

# Report on Air Connectivity



***Ministry of Civil Aviation  
Government of India***

## ACKNOWLEDGEMENTS

Constitution of the Committee to prepare report on review of Air Connectivity issues and Civil Aviation Requirements and other guidelines regarding Scheduled air Transport (Regional) Services generated a lot of interest among key stakeholders, concerned citizens and many of them have enthusiastically forwarded their viewpoints through presentations, letters and e-mails. The Committee is thankful to all the individuals and organizations who have shared their perspectives.

2. The committee would like to place on records its appreciation of the invaluable assistance extended by the Ministry of Civil Aviation, Airlines, Airports Operators and the administrative support provided by the officials of DT Division viz, Ms. Pragya Richa Srivastava, Director, Shri Sarwesh Kumar Arya, Under Secretary, Shri Parveen Kumar, Section Officer and Shri Randhir Kumar, Assistant.

3. The Committee is grateful to all those who have contributed to its endeavor of devising the report on review of connectivity issues and Civil Aviation Requirements and other guidelines regarding Scheduled air Transport (Regional) Services.



**ROHIT NANDAN**

Joint Secretary & Chairman of the Committee  
12<sup>th</sup> August, 2011 at Delhi.

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## **Introduction**

The Ministry of Civil Aviation vide their Order No. AV. 13011/72/2010-DT dated 13.04.2011 constituted a Committee under the Chairmanship of Shri Rohit Nandan, Joint Secretary to review the Civil Aviation Requirement on Regional Scheduled Operations (RSOP) and other air connectivity issues. The Composition and Terms of References of the Committee were **(Annexure-I)**:

### **Composition:**

I. Shri Rohit Nandan, Joint Secretary, MoCA	Chairman
II. Shri Alok Sinha, Joint Secretary, MoCA	Member
III. Representative of DGCA	Member
IV. Chairman, Airports Authority of India	Member
V. Shri R. P. Sahi, Retd. JDG, DGCA & Consultant PHHL	Member
VI. Representative of GMR	Member
VII. Representative of GVK	Member
VIII. Representative of M/o DoNER	Member

### **Terms of References:**

- i) Examine the existing framework/guidelines of Scheduled Air Transport Regional Services.
- ii) Study international best practices in regional connectivity.
- iii) Examine the fleet requirement of Regional airlines in a given time frame.
- iv) Examine the suitability of aircraft for regional operations.
- v) Access feasibility of code sharing between Regional Scheduled Operator and Non Scheduled Operator in terms of legal, operational, safety, commercial and liability aspects.
- vi) Examine the criteria for scheduled regional airlines operating in one region who wishes to commence regional services in other region.

- vii) Examine the criteria for scheduled regional airlines of Southern Region having three metros.
- viii) Suggest measures to boost the regional connectivity.
- ix) Based on its finding, recommend improvements in the system of service relating to guidelines on regional airlines.

2. Further to these issues, issue of Review of Route Dispersal Guidelines, Essential Air Services Fund and matter of "In Principle Approval" of import of aircraft were also assigned to the Committee for deliberation and recommendation.

3. The Committee held a number of meetings. Consultations with its stake holders viz. scheduled, non-scheduled airlines and scheduled regional airlines were also held. Further views of State Govt. have also invited. After detailed discussion, the Committee arrived at certain conclusions which are being addressed in the following chapters. The issue of "In Principle Approval" for import of aircraft has been dealt separately

## **EXECUTIVE SUMMARY**

A Committee was set up by the Ministry of Civil Aviation to explore policy initiatives for expansion of connectivity in the country. This Report is an outcome of the deliberations of the Committee. The Report examines the entire gamut of issues related to the Civil Aviation in India and recommends a slew of modifications and solutions to open up new areas and territories for connection by air transport. It revisits both policy as well as structural issues related to connectivity and suggests multiple mechanisms to address the matter. The Report acknowledges the tremendous contribution of Route Dispersal Guidelines formulated in 1994 in the aftermath of the Repeal of Air Corporation Amendment Act in 1994, which opened the Indian skies to private players. The purpose of the RDG was to ensure that social objectives are not lost to the lure of commercial interests. It has admirably served this purpose and has contributed significantly to the expansion of connectivity to hitherto remote and unserved areas.

2. The Report recommends that RDG's relevance and contemporaneity can be maintained only if it remains a live instrument and reviewed and revised at periodic intervals. The last review of RDG took place in 2003 when it was decided that no changes need to be made. This Review has been undertaken after a gap of 7-8 years. The Report contains the recommendation that the review of RDGs should be conducted through an institutionalized system after every 3 years so that it reflects current industry and national requirements/aspirations.

4.. The Report extensively recommends that RDGs emphasis on equity must be supported by practical tools to allow airlines to maintain their economic viability as well. The guiding mantra of this Report is 'Equity with Viability'.

5. In order to arrive at a holistic solution to the issue of achieving universal air connectivity, the Committee undertook extensive consultations with the relevant stakeholders, separately and jointly, to understand their concerns and point of views. In the process, SOPs, NSOPs, RSOPs and Airport Operators were consulted in various rounds of meetings. Recognizing the fact that the States have to play a critical role in achieving widespread connectivity, discussions were

held with State Civil Aviation Secretaries on 1<sup>st</sup> June, 2011 under the chairmanship of Secretary (Civil Aviation). Thereafter, written suggestions were invited from the States on specific points. The response from the States was encouraging and 16 States responded with concrete suggestions. Their valuable suggestions have been documented in Chapter 2. The issues raised by the States were comprehensively considered and incorporated wherever feasible.

6. It is also encouraging to note that the States have started taking pro-active measures to promote air connectivity in their areas. The State initiatives are largely in the field of development of airports, promotion of flying schools, reduction in trade tax rates on ATF and direct subsidy to airlines for improvement of connectivity. States have started realizing that reduction in operations costs of airlines is the only way they can be attracted to fly to "thin routes" and hence some States have agreed to substantially reduce trade tax rates in order to attract airlines to refuel in their territory. An even more interesting step is the direct subsidy being meted out to the airlines through under-writing of seats. More and more States are moving in this direction. Currently, Madhya Pradesh and Mizoram have initiated schemes in this regard while Chattisgarh and West Bengal too have taken substantial steps in this direction.

7. The rest of the Report dwells on mechanisms to improve connectivity to remote, un-served and under-served areas. Chapter IV deals with the issues arising out of RDG. It has been observed that there are two shortcomings of RDG:-

- (i) Being based on the principle of internal cross- subsidization, it restricts the commercial freedom of the airlines and impacts the fare structure across the board ;
- (ii) In order to fulfill the commitment of flying on certain routes, airlines tend to cherry-pick or indulge in cream skimming to limit their commercial losses. This leaves out large areas from air connectivity.

8. The current Category-I routes are generally those which cover about 700 kms. and having a PLF of 70% and above. On this benchmark the Committee found that 8 more routes qualify to be included in Category-I. Though the inclusion of these routes would not make any difference on Category II and Category III routes immediately, they need to be included on basis of principle. By including

these routes in Category-I, a benchmark would be laid for future reviews as well and as, and when other routes fall in those category they would automatically qualify to be included in Category-I. Once this becomes a regular process, the impact on Category II and Category III would naturally follow. The Committee also has recommended specific allocation of 0.2% on total ASKM for Lakshadweep due to its special geographical position and near stagnation of air operations for the last few years.

8. The Committee considered the persistent demand coming from some quarters about the exclusion of some routes from Category II as they have become commercially viable on their own with PLF above 70%. These 3 routes are Delhi-Guwahati, Delhi-Bagdogra and Delhi-Srinagar. The Committee did not agree with the suggestion of their exclusion because the long-term viability of RDG depends on some strong commercial pegs in Category II and III to allow Airlines to survive and sustain their operations.

9. An interesting but simplistic suggestion was given by one of the SOPs to the Committee that every year each airline (SOP) should be mandated to add one more route to its existing services. This would add nearly six routes every year and hence improve connectivity.

10. The Committee revisited the Naresh Chandra Committee of 2003 in regard to creation of a non-lapsable explicit subsidy fund called EASF to provide financial assistance to airlines to fly on non-viable routes. The Committee examined international models in this regard and felt that EASF or similar mechanisms exist all over the world and there is a strong case for its adoption in India also to give supplementary support to the RDG as well as to impart commercial health to Airlines operating on 'thin' routes. The Report recommends that a Regional Air Connectivity Fund (RACF) may be established in India through collections made from passengers. The RACF may be used to fund such routes which are commercially unviable for 3-5 years till they reach a level of maturity. This fund may also be used for promotion of air operations on 19 routes identified by the Ministry of Tourism as destinations of high tourism potential. It is also proposed that 1/3<sup>rd</sup> of the total money collected under the RACF may be used for establishment and running of low cost airports, heliports and helipads. The Committee recommends that this subsidy Scheme must involve the States as partners to encourage a sense of ownership and sharing of responsibilities.



11. Given the limited availability of infrastructure and passengers in the presently un-served and under-served areas, the Report underlines recognizes the importance of small aircrafts in providing air connectivity to the presently un-served and under-served areas. It felt that there is an urgent need to deploy small aircrafts on such routes and also to forge innovative partnerships between large aircraft owners and small aircraft owners so that effective synergies could be achieved. In this regard, the role of NSOPs is going to be critical. The Committee felt that the distinction between SOPs and NSOPs only on grounds of permission to publish schedules is unreal and meaningless. The entire structure of NSOPs needs to be altered so that they become carriers of better connectivity. It recommends that NSOPs, as a category, should be brought to an end and replaced by more internationally acceptable model of Air Operators Certificate (Small Aircrafts) hereafter referred as AOC(SA). In line with this, the SOPs may be renamed as AOC (Large Aircrafts) hereafter referred to as AOC(LA). The distinguishing seating capacity maybe be fixed at 40 seats.

12. The Committee also suggests that the new category of AOC(SA) should be permitted to announce its schedules on Category II and the proposed III A routes. They should have the freedom to fly on Category I routes also provided they do not announce their schedules on these routes.

13. The Report also recommends Code Sharing between AOC(LA)s and AOC(SA)s in order to actualize the hub and spoke model. In order to encourage such alliances the above two category of operators may also enter into simple contractual relationships on the basis of purchase or underwriting of seats to provide seamless connectivity to passengers. In order to encourage such partnerships, the ASKMs earned by the AOCSAs may be allowed to be set off against RDG obligations of the AOC(LA)s in multiples, upto the extent of 200 - 500% on Category II and proposed Category III Routes. This will have the triple benefit of:

1. Greater connectivity to areas with low PLF and minimal aviation infrastructure.
2. Promote deployment of smaller aircraft
3. Free AOC(LA)'s resources of larger aircrafts to be deployed on other routes.

This will allow AOC(LA)s to operate on commercially viable basis as well as fulfill their social obligations without committing their larger planes.

14. The Report suggests that the customs duty difference between present NSOPs and private operators needs to be either equalized or reduced to discourage avoidance and misuse.

15. The Committee recommends that the subsidy scheme on the pattern of North-East States may be extended to geographically challenged States like Uttarakhand and Himachal Pradesh.

16. The Report analyzes the reasons of failure of regional SOPs from taking off. It takes note of the difficulties faced by the RSOPs of West, East and North who can fly to only one Metro Airport of their own Region viz-a-viz their Southern counterparts who can fly to three metros. The Committee recommends that all RSOPs should be allowed to travel to metros of one more region provided they adopt hopping model so that connectivity is made available to intermediate smaller destinations. It also recommends that weight restriction of RSOPs may be removed according to market conditions.

