentioned that he takes Air India flight between Hyderabad and Delhi which makes unusual noise during take-off and the entertainment system is always out of order. The mobile charging plugs are unusable.

iii) He also mentioned problems he faced with Air India regarding crediting of flying points in his FFP card citing that though his agent had mentioned correct card number, his name on the ticket did not match that on the FFP card. He desired to know how spelling of his name matter when he was providing correct card number at the time of booking which may be resolved.

6.7. Shri Jitendra Chaudhary

- i) The Hon'ble Member raised issue regarding problems being faced by "Flytech Aviation School" in Hyderabad in getting clearances. He further informed that in absence of flying training facilities, students from his state go abroad for flying training spending lots of money.
- ii) The Hon'ble Member observed that besides commercial and security aspect there is national obligation for equitable development of all regions. He referred to provision that the policy provides for the VGF from the State Government and desired to know how small States like Sikkim, Arunachal Pradesh, Tripura and other north eastern states would enhance connectivity and whether VGF was justified.
- iii) The Hon'ble Member was of the view that the increase of FDI should not be allowed beyond 49% in airlines.
- iv) With regard to inter-state connectivity in the North East States, he suggested that there should be one dedicated aircraft for providing inter-state connectivity in North East States.
- v) He further pointed out that the situation of ground handling staff was not good, as they were paid different wages by different operators, which was very low. They were also not getting proper facilities and there should be some direction from the Ministry for fixing minimum wages and facilities.
- vi) He also raised the issue regarding hefty cancellation charges which is at times 50% of the fares whereas Air India charges only Rs.200/- as cancellation charges. Ministry should look into this matter.
- vii) He further mentioned that Delhi Terminal - 1 was over-crowded and the behaviour of the staff of private Airlines is also not good and suggested that some private airlines should be shifted from Terminal-1 to Terminal-3 to decongest it.

6.8 Shri Vishambhar Prasad Nishad

- i) The Hon'ble Member congratulated the Ministry for drafting Civil Aviation Policy and welcomed the suggestions from former Minister of Civil Aviation Shri Praful Patel. He cautioned the Ministry regarding possible dangers arising out of provisions under FDI in the policy document.
- ii) He further suggested for providing special quota and priority to the Members of the Parliament in air travel.
- iii) He suggested for development of airports and starting new flights / increasing the frequency of services to locations such as Kanpur, Varanasi, Khajuraho and Chitrakoot.

7. The Hon'ble Minister of Civil Aviation and Chairman of the Consultative Committee for the Ministry of Civil Aviation thanked the Hon'ble Members for taking out valuable time from the on-going Parliament session and giving valuable views and suggestions which would immensely help finalize the Draft Civil Aviation Policy.

8. The meeting ended with vote of thanks to the Chair.

ANNEXURE

List of Officers of the Ministry of Civil Aviation and Representatives of Attached/ Subordinate Offices and Public Sector Undertakings present in the meeting of the Consultative committee for the Ministry of Civil Aviation held on 30th November, 2015 at 06.00 PM in the Committee Room "B", Parliament House Annexe, New Delhi

MINISTRY OF CIVIL AVIATION

1. Shri Rajiv Nayan Choubey, Secretary(CA)
2. Shri Anil Srivastava, Joint Secretary
3. Ms. Gargi Kaul, Joint Secretary &FA
4. Shri B.S. Bhullar, Joint Secretary
5. Shri Arun Kumar, Joint Secretary
6. Ms. Usha Padhee, Joint Secretary
7. Dr. Renu Singh Parmar, Sr. Advisor
8. Shri V. Apparao, OSD to HMCA
9. Shri Vikash Goel, OSD to HMOSCA
10. Shri T.N. Dwivedi, Dy. Secretary
11. Shri Sanjay Singh, Under Secretary

DIRECTORATE GENERAL OF CIVIL AVIATION

1. Ms. M. Sathiyavathy, DGCA
2. Shri Lalit Gupta, Jt. DGCA
3. Shri J.S. Rawat, Jt. DGCA

BUREAU OF CIVIL AVIATION SECURITY

1. Shri B.B. Dash, Joint Commissioner of Security (CA)

AIR INDIA LIMITED

1. Shri N.K. Jain, Director (Per.)
2. Shri Pankaj Srivastava, Director (Com.)

AIRPORTS AUTHORITY OF INDIA

1. Shri R.K. Srivastava, Chairman
2. Shri S. Suresh, Member
3. Shri S. Raheja, Member

PAWAN HANS LIMITED

1. Dr. B.P. Sharma, CMD, PHL
2. Shri Sajiv Agarwal, ED &CS