17. The Committee felt that the next generation of aviation boom in India would be triggered off by the emergence of low cost regional airports. At present, there are about 450 used/ un-used/abandoned airports and airstrips spread all over the country. About 225 of them are owned by State Governments or by private operators. With a little bit of effort they all can be converted into small operational airports for public use with the ability of catering to aircrafts upto 80 seats. There must be a conscious thrust to activate these airports so that by 2030 India has 300 operational airports as against 84 at present. The Committee noted with interest a suggestion by a low cost carrier in 2006 to Karnataka Government to develop low cost airport at a standard cost of around Rs.16 crores. Such models need to be explored. The Committee examined international models of government subsidy and assistance to regional airports and recommends adoption of similar schemes in India especially the Regional Airports Development Scheme of the Govt. of Queensland, Australia. It also recommends that 1/3<sup>rd</sup> of the EASF/RACF may be earmarked for airport development. These airports, however, would require a separate regulatory regime for both safety and security which should mandate use of manual or inexpensive machineries/equipments in place of high cost sophisticated gadgetry.

18. The Committee also observed that as helicopter operations are an important tool of providing connectivity, there should be a massive effort to develop helipads in every district of the country. This may be done through schemes already in existence in the Ministry of Tourism or by the effective use of RACF. The Committee noted that nearly all the districts already have an all-weather helipad being used by Police authorities for either law and order or VIP duties. States may be requested to examine if these helipads can be opened up for commercial use while at the same time maintaining the security of Police line.

19. The Report also dwells on the question of abolition of exemptions on RNFC and Landing Charges presently made available to less than 80 seater aircraft. The Committee felt that this has been an important tool to promote use of small aircraft and it should not be thrown away at this stage of time when the market is gradually maturing. It, however, recommends that it may only be gradually tapered off over a period of 7 years.

20. Each of the recommendations in the present Report may be adopted either on a stand alone basis or in combination with other measures. The Committee strongly feels that in order to realize the full potential inherent in the Indian Civil Aviation sector a whole slew of reforms need to be undertaken and that all the prevailing basics which have formed the keystone of aviation policy upto now be challenged and reviewed.

## Chapter – 1

### *Current STATUS Of Air Connectivity IN THE COUNTRY*

#### 1. Introduction

After the repeal of Air Corporation Act, the air transport in India has transformed from an over regulated and under managed sector to a more open, liberal and investment friendly sector since 2004. Entry of low cost carriers, strong economic growth, increased FDI inflows, surging tourist inflow, increased cargo movement, sustained business growth and supporting government policies are the major drivers for the growth of civil aviation in India. Launching of the low cost airline model by Air Deccan in 2003, initiated a series of new airlines entering the aviation sector, which led to increase in the passenger growth. The later part of last decade witnessed a spate of mergers and acquisitions, which started in 2007 with Jet Airways acquiring Air Sahara and Kingfisher Airlines acquiring Air Deccan in the year 2008.

1.2 Some of the airlines also augmented their fleet with ATR42/72 type of turboprop aircraft suited on feeder or regional routes thereby increasing the air connectivity. As a result, scheduled air services are available to/from 82 airports as against 68 in the year 2006 and 50 in 2001.

1.3 During the last five years from 2006-2011 (till date), total number of flights operated on domestic network vis-à-vis flights in North-Eastern Region, Jammu & Kashmir Region, Andaman & Nicobar Island and Lakshadweep Island are indicated below.

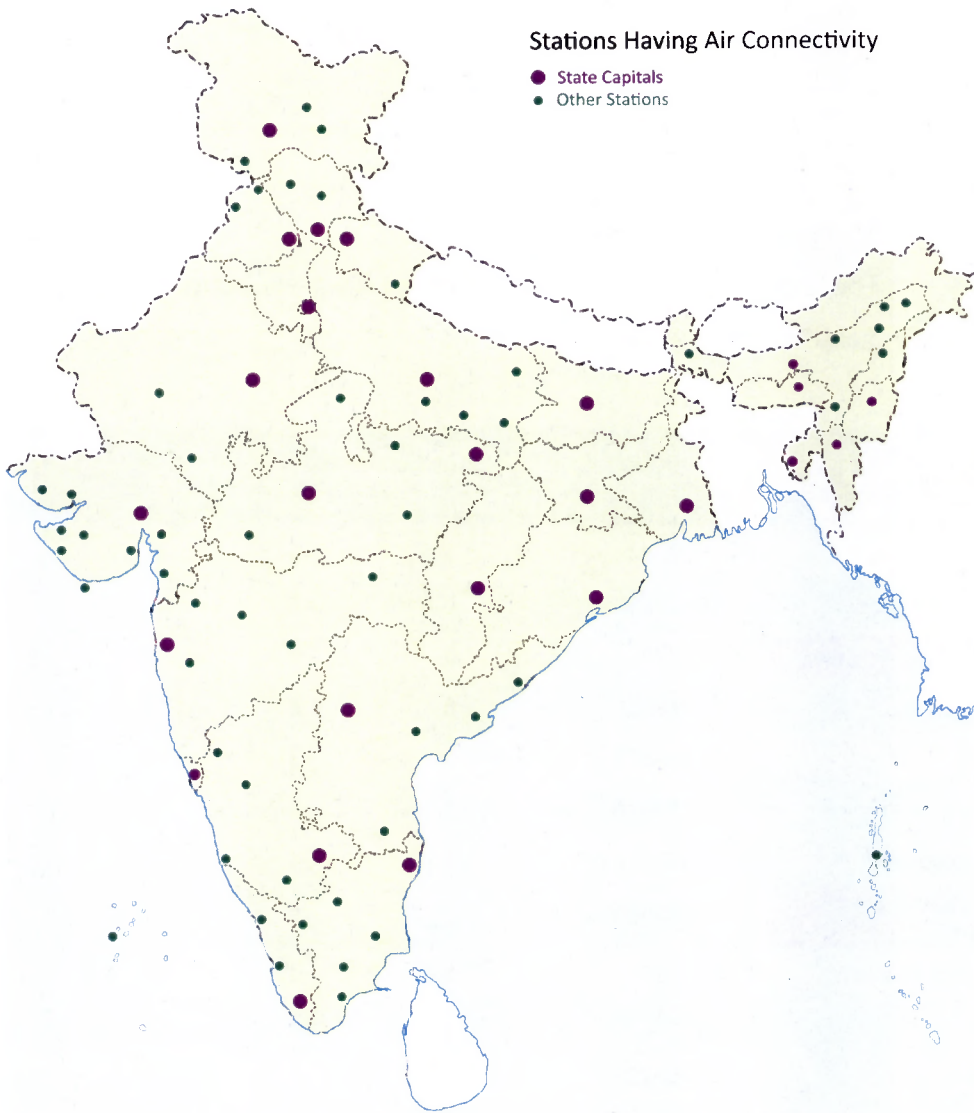
Flight Details	Flights/week					
	2006	2007	2008	2009	2010	2011
Total on Domestic Network	8724	10624	11048	11063	11315	12107
North-Eastern Region	259	285	298	286	347	370
Jammu & Kashmir	104	116	110	113	120	179
Andaman & Nicobar Island	24	42	42	35	40	42

Lakshadweep Island	06	13	10	07	13	10
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Indian civil aviation scenario is briefly summarized below:

- (a) Scheduled air services available to/from 82 airports (only 50 in 2000)
- (b) North East Connectivity: increased from 186 flights/week to 370 flights/week in 06 years.
- (c) From 2000 and 2010, air operations expanded by 160% in terms of domestic passenger volume. India now ranks 4<sup>th</sup> after US, China and Japan.
- (d) There is 2.89 million population per aircraft in India

1.4 Stations having air connectivity indicating State Capitals and other airports are shown below.



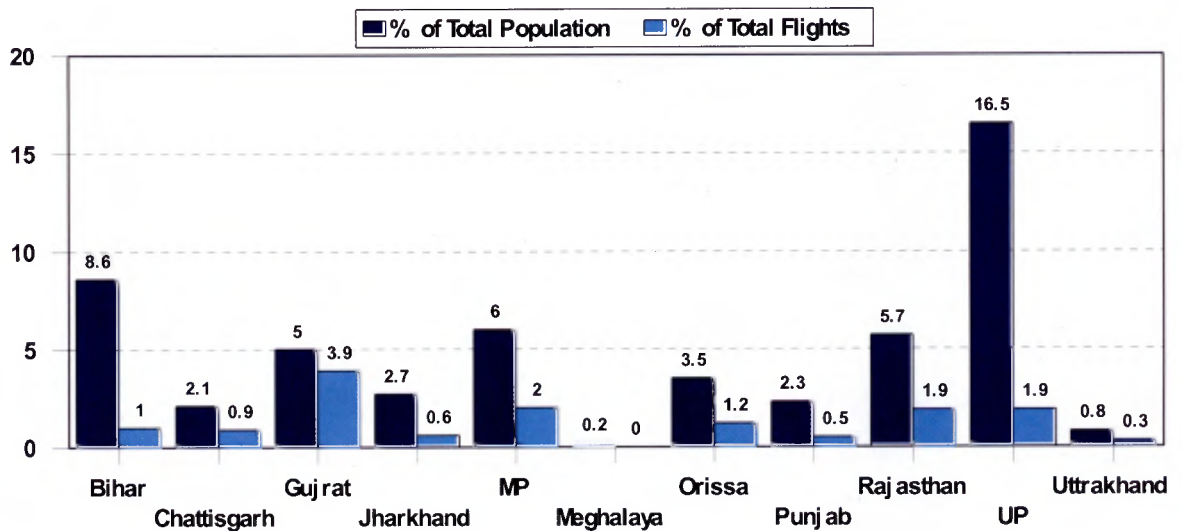
### 1.5 State-wise Air Connectivity

The details of State-wise population vis-à-vis scheduled air services are also indicated in the following Table.

State/UT	Population	Airports		Dep/Week	% of Total Population	% of Total Flights
		Operational	Connected			
A&N Islands	379944	1	1	42	0.0	0.3
Andhra Pradesh	84665533	5	5	986	7.0	8.1
Arunachal Pradesh	1382611	0	0	0	0.1	0.0
Assam	31169272	6	6	359	2.6	3.0
Bihar	103804637	2	1	126	8.6	1.0
Chandigarh	1054686	1	1	84	0.1	0.7
Chhattisgarh	25540196	1	1	112	2.1	0.9
Dadra and Nagar Haveli	342853	0	0	0	0.0	0.0
Daman and Diu	242911	1	1	6	0.0	0.0
Delhi	16753235	1	1	2334	1.4	19.3
Goa	1457723	1	1	204	0.1	1.7
Gujarat	60383628	10	9	475	5.0	3.9
Haryana	25353081	0	0	0	2.1	0.0
Himachal Pradesh	6856509	3	3	46	0.6	0.4
Jammu and Kashmir	12548926	4	4	292	1.0	2.4
Jharkhand	32966238	2	1	70	2.7	0.6
Karnataka	61130704	6	5	1107	5.1	9.1
Kerala	33387677	3	3	345	2.8	2.9
Lakshadweep	64429	1	1	10	0.0	0.1
Madhya Pradesh	72597565	5	5	247	6.0	2.0
Maharashtra	112372972	9	6	2229	9.3	18.4
Manipur	2721756	1	1	79	0.2	0.7
Meghalaya	2964007	2	1	6	0.2	0.0

State/UT	Population	Airports		Dep/Week	% of Total Population	% of Total Flights
		Operational	Connected			
Mizoram	1091014	1	1	41	0.1	0.3
Nagaland	1980602	1	1	17	0.2	0.1
Orissa	41947358	1	1	145	3.5	1.2
Puducherry	1244464	1	0	0	0.1	0.0
Punjab	27704236	3	3	55	2.3	0.5
Rajasthan	68621012	4	3	229	5.7	1.9
Sikkim	607688	0	0	0	0.1	0.0
Tamil Nadu	72138958	6	6	1121	6.0	9.3
Tripura	3671032	1	1	103	0.3	0.9
Uttar Pradesh	199581477	6	5	235	16.5	1.9
Uttarakhand	10116752	2	1	40	0.8	0.3
West Bengal	91347736	3	2	956	7.5	7.9

1.5.1 Analysis of flights operated in various States vis-a-vis total population reveals that the 11 States have comparatively less air connectivity. They are Bihar, Chattisgarh, Gujrat, Jharkhand, Madhya Pradesh, Meghalaya, Orissa, Punjab, Rajasthan, Uttar Pradesh and Utrrakhand.





1.5.2. The details of airports having air connectivity and departures per week in these States are indicated in the following Table:

State	Airport	Departures/Week	No. of Airlines Operating
Bihar	Patna	126	06
Chattisgarh	Raipur	112	05
Gujrat	Ahmedabad	343	07
	Bhavnagar	14	02
	Bhuj	14	02
	Jamnagar	07	01
	Kandla	07	01
	Porbandar	06	01
	Rajkot	21	02
	Surat	06	01
	Vadodara	57	03
Jharkhand	Ranchi	70	05
Madhya Pradesh	Bhopal	63	03
	Gwalior	03	01
	Indore	153	05
	Jabalpur	18	02
	Khajuraho	10	02
Orissa	Bhubaneswar	145	04
Punjab	Amritsar	42	03
	Ludhiana	10	01
	Pathankot	03	01
Rajasthan	Jaipur	146	06
	Jodhpur	28	02
	Udaipur	55	03
Uttar Pradesh	Allahabad	06	01
	Gorakhpur	05	01
	Kanpur	06	01
	Lucknow	152	06
	Varanasi	66	04
Uttrakhand	Dehradun	40	03

1.5.2.1 It may be seen from the above Table that barring air connectivity to/from State capitals, other stations in the respective States have comparatively poor connectivity in terms of flights and number of airlines. However, ASKM

deployed on metro to metro routes and metro to non-metro (non-State capital) routes is almost 50-50 as indicated in the following Table.

Airline	Category III ASKM		
	Metro to Metro	Metro to Non-Metro	Total
AI (dom)+ Alliance	153746040	193274960	347021000
Jet Airways + JetLite	218493460	364216455	582709915
Kingfisher Airlines	269950375	203062752	473013127
Spicejet	204630161	151945051	356575212
Go Air	102523571	67519760	170043331
IndiGo	330984554	223435000	554419554
<b>Total</b>	<b>1280328162</b>	<b>1203453978</b>	<b>2483782140</b>

### **1.6. Air Connectivity to Pilgrim Places and of Tourist Importance**

Ministry of Tourism has identified 19 places which are important from pilgrimage and tourist view point. Present/proposed status of air connectivity from these places is as follows:

State	Airports Identified in Phase I/II	Stations Connected		Departures/Week	
		Present	Proposed	Present	Proposed
Andhra Pradesh	Tirupati	01	02	20	41
	Hyderabad	19	22	814	1211
	Vizag	05	07	106	159
Assam	Guwahati	12	12	273	320
Bihar	Gaya(*)	-	02	-	07
	Rajgir	No airport			
Chhatisgarh	Jagdalpur	Non-operational airport			
Haryana	Ambala	Defence airfield. Excellent rail/road connectivity with National Capital			
	Yamunanagar	No airport. Excellent rail/road connectivity with Ambala			
	Kurukshetra	No airport. Excellent rail/road connectivity with National Capital			

State	Airports Identified in Phase I/II	Stations Connected		Departures/Week	
		Present	Proposed	Present	Proposed
	Panipat	No airport. Excellent rail/road connectivity with National Capital			
Himachal Pradesh	Kullu	01	01	18	10
	Dharamshala	01	01	07	07
	Manali	No airport. Hilly terrain. 44 km from Kullu			
Jammu & Kashmir	Leh	03	04	50	24
Karnataka	Hospet	No airport			
	Hampi	No airport			
	Mysore	01	02	07	14
Kerala	Trivandrum	04	04	103	174
	Kovalam	Part of Trivandrum			
Maharashtra	Aurangabad	03	03	48	54
	Nanded	02	02	12	09
	Nasik	01	-	07	-
	Shirdi	No airport			
Madhya Pradesh	Khajuraho	01	01	10	17
	Indore	08	10	153	180
	Ujjain	Air strip of flying training institute. Excellent road connectivity with Indore			
Orissa	Bhubaneshwar	06	06	145	145
	Puri	No airport			
	Konark	No airport			
Punjab	Amritsar	01	01	42	42
	Anandpur Sahib	No airport. Excellent road connectivity with Chandigarh			
Rajasthan	Jaipur	06	09	146	201
Sikkim	Gangtok	No airport			
Tamil Nadu	Madurai	02	03	56	89
	Rameshwaram	No airport. Excellent road connectivity with Madurai			
	Kanyakumari	No airport. Excellent road connectivity with Trivandrum			
	Mahabalipuram	No airport. Excellent road connectivity with Chennai			
	Chettinad	No airport			
Uttar Pradesh	Agra	Seasonal air operations. Excellent rail/road connectivity with National Capital			
	Rae Bareilly	Air strip of IGRUA. Excellent road connectivity with Lucknow			
	Varanasi	04	05	66	80

State	Airports Identified in Phase I/II	Stations Connected		Departures/Week	
		Present	Proposed	Present	Proposed
Uttar Pradesh	Sarnath	No airport			
	Mathura	No airport. Excellent rail/road connectivity with National Capital			
	Haridwar	Non-operational airport. Excellent rail connectivity with National Capital			
Uttarakhand	Rishikesh	No airport. Excellent rail connectivity with National Capital			
	Nainital	Nearest airport is Pantnagar having connectivity with Delhi			
	Murshidabad	No airport			
West Bengal	Darjeeling	No airport			
	Kalimpong	No airport			

### 1.7 Air Connectivity in North-Eastern Region

North-East Region of India comprises of eight states viz. Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and Sikkim. The North-East region is bordered on East by Myanmar, North by China & Bhutan and South by Bangladesh.



**MAP OF NORTH EASTERN STATES**

1.7.2. Most of the places in the North-Eastern states are inaccessible due to inadequate road/rail facilities. Only viable means of transportation in the region is by air. In 1980s, Vayudoot used to operate air services to/from 18 airports in North-Eastern Region including those in Arunachal Pradesh. With the closure of Vayudoot, air services got discontinued due to non-availability of suitable type of aircraft for operations in these states. At present, air services are available to/from 11 airports in the North-Eastern Region as per the details given below:

States	Airports	Flights/Week
Assam	Dibrugarh	19
	Guwahati	228
	Jorhat	13
	Lilabari	06
	Silchar	37
	Tezpur	06
Manipur	Imphal	72
Meghalaya	Shillong	06
Mizoram	Aizwal	29
Nagaland	Dimapur	12

States	Airports	Flights/Week
Tripura	Agartala	80

1.7.3 Over a period of time, the air connectivity in the North-Eastern Region has grown from 290 flights per week in Summer Schedule 2007 to 370 flights per week in Summer Schedule 2011. Out of these 370 flights per week, a total of 113 flights per week are being operated by ATR42/72 type of aircraft for intra North-Eastern region connectivity. Airline-wise details of the flights are given in the following Table.

Airline	Flights/Week								
	SS 07	WS07	SS08	WS08	SS09	WS09	SS10	WS10	SS11
NACIL (I)	39	41	40	40	41	42	42	60	60
Alliance Air	72	73	74	68	68	64	64	71	71
Jet Airways	38	38	34	37	37	37	37	37	48
JetLite	14	14	28	28	28	28	28	28	38
Air Deccan	68	61	62	62	73	45	45	51	45
Kingfisher	27	24	20	21					
Spicejet	7	7	7	7	14	14	21	35	42
IndiGo	25	27	28	35	41	42	49	58	59
Go Air	-	-	-	-	7	7	7	7	7
Paramount	-	-	-	-	7	7	-	-	-
<b>TOTAL</b>	<b>290</b>	<b>285</b>	<b>293</b>	<b>298</b>	<b>316</b>	<b>286</b>	<b>293</b>	<b>347</b>	<b>370</b>



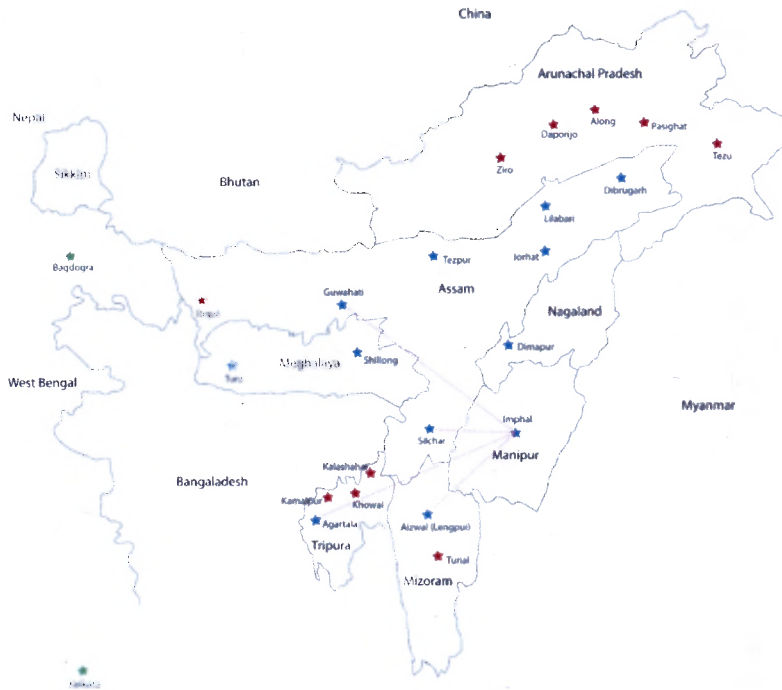
**MAP SHOWING CONNECTION OF NORTH EAST FROM DELHI/KOLKATA/MUMBAI**



**MAP SHOWING INTERNAL CONNECTIVITY OF NORTH EAST FROM GUWAHATI**



**MAP SHOWING INTERNAL CONNECTIVITY OF NORTH EAST FROM AGARTALA**



**MAP SHOWING INTERNAL CONNECTIVITY OF NORTH EAST FROM IMPHAL**



1.7.5. At present Alliance Air is providing air connectivity in North-East Region from 2003 onwards with subsidy from NE. Alliance Air has taken on lease four ATR42 aircraft and commenced scheduled operations in the North-East region w.e.f. 2.1.2003. These aircraft are deployed exclusively in North-East region under the terms of an MOU with the North-East Council.

1.7.6. In addition to scheduled air services, non-scheduled air services are being provided by North East Shuttle (a non-scheduled operator) with small aircraft. Pawan Hans Helicopters Ltd is also providing helicopters services in Arunachal Pradesh, Meghalaya, Tripura and Sikkim with subsidy from Central Govt. for carriage of passengers, emergency/medical evacuation, VIP transportation and Tourism. Global Vectra also operates passenger services in Arunachal Pradesh.

## Chapter- 2

### Consultation with Stakeholders and initiatives taken by State Govt.

The Committee held a number of meetings. Consultations with its stakeholders viz. scheduled, non-scheduled airlines and scheduled regional airlines were also held. The Minutes of the meetings held with the stakeholders are at **Annexure-II**.

2. Traditionally civil aviation has been looked upon as a Central subject and therefore States have generally confined themselves to development of the sector only to the extent of catering to their official purposes. Given the fact that civil aviation is a major economic activity which has the potential of catalyzing tourism, industry and services, it can influence State economies significantly. The International civil Aviation Organization (ICAO) estimated that \$100 spent on air transport produces benefits worth \$325 for the economy and a hundred additional jobs in air transport results in 610 new economy-wide jobs. The ICAO study attributes over 4.5% of global GDP to the air transport component of civil aviation.

3. In this background State Governments have to play a crucial role in the matter of development of civil aviation in their jurisdiction and they need to take proactive decisions. State Governments may develop civil aviation sector in their state by way of development of infrastructure and connectivity. These steps may be taken in form of development and maintenance of the existing airports, creation of new airports, acquisition of land for the development of airports, development and maintenance of heliport and helipads, manpower availability for airports, seat underwriting, reduction of sales tax on ATF, better transport and road connectivity to various airports and providing facilities near airports etc.

4. The Committee observed that recently various State Governments have already started active steps to promote civil aviation in their states.

5. Views of State Govt. and details of initiatives taken were also invited (**Annexure-III**). Comments were invited from State Govts. on the following issues in order to prepare suitable guidelines:

- (i) Route Dispersal Guidelines (RDG): Whether the existing RDG is adequate or any changes in these guidelines are required. If so, the details.
- (ii) Underwriting of seats by the State Govts.: Whenever the issue of air connectivity is taken up with the airlines, they claim that they are not operating on some sectors due to low/no load factor. They are of the opinion that State Govts. underwriting a few seats would help them in maintaining their basic operational cost on that route. It has come to the notice of the Govt. that one of the State Govts. has entered into such an agreement with an airline operator. Other state Govts. may also develop their own policy in this matter as it would be very effective in enhancing air connectivity to remote places where the load factor is very low. State Govt. may utilize such seats in order to boost tourism and for their official use.
- (iii) Reduction in sales tax on ATF to such operator/other operators in order to minimise their cost.
- (iv) The other innovative methods of achieving air connectivity to remote and in accessible areas in the State through civil aviation.
- (v) The role of State Govts. on development of airports.

6. Replies received from State Govts. on these issues are placed below in a comparative chart:

**ISSUE 1: Route Dispersal Guidelines (RDG): Whether the existing RDG is adequate or any Changes in these guidelines are required, if so, the details thereof;**

Sl. No.	State	Replies
1.	Uttar Pradesh	Route Dispersal Guideline (RDG) should be amended to the effect that routes being directly connected to the capital city be placed in category-I of the Route Dispersal Guidelines so that the operators will have to deploy 50% of the capacity on routes in category-III covering other

		airports.
2.	Tamilnadu	The existing guidelines are quite adequate.
3.	Meghalaya	The operator should deploy on routes in category II at least 20% of the capacity that is deployed on routes in category I instead of 10 % at present..
4.	Andaman & Nicobar	The A& N Island and Lakshadweep should be given separate identity and kept in an exclusive category of route under RDG and the airlines should provide 5% of their capacity deployment in category I route to A & N Island and Lakshadweep .
5.	Mizoram	The existing Dispersal Guide Lines (RDG) for the North Eastern Region is considered satisfactory.
6.	West Bengal	North Bengal areas (upto Malda), Sundarbans area and Sagar Island may be included in category II of RDG.
7.	Dadra & Nagar Haveli and Daman & Diu	Existing guidelines that Air Transport Operator operating in category- I is required to deploy at least 50% of the capacity which one is deploying in category-I, in the route of Category-III is satisfactory.
8.	Andhra Pradesh	No comments
9.	Himachal Pradesh	The existing Route Dispersal Guidelines (RDG) need to be modified appropriately to ensure desired air connectivity to the Northern States like Himachal Pradesh.
10.	Kerala	Suitable changes in RDG may be made to ensure connectivity between airports in the State with other metro airports in Southern region like Calicut-Chennai, Calicut-Bangalore, Calicut-Hyderabad. It may be specified that the operator deploy at least 10% of the capacity deployed in

		Category I to (a) State capital airport to other airports in the State, (b) between airports in a State to metro airports of the region. Also, the operator should make equal number of deployments in Category 1 airports as well as in Category 3 airports.
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**ISSUE: 2 Underwriting of seats by the state Governments:**

Sl. No.	State	Replies
1.	Uttar Pradesh	May consider underwriting of seats on case to basis whenever a proposal is received from the operators.
2.	Tamilnadu	The question of underwriting of seats by the Government does not arise.
3.	Meghalaya	The proposal will need to be examined after a detailed study of load factor etc., is carried out so that suitable policy could be worked out. However, in principle, State Government is not averse to the idea.
4.	Andaman & Nicobar	The A & N Administration is in favour of underwriting of seats upto 30% pax load. However, the airlines should come up with the offer with reasonable fare structure for such seats.
5.	Mizoram	This procedure was operated in Mizoram for a short while. It is however experienced that the cost of reservation of seats for operation in the NER became rather heavy and found uneconomical. Eventually, this

		was discounted.
6.	West Bengal	The State Government recently entered into an agreement with M/s. DECCAN Charter Limited for operation of Non-Schedule passenger services between Kolkata and Coochbehar on the basis of subsidy on seats. The same could not materialize due to non-availability of aircraft with the operator. However, discussion with another operator, namely, M/s. Northeast Shuttles (P) Ltd. is going on including the scheme to provide subsidy on the basis of occupancy.
7.	Dadra & Nagar Haveli and Daman & Diu	-----
8.	Andhra Pradesh	As of now there is no such proposal
9.	Himachal Pradesh	There is no need to underwrite seats to the airlines due to low/no loads factor as the number of flights is less than the demand in this sector.
10.	Kerala	Underwriting of seats is under consideration of the State Government as a part of the State Civil Aviation Policy.
11.	Madhya Pradesh	Govt. of Madhya Pradesh has made a provision in the State Tourism Policy 2010 to improve air services within & outside Madhya Pradesh. To encourage the private operators State Govt. has decided to underwrite the

		<p>seats. The important clauses of the guidelines issued by Govt. of Madhya Pradesh are as under:</p> <ol style="list-style-type: none"><li>i) The M.P. State Tourism Development Corporation has been authorized to process the whole procedure.</li><li>ii) Private Operators will be selected through open bids.</li><li>iii) In first phase four major towns Gwalior, Bhopal, Indore and Jabalpur have been identified for internal connectivity.</li><li>iv) Government officers will be entitled to travel on the underwritten seats at the quoted rates.</li><li>v) The seats sold in the open market and seats sold to Government officers shall be calculated. In case the number of Government officials travelling in a sector is less than the number of underwritten seats in the sector and these seats also remain unsold in the open market, M.P. State Tourism Development Corporation shall make payment for such unused seats.</li><li>vi) The operator will be free</li></ol>
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		<p>to sell the underwritten seats in open market. In such case no payment will be made against underwritten seats.</p> <p>vii) The payment of underwritten seats will limited to Rs. 1.00 crore per month for all sectors.</p> <p>viii) The agreement shall be effective for 03 years for underwritten seats.</p> <p>ix) The operator can also fly on any route alongwith the specified sectors.</p>
12.	Nagaland	<p>Govt. of <b><u>Nagaland</u></b> has entered into Subsidy Agreement with North East Shuttle for a period of February 2011 to February 2012. The flights for the Govt. of Nagaland is for only sector Guwahati-Dimapur-Guwahati. The aircraft utilized for this sector is the 18 seater Dornier 228 and the subsidy is based on the principle of Max subsidy of 50% based on seat occupancy. Global Vectra are operating a Bell 412 helicopter for Govt. of Nagaland under 75% subsidy scheme of Ministry of Home Affairs. The helicopter is based at Nahurlagun Helipad at Itanagar.</p>
13.	Arunachal Pradesh	<p>Govt. of <b><u>Arunachal Pradesh</u></b> had utilized helicopters of Pawan Hans</p>



		<p>Helicopters Ltd. viz. Mi-172, Bell 412 for passenger services connecting Itanagar with Guwahati, Tezu, Ziro, Roing, Tawang etc. The services were being run by the State Govt. on subsidized basis with 75% subsidy from MHA and balance 25% is being recovered from the passengers by the state Govt. and deficit, if any, being met from State Govt. funds.</p> <p>Global Vectra are operating a Bell 412 helicopter for Govt. of Arunachal Pradesh under Wet Lease contact w.e.f. 01 February 2010 for passenger services under 75% subsidy scheme of Ministry of Home Affairs. Under the scheme, helicopters operates to various parts of Arunachal Pradesh and Guwahati for passenger services as per the requirements of Directorate of Civil Aviation, Government of Arunachal Pradesh. The helicopter is based at Nahurlagun Helipad at Itanagar.</p>
14.	Meghalaya	<p>PHHL has provided a Dauphin helicopter on Wet Lease to the Govt. of <b>Meghalaya</b> w.e.f. 15<sup>th</sup> February 1999. The State Govt. has been operating daily passenger flights on Guwahati-Shillong-Tura sector and other flights within the state. The Sector on which the State govt. is utilizing the helicopter are Guwahati,</p>

		<p>Tura, Shillong for running regular passenger services. The services are being run by the State Govt. on subsidized basis with 75% subsidy from MAH and balance 25% is being recovered from the passengers by the State Govt. and deficit, if any, being met from State Govt. Funds.</p>
15.	Sikkim	<p>PHHL has provided a 5 seater Bell Helicopter on Wet Lease to the Govt. of <b>Sikkim</b> since 31<sup>st</sup> October, 1998. The State Govt. has been operating daily passenger/tourist flights on Gangtok-Bagdogra-Gangtok sector (6 days in a week) and other flights for carrying tourists. The services are being run by the State Govt. on subsidized basis with 75% subsidy from MHA and balance 25% is being recovered from the passengers by the State Govt. and deficit, if any, met from State Govt. funds.</p>
16.	Tripura	<p>PHHL has provided a 5 seater Bell Helicopter on Wet Lease to the Govt. of <b>Tripura</b> since 25<sup>th</sup> September, 2002. The State Govt. has been utilizing this helicopter for regular passenger services connecting Agartala, Dharamnagar, Kailshahar etc. and for the purposes within the state. The services are being run by the State Govt. on subsidized basis with 75% subsidy from MHA and</p>

		balance 25% is being recovered from the passengers by the State Govt. and deficit, if any, met from State Govt. funds.
<p>Note: <b><u>Subsidy to Alliance Air by NEC in NER</u></b></p> <p>Alliance Air has been operating air services in the North East with 4 leased ATR-42 aircraft, under an MOU with the North Eastern Council since 2002. The arrangement was done in consultation with Ministry of Civil Aviation, with the objective of improving air connectivity in the region. The MOU with the NEC, initially for a 5-year period, was further extended upto December, 2008. A viability gap funding of Rs. 35 crores per annum had been granted for the initial 5 year period. For the 1 year extension in 2008, Alliance Air is receiving Rs. 38.5 crores.</p> <p>The characteristics of this funding are as under:</p> <ul style="list-style-type: none"> <li>(i) Centrally sponsored scheme/NEC scheme</li> <li>(ii) Funding pattern+ 100% grant.</li> </ul>		

**ISSUE 3. Reduction in sales Tax on ATF to such operators in order to minimize their cost.**

Sl. No	State	Replies
1.	Uttar Pradesh	The Sales Tax on the ATF in the State of Uttar Pradesh is comparable with rates prevailing in most other State of Union of India.
2.	Tamilnadu	Reduction in sale Tax on ATF need not be considered.
3.	Meghalaya	This would be examined by the State Government
4.	Andaman & Nicobar	There is no sales tax on ATF at Port Blair, in view of which ATF is cheaper in A & N Islands.
5.	Mizoram	State Government levies 20% tax on ATF. This is

		considered reasonable for the time being.
6.	West Bengal	Reduction on Sales Tax on ATF by the State Government may not be possible at this stage.
7.	Dadra & Nagar Haveli and Daman & Diu	Even to start the skeletal service of Mumbai-Diu-Porbander-Mumbai by Jet Airways (62/68 seaters ATR-72 aircraft) exemption from VAT on ATF was offered.
8.	Andhra Pradesh	Present Sales Tax on ATF is 16% which is still lower than the rates applicable in other states.
9.	Himachal Pradesh	Reduction of Sales Tax on ATF to such operators would encourage them to operate more flights in this sector and the passengers would have also relief from the constant hike in the airfares.
10.	Kerala	Reduction in sales tax of ATF is under consideration by the State Government as a part of the Civil Aviation Plan.
11.	Chattisgarh	There has been a substantial reduction in fuel tax rate of ATF aircrafts by the Government of Chhatisgarh. Earlier, tax on ATF was 25%, which has been reduced to 4% by the government due to reduction in fuel tax, private operators have been attracted to Raipur airport and several new flights are being operated from Raipur now.
12.	Rajasthan	It may be mentioned that Govt. of Rajasthan had reduced the sales tax rates on ATF to 4% in case of the following: <ol style="list-style-type: none"> <li>1. Airlines which establish a 'HUB' in the state</li> <li>2. Registered Flying Clubs for their training flights; and</li> <li>3. Airlines, which for the first time connect cities of the State having no air service, the exemption would be limited to such</li> </ol>

		flights only.
13.	Maharashtra	Government of Maharashtra had announced reduction of sales tax on ATF from 25% to 4% for flights originating from airports other than Pune & Mumbai.
14.	Madhya Pradesh	State Govt. has decided to underwrite the seats and grant 100% concession on VAT on ATF. State Govt. will reimburse 100% VAT paid by the operator on ATF bought from within the State. The concession on VAT on ATF shall be granted for a period of 5 years.
15.	Nagaland	The tax rate on ATF is 4% in Nagaland, but no surcharge.

**ISSUE 4. The other innovative methods of achieving air connectivity to remote and in accessible areas in the State through Civil Aviation.**

Sl.No	State	Replies
1.	Uttar Pradesh	The best method of achieving air connectivity will be in the first phase- the upgradation of navigational aids available at airfields bearing civil enclave at Agra, Allahabad, Gorakhpur and Kanpur. If these airfields are connected with the navigational aids, the air operators will be attracted to start regional airlines in the State of Uttar Pradesh. In the second phase – the airstrips owned by the State of Uttar Pradesh can be further upgraded to ensure air connectivity to these places and in that way air connectivity to these places and to remote and in accessible area can be achieved.
2.	Tamilnadu	The other best method of achieving air connectivity is operating Helicopter/ Chopper

		services on regular basis to certain areas including hill stations like Ooty, Kodaikanal and pilgrim Centres like Rameswaram , Nagore and Vellankanni etc.
3.	Meghalaya	The Airports established at Umroi and Baljek be developed and upgraded to increase the air connectivity through these two airports not only within the state, but also with other States in the region and metros located outside the region.
4.	Andaman & Nicobar	In order to further augment inter-island connectivity, the A & N Administration is in the process of acquiring a 10-15 seater fixed wing aircraft on lease from operators through global tender. With a view to strengthen the Island-Mainland air connectivity and to provide better air transport facility at an affordable and reasonable air fare, an Airbus A 320 aircraft is proposed to be taken on Wet Lease/charter during the current year 2011-12 and the same will continue during the period of twelfth five year plan also at an estimated annual expenditure of Rs. 170 crores.
5.	Mizoram	The best method of improving and achieving air connectivity in the State is construction of many more Greenfield airports and helicopter's operation.
6.	West Bengal	The closed/non-operational airports at Balurghat (in the district of south Dinajpur), Malda (in the district of Malda), Asansol (in the district of Burdwan) and Behala ( in the district of South 24-Parganas), need to be made operational. New Greenfield airports at Digha ( in the district of Purba Medinipur), Sagar Island ( in the district of south 24- Parganas), Santiniketan (in district of

		Birbhum) and Sundarbans (in the district of North 24-Parganas and South-24 Parganas) respectively may be opened. Further, more International and National locations needs be covered by air from Kolkata. More Location also needs to be covered with Bagdogra Airport. Flights from Bagdogra to Saudi Arabia for Haj Pilgrims may also be commenced at the earliest.
7.	Dadra & Nagar Haveli and Daman & Diu	-----
8.	Andhra Pradesh	The State Govt. has proposed to set up Regional Green Field airports for better linkage to the Tier-II and Tier-III cities so that the Regional Airports will also act as operational basis for smaller and low cost aircrafts for Socio-Economic growth of the region. Government of Andhra Pradesh will also provide infrastructure facilities like power, water and road connectivity upto the boundary of the proposed airports, besides fiscal incentives like exemption of sales tax and VAT etc.
9.	Himachal Pradesh	The State Government has launched Heli Taxi Services w.e.f. 29 <sup>th</sup> January, 2011 as an innovative measures to boost connectivity. It is proposed that Govt. of India may make adequate provision for funds to make this project more viable by addressing the issue of Viability Gap Funding for which matter already stands taken up with Ministry of Finance.
10.	Kerala	There is a need for augmentation by permitting subsidy to the operators on Cochin-Calicut-Cochin, Mangalore-Calicut-Tvpm-Mangalore, Tvpm-Coimbatore-Tvpm so that the connectivity in these sectors is effectively achieved at least for

		<p>an initial period of one year. To start with, aircraft with less than 70 seats can be deployed (such aircrafts are exempted from parking charges). Steps to formulate a plan have been initiated. During the first phase i.e., within next five years helicopter services and sea/ amphibian plane services can be started. During the first phase, land acquisition for airstrips and small airports in the districts. The second phase would include the setting up of the airports/ airstrips.</p>
11.	Jharkhand	<p>The Civil Aviation Department is running an IS28M2/GR Motor Glider Operation at Ranchi. The Department has plans to purchase an advance STEMME Motor Glider in financial year 2011-12 to connect all activated airfield by Motor Glider .</p>

**ISSUE 5. The role of State Government and Development of Airports:**

Sl. No	State	Replies
1.	Uttar Pradesh	<p>The State government has acquired requisite land for the expansion of International Airports at Lucknow and Varanasi and has given the same to the Airport Authority of India at no cost. The state Government has allowed air operators to use airstrips owned by the government for the landing and parking purposes. The State Government has allowed private partners to start Flying Training Institutes and Aircraft Maintenance Engineering Institute so that skilled manpower can be made easily available in the State. The State Government has envisaged international Airport at Jewar in Gautam Budha</p>



		Nagar. The State Government has decided to expand its Kushinagar airstrip to International Airport through Public Private Partnership (PPP) mode.
2.	Tamilnadu	The Government will acquire suitable lands for the development of Airports on payment of land cost by Airports Authority of India. The Government may also consider, providing supply of water, Power and Provision of sanitation and Sewerage services on priority basis as well as provision of services access to Multi Level Linkage.
3.	Meghalaya	The State Governments main role has in the past has been limited to providing the necessary land for the purpose of airports development. However, funds with State Government are inadequate to build up new airport project on its own. The Civil Aviation Ministry needs to earmark specials funds for Airport Development in the North East. This would expedite sanction and implementation of Projects by Airports Authority of India which has been the main agency in the State in overseeing the planning and execution of airports projects in the State.
4.	Andaman & Nicobar	-----
5.	Mizoram	The State Government is in urgent need of sufficient fund for development of the Lengpui Airports. Ministry of Civil Aviation, Planning Commission, Ministry of DONER and NEC may provide the required development fund for improvement and development of the State owned airport in Mizoram on priority.
6.	West Bengal	The State Government will actively assist in

		operationalization of the closed and non-functional airports and also to build new airports. Wherever Government land is available, the same will be provided to the Airports Authority of India, for setting up of new airfields.
7.	Dadra & Nagar Haveli and Daman & Diu	The Diu Administration has decided to extend the existing runway by another 300 mts. On the eastern side for which land of approximately 6672 sq.mts. has already been acquired. The work is likely to be completed within a year. This will enable bigger aircraft to land at Diu Airport.
8.	Andhra Pradesh	<p>Government of Andhra Pradesh is already providing pro-active support to the new world class international airport at Shamshabad, Hyderabad. Government of Andhra Pradesh has also entered into MOUs with Airports Authority of India for 4 airports i.e. at Warangal, Vijayawada, Rajahmundry and Kadapa for development /expansion of the airports under the control of Airports Authority of India besides supply of water, electricity and security arrangements free of cost for 5 years. Further, an amount of Rs. 100 crores is being incurred by the State Government for expansion of Tirupathi Airport to International standards in providing additional land free of cost and free of encumbrances to Airports Authority of India.</p> <p>The State Govt. has also proposed to set up Regional Green Field airports for better linkage to the Tier-II and Tier-III cities so that the Regional Airports will also act as operational basis for smaller and low cost aircrafts for Socio-Economic growth of the region. Government of Andhra</p>

		Pradesh will also provide infrastructure facilities like power, water and road connectivity upto the boundary of the proposed airports, besides fiscal incentives like exemption of sales tax and VAT etc.
9.	Himachal Pradesh	The State Govt. has identified some sites for which survey is yet to be conducted by the Airports Authority of Indian (AAI) to access their feasibility. The issue has been already taken up with them and their response is awaited. The State Government has decided to extend all holistic supports to investors by way of making available the land and other basic infrastructure such as road, water, electricity, use of existing network airport of and helipads (57 Nos.) and facilitating clearances required from other Government/Non Governments agencies on Single Window Clearance Mechanism.
10.	Kerala	The state Government has taken various steps to attract investment in Civil Aviation. Cochin International Airport Limited is the first International airport with Public participation in the world. Kannur International Airport Limited is also on the CIAL model. 49% of its equity is open for private participation. Government of Kerala has acquired and handed over land to AAI for development of the Thiruvananthapuram and Calicut airports. The State Government has made available land free cost to Air India to set up its engineering facility in Thiruvananthapuram Airport.  The process for formulating the State Civil Aviation Policy is already underway and the

		<p>following points have been identified:</p> <ul style="list-style-type: none"> <li>-There is a need for air connectivity between Thiruvananthapuram, Kasaragod, Kozhikod, Wayanand, Palakkad and Idukki districts.</li> <li>-Around 60 helipads are available in the State . Helicopter services are costly and can cater to limited 15 passengers at a time. However, the development of available helipads in the State would increase connectivity which would be very useful during pilgrim, tourism seasons and during disasters and other emergencies. The three operational airports in the State viz., Thiruvananthapuram, Kochi and Calicut, could be developed to act as the hubs for helicopter services.</li> <li>-State Govt. envisages full implementation of the plan in two phases. During the first phase i.e. within next five years, helicopter services and sea/amphibian plane services could be started. During this phase, land acquisition would take place. The second phase would include the establishment of the airports.</li> </ul>
11.	Jharkhand	<p>The State Govt. of Jharkhand is by platformed contribution of Civil Aviation Department working on to airfield project to attract investment in civil Aviation Sector-</p> <p><b>(a) <u>On Deoghar Airfield-</u></b> The State Govt. with financial help of planning commission, Govt. of India has committed to enlarge and strengthen the Deoghar Airfield at a total cost of Rs.350 crore only for infrastructure development handled by AAI, New Delhi and approximately Rs.100</p>

		<p>corer for land acquisition by self paid basis from private land lords. An MOU is drafted to sign the bilateral parties, the state government and AAI, New Delhi.</p> <p><b>(b) <u>On Dumka Airfield-</u></b> The Jindal Steel and Power Limited has extended their interest to develop upkeep and strengthen the Dumka Airfield on their own expenses for their Industrial meet in the regional area of the State. An MOU is drafted to sign the bilateral parties for next 10-year.</p>
12.	Chhatisgarh	<p>The State Government has undertaken the plan of constructing air strips/airports in various districts in the State under which air strips/airports exists in 09 districts out of total 18 districts. State Government has developed air strips in Jagdalpur and sanctioned Rs.12.00 crore for up gradation of Ambikapur air strips, besides the up gradation of air strips in Rajgarh.</p> <p>State government has the policy to have <u>pucca helipads</u> in all block headquarters, so as to provide comfortable helicopter services. Action is in progress in 146 block headquarters of the State and as on date, there are almost 50 such places where <u>pucca helipads</u> have been constructed.</p> <p>The State Government had already appointed an agency after releasing an advertisement to connect 7 districts of the State to the Capital, so as to operate commercial domestic air services, but the said services could not be operated as no objection certificate from DGCA could not be obtained. Government is now taking corrective</p>

		<p>action on the objections raised by DGCA. Narrow air strips are being widened and action is being taken to obtain all government airport license. The plan to have ATC tower in 4 districts this year, has also been undertaken and provision has been made this year in the budget for this purpose.</p>
13.	Manipur	<p>The State Govt. of <b>Manipur</b> has envisaged/formulated various policies in the civil aviation sector and as a result the night landing facility has been made available at Imphal Airport with an estimated cost of 1605.55 lakhs by providing dedicated security at five hill tops located around the periphery of Imphal Airport to protect the SPOL so installed and with construction of security barracks/approached road. In view of the concept as visualized by the State Govt. for up-gradation of Imphal Airport upto the standard of an International Airport, the expansion of Imphal Airport is underway by acquiring 694 acres of land in addition to 463.62 acres of existing land with an expenditure of 9852.71 lakhs on being incurred on payment of compensation for land including standing crops/properties and construction of approached road affected by the expansion of Imphal Airport.</p>

## 7 **Recommendation**

- i. The State Govt. has to play a vital role in order to increase connectivity.
- ii. One of the solutions to solve the problem of poor air connectivity is lies in underwriting of seats by state Govts. so that there can be guarantee

of some business to the airlines. State Govts. can utilize these seats for their own employee and also to boost tourism, on the other hand the airlines will find some number of seats blocked. Govt. of Madhya Pradesh and Govt. of Mizoram have entered into such agreement. Even Andaman & Nicobar Island are willing to underwrite upto 30% of pax load.

iii. Other state Govt. should also consider a policy to enter into an agreement with airlines on underwriting of seats. It will benefit States to boost the air connectivity, tourism and infrastructure. Further once the market will grow the burden on state exchequer will automatically decrease.

iv. Such underwriting should be supported by lowering sales tax on ATF.

v. Increase in connectivity should be backed-up by development of infrastructure.

### Chapter- 3

## Review of Route Dispersal Guidelines

#### 1. Background

On 28<sup>th</sup> May, 1953 with the enactment of Air Corporations Act 1953, Government of India nationalized the airline industry. Assets of then nine existing air companies were transferred to the two new corporations viz. Air India International and the Indian Airlines. The operation of scheduled air transport services was made a monopoly of these two Corporations. Indian Airlines took over all the domestic routes and routes to Pakistan, Ceylon, Burma, Iran and Afghanistan. Air India took over all the long distance international routes.

The Air Corporations Act prohibited any persons other than the Corporations or their associates to operate any scheduled air transport services from, to or across India.

1.2. However, with the objective to boost tourism and to augment domestic air services, private airlines are allowed to operate under Air Taxi Scheme, 1986. The operations were restricted to only notified airports with maximum 10 seater aircraft manufactured abroad and 19 seater aircraft manufactured in India, no operations two hours before/after scheduled operations of national carrier and airfares equivalent to that of Vayudoot. With the announcement of extensive liberalisation in May 1990, the civil aviation sector in India grew. Ceiling on maximum seats was removed with fare restriction abolished and time restriction withdrawn. Flights were permitted to all airports open to scheduled operations. However, these operations remained confined to highly profitable routes. It was then decided in Dec 1990 that operators will have to operate one flight below 700 km for each flight operated on more than 700 kms sector distance. It was only in 1994 that the Air Corporations Act was repealed and restrictions on the operation of scheduled air transport services were removed. With a view to achieve better regulation of air transport services and taking into account the need for air



transport services of different regions in the country, the Government issued Route Dispersal Guidelines vide Order No. AV-11012/2/94-A on 1<sup>st</sup> March 1994.

## 2. Rationale Behind Route Dispersal Guidelines

In accordance with the Route Dispersal Guidelines, all routes were divided into three categories viz. Category I, II and III. The route network existing at the time of formulation of route dispersal guidelines was evaluated based on capacity deployment on routes in terms of ASK deployed. Route categorization was based on traditionally surplus generating routes (Category I), loss making routes (Category II) and the remaining routes (Category III). The Category I routes were largely inter-metro routes and generated surplus that cross-subsidized losses largely on Category II routes which served regions of difficult terrain and destinations in remote areas. Implementation of Route dispersal guidelines aimed at ensuring that all players in the liberalized era would deploy capacity to destinations in remote areas and would participate equitably in providing air transportation to remote areas.

2.1. Following 12 inter-metro routes connecting metropolitan cities directly out of all routes were categorized as Category I routes:

Mumbai-Bangaluru	Mumbai-Hyderabad	Kolkata-Delhi	Delhi-Bangaluru
Mumbai-Kolkata	Mumbai-Chennai	Kolkata-Bangaluru	Delhi-Chennai
Mumbai-Delhi	Mumbai-Trivandrum	Kolkata-Chennai	Delhi-Hyderabad

2.2. Category II routes included routes connecting airports in North-Eastern region, Jammu and Kashmir, Andaman & Nicobar and Lakshadweep. Category III routes were routes other than those included in Category I and Category II. The guidelines also mandated a category within Category II, referred to as Category IIA or intra Category II, which consisted of routes exclusively within the North-Eastern region, Jammu & Kashmir, Andaman & Nicobar and Lakshadweep. The historical data of ASK deployed in these route categories was

compiled for almost 10 years to arrive at the percentages specified in the Route dispersal guidelines.

2.3. It was obligatory on the part of scheduled airlines to deploy on Category II, IIA and III routes, a specified percentage of capacity deployed in Category I routes as per the following:

- i) On Category II routes, at least 10% of the capacity deployed on routes in Category I.
- ii) On Category IIA routes, at least 10% of the capacity deployed on routes in Category II.
- iii) On Category III routes, at least 50% of the capacity deployed on routes in Category I.

2.4. The Route Dispersal Guidelines also mandated that for rendering the prescribed minimum service on routes in Category II and III, an operator may at his option provide the service either by aircraft in his fleet or with aircraft in any other operator's fleet on mutually agreed terms with the prior approval. To promote tourism, the Ministry of Civil Aviation declared operations on Cochin-Agatti-Cochin route as Category IIA in Jun 2006.

### 3.1 **Review of Route Dispersal Guidelines - 2003**

In the year 2003, Ministry of Civil Aviation constituted a Committee under the Chairmanship of the then DGCA to review the route dispersal guidelines.

### 3.2 **Salient Issues Considered by the Committee**

- a) Minimum mandatory capacity provision be related to anticipated market requirements.
- b) Minimum capacity requirement to be assessed on the basis of number of flights instead of ASKs.
- c) Duplication of capacity provision by different scheduled carriers be minimised.
- d) All stake holders i.e. Central/State Govt., Oil companies to share the economic burden.

- e) Periodicity of monitoring category-wise obligations be undertaken on an annual basis.
- f) Reduction in percentage of category deployment and review of social sectors in totality.
- g) Airlines should be pooling ASKs through buy/selling routes.
- h) Flexibility on rare marginal shortages in category requirements.
- i) Airlines should not be forced to scale down Category I operations in the event of shortfall in ASKs due to unforeseen cancellations/disruptions due to external factors beyond the control of airlines.
- j) Removal of Kolkata-Bangalore-Kolkata, Kolkata-Chennai-Kolkata and Mumbai-Trivandrum-Mumbai routes from Category I due to less traffic.
- k) Inclusion of Ahmedabad-Delhi and Cochin-Mumbai routes in Category I.
- l) Removal of routes from Delhi to North-East from Category II. Kolkata be the hub for air services in the North-East region and Category II and IIA routes should include city pairs from Kolkata to North-East and not from Delhi.
- m) Removal of Bagdogra from Category II.
- n) Removal of Jammu from Category II.
- o) Stringent financial penalty for non-compliance of Route Dispersal Guidelines.
- p) Laying down of a minimum number of city pairs to be served by domestic airlines.
- q) Creation of sub-groups within Category III taking into consideration regional needs.
- r) Route Dispersal Guidelines to be reviewed every 3 to 5 years to reflect changes in the market/industry.
- s) Relief in taxes and rationalisation of administered prices to enable airline networks to expand in terms of new city pairs and stations.
- t) Losses incurred on socially desirable routes to be compensated by direct subsidy.

### **3.3 Recommendations of the Committee**

The Committee made following four recommendations:

- a) There is no need to change the percentages of capacity deployment in various categories as contained in the Route Dispersal Guidelines.
- b) To fulfill the ASKM obligations, the airlines should be encouraged to make investments in smaller aircraft. This would avoid wastage of seats on short routes and reduce the operational cost. Airlines investing in smaller aircraft can be given incentives by way of magnification in ASKM which would be:
  - i) Five times for a twenty seater aircraft.
  - ii) Two times for a fifty seater aircraft.
- c) With a view to bring new stations on the airlines map, the airline which covers a new destination, which is not having prior air connectivity, should be given incentive in Category II. The incentive would, however, be limited to the first operator for one year from the date of commencement of operations, provided the operations are continued for full one year and not terminated in between.
- d) The periodicity of monitoring of compliance with the Route Dispersal Guidelines should continue to be maintained on monthly basis.

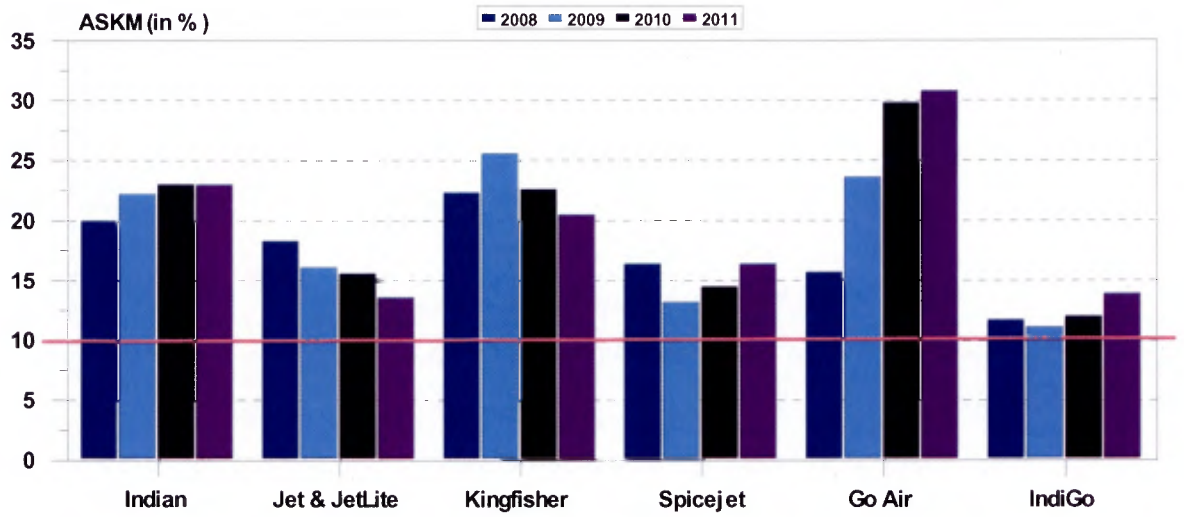
#### 3.4 **Government Decision on the Report**

The Committee submitted its report to the Government in Mar 2005. After examination, the report was not accepted by the Government.

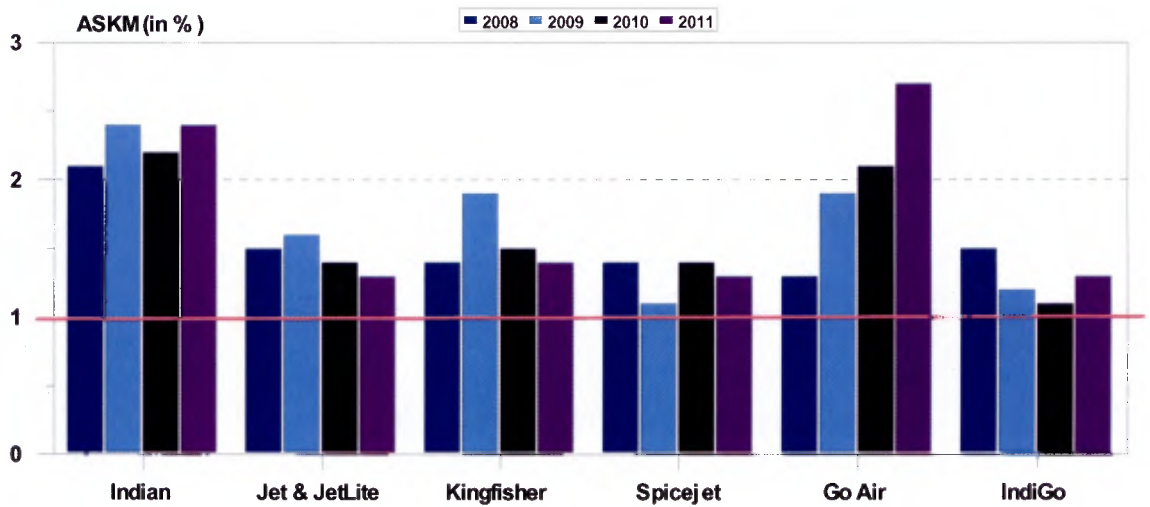
#### 4. **Compliance of Route Dispersal Guidelines**

All the scheduled domestic airlines operating on Category I routes are following the Route Dispersal Guidelines, compliance of which is being strictly monitored by DGCA on monthly basis. ASK deployed by scheduled domestic airlines in various categories of routes during the last three years from 2008-2011 (till Mar) is as follows:

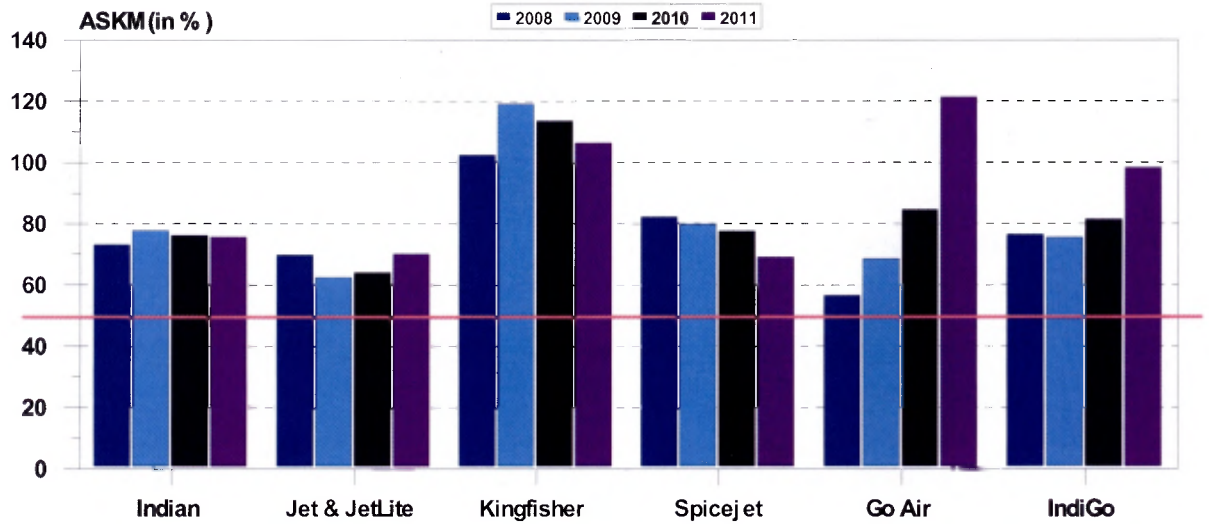
## ASKM Deployment on Cat II Routes



## ASKM Deployment on Cat IIA Routes



## ASKM Deployment on Cat III Routes



#### 4. Impact of Route Dispersal Guidelines on Air Connectivity

It is felt that Route Dispersal Guidelines, in the present state, have been quite successful in providing air connectivity in different parts of the country. It is mainly because of the Route Dispersal Guidelines that scheduled domestic airlines continue to link airports in North-Eastern Region, Jammu & Kashmir, Andaman & Nicobar Island and Lakshadweep Island. Further, with the increase in the air operations on Category I routes, airlines were bound to increase operations on Category II routes and on non-metro and smaller places under Category III routes. In other words, effective implementation of Route Dispersal Guidelines ensured that airlines fulfill at least some social obligations.

#### 6. Issues of Concern

- Despite the success of Route Dispersal Guidelines in ensuring air connectivity to North-Eastern Region, Jammu & Kashmir and other places, it is a fact that air connectivity has largely been confined to very few airports in these regions.
- The air connectivity is largely concentrated on routes connecting state capitals.

- Air connectivity has not increased proportionately on routes connecting Island airports.

Although all the scheduled domestic airlines are complying with mandatory capacity deployment requirements contained in Route Dispersal Guidelines, however, some parts of the country still remain unconnected by air services or partly connected perhaps due to lack of airport infrastructure and availability of suitable type of aircraft.

#### **7. Places Having Better Rail/Road Connectivity Instead of Air Connectivity**

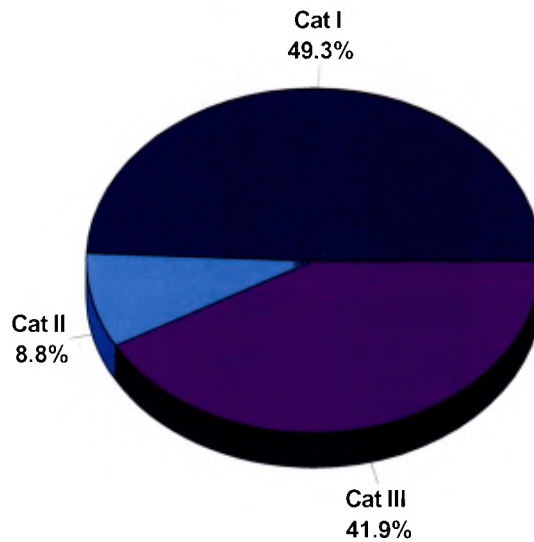
The Committee was of the view that there are certain sectors which have easy accessibility by rail and road rather than by air. Further, most of these sectors are less than 350 kms and provide better road/rail accessibility from city to city and even if air connectivity is provided on these sectors, it would not be able to attract more passenger. Internationally, it is believed that any route which can be covered in three hours by an alternate mode of transport would not attract air travelers. In the Indian context too, similar principle may be adopted. However, given the road and traffic conditions in India, this principle may be extended to four hours. The Committee was of the view that even if the air connectivity is provided/increased on these routes, passengers will still opt to travel by road/rail due to better access to city. However, in North Eastern Region and other areas like Utrakhand and Himachal Pradesh, there are number of places where air connectivity can play a vital role due to hostile terrain in these regions and lack of convenient road/rail link. The Committee was of the view that while focusing on Route Dispersal Guidelines obligation, this issue may be taken into consideration. This is, however, subject to availability of more airports and associated infrastructure in these regions.

#### **7. Methodology Adopted for Review of Route Dispersal Guidelines**

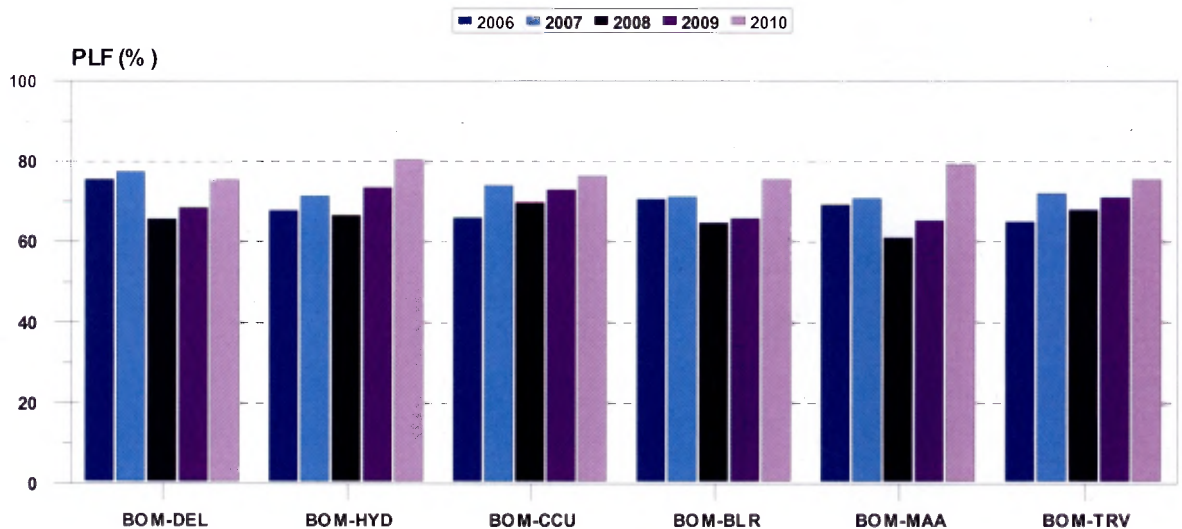
The comments expressed by various organizations were discussed in the Committee. The Committee deliberated on pros. and cons. of the suggestions received and converged on the following issues:

### 7.1 Inclusion of More Routes in Category I

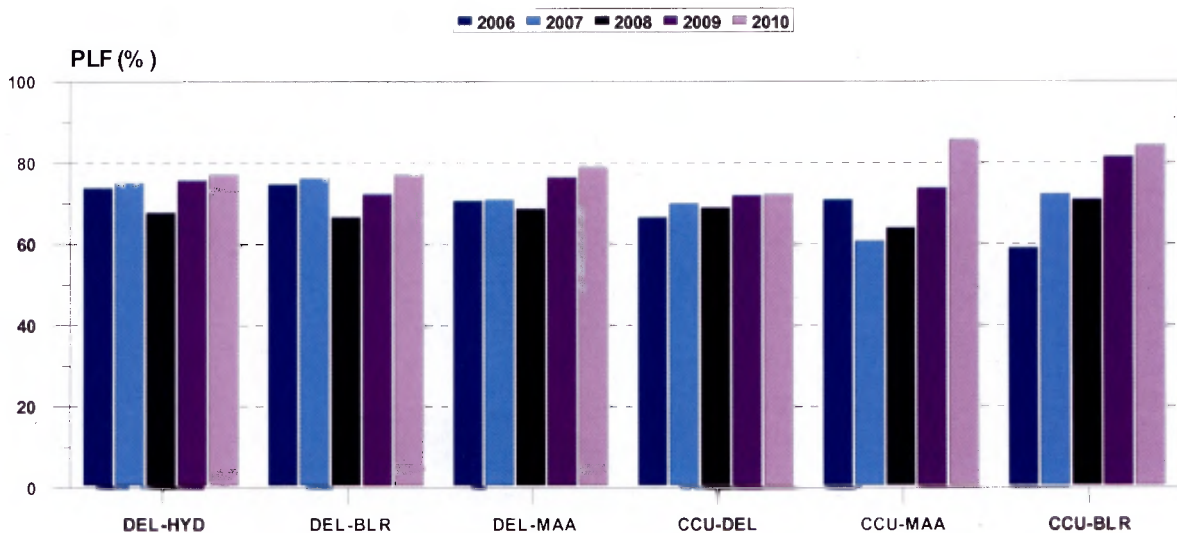
With a view to increase the air connectivity in different parts of the country, it was decided to analyse Category III routes for last five years (2006-2010) having appreciable passenger load factor for inclusion in Category I routes. At present, the domestic passenger traffic is distributed as 49.3%, 8.8% and 41.9% on Category I, II and III routes respectively.



7.1.1. Analysis of the last five years data has revealed that passenger load factor on existing Category I routes increased progressively over the years and at present is above 70% as indicated below.





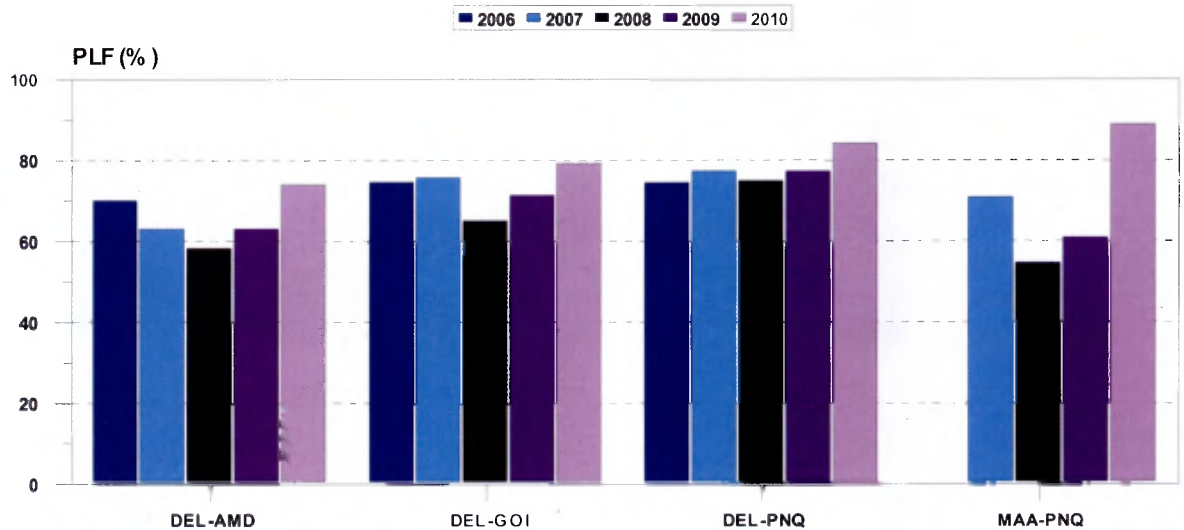
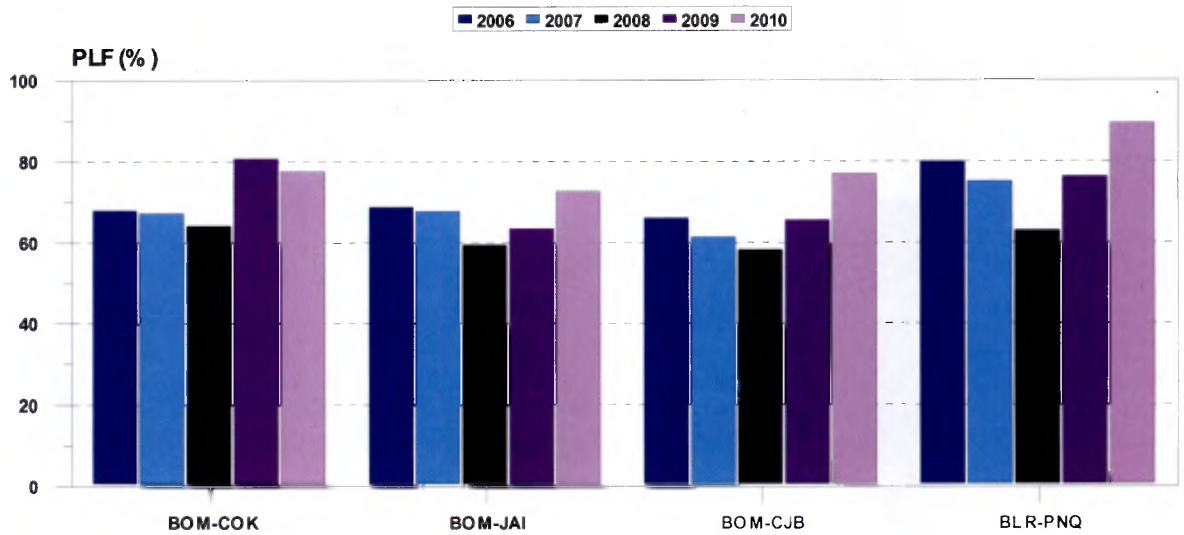


7.1.3 Analysis of traffic data of scheduled domestic airlines has revealed that industry load factor during the last three years from 2008-2010 was 64.7%, 72.6% and 78.4% respectively. Analysis of the data has further revealed that following eight Category III routes have developed over the years and are performing very well having an average passenger load factor of more than 75%, which may be considered for inclusion in Category I routes:

No.	Route	GCD (in Kms)
1.	Mumbai- Cochin	1079
2.	Mumbai-Coimbatore	1001
3.	Mumbai-Jaipur	910
4.	Delhi-Ahmedabad	758
5.	Delhi-Goa	1503
6.	Delhi-Pune	1156
7.	Bangalore-Pune	743
8.	Chennai-Pune	913

7.1.4. It may be stated that all the above mentioned routes have a sector distance of more than 700 kms, which will increase the ASKM deployed on

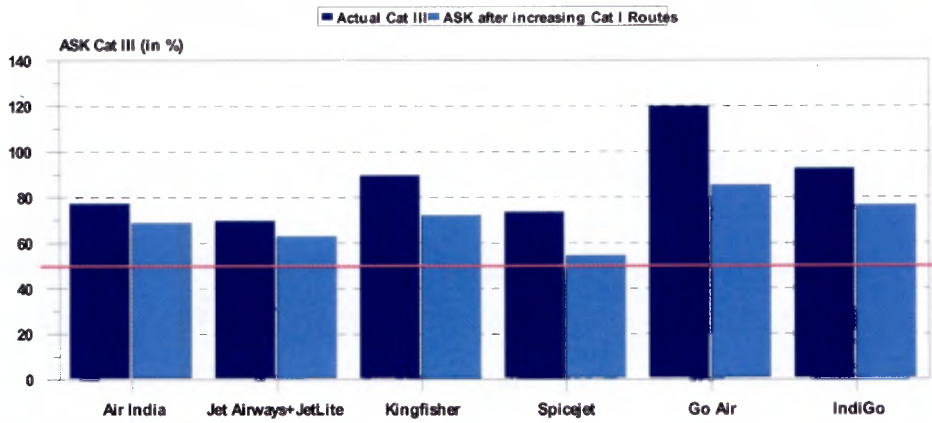
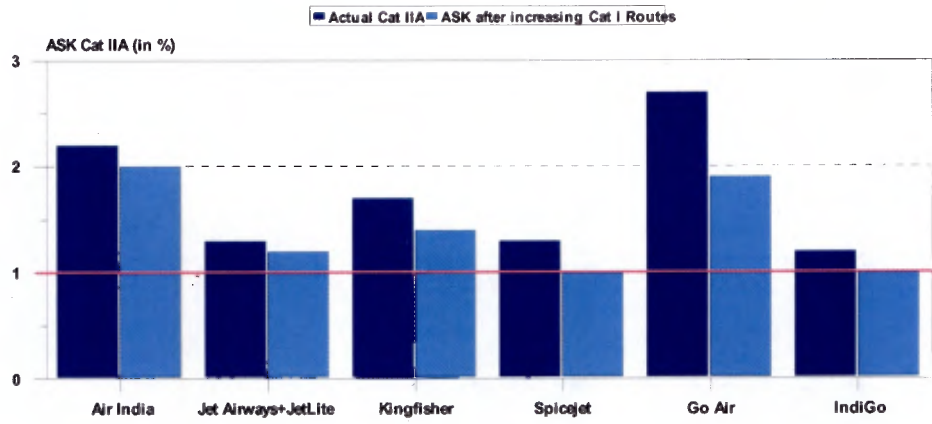
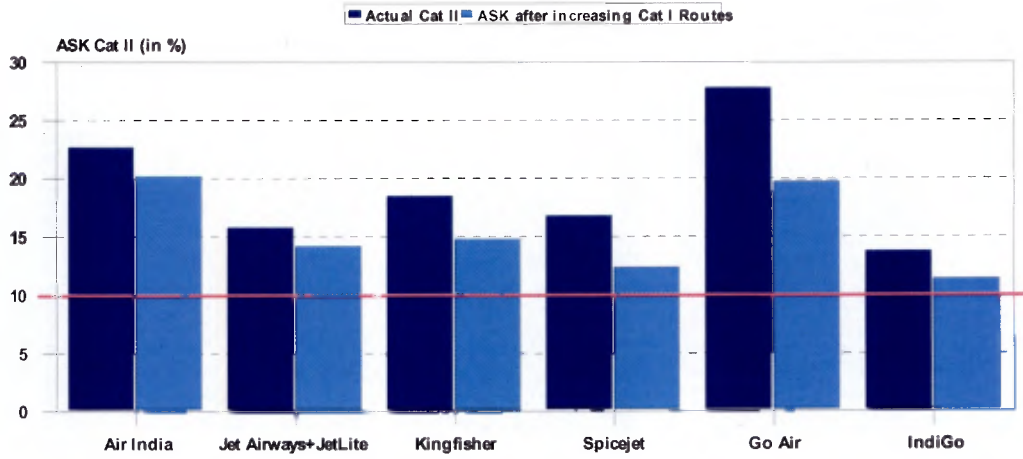
Category I routes thereby increasing the capacity deployment obligation on other categories of the routes contained in Route Dispersal Guidelines.



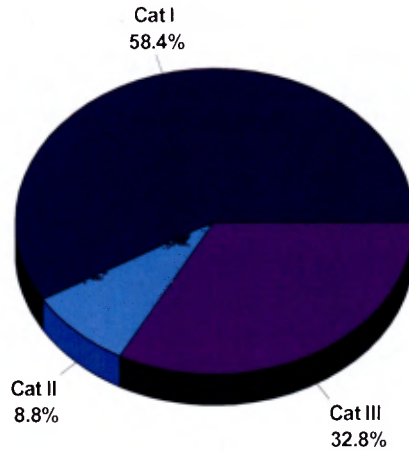
## 7.2. Impact of Inclusion of Category III Routes into Category I Routes

Analysis of the capacity deployment data after inclusion of eight Category III routes into Category I indicates that **at present there is no impact on capacity deployment on Category II and III routes.** However, airlines like Spicejet and IndiGo will have to deploy more flights on Category IIA routes to meet the Route Dispersal Guidelines obligations. **Keeping in view the ambitious fleet induction plans, some of the airlines will also have to deploy**

additional capacity on Category II and III routes commensurate with increase in operations on Category I routes.



7.2.2. Upon inclusion of these Category III routes into Category I, the distribution of domestic passenger traffic would be 58.5%, 8.7% and 32.8% on Category I, II and III routes respectively in comparison to the present ratio of 49.3 : 8.7 : 41.9%.



7.2.3. The airline-wise details of average ASKs deployed on monthly basis on various categories of routes after the proposed inclusion of 8 new routes in Category I are given in the following Table.

Airline	ASKM Deployment			
	Cat I	Cat II	Cat III	Total
AI (Dom) + Alliance	465800000	105866000	347021000	918687000
Jet Airways + JetLite	794965778	125600716	582709915	1503276409
Kingfisher	447929098	82805418	473013127	1003747643
Spicejet	500105486	83953151	356575212	940633848
Go Air	151015392	41924256	170043331	362982979
IndiGo	560586000	77294000	554419554	1192299554
Total ASK	2920401754	517443541	2483782140	5921627435
<b>% of Total</b>	<b>49.3</b>	<b>8.7</b>	<b>41.9</b>	
Total ASK after Shifting 8 Identified Cat III Routes to Cat I	3461851354	517443541	1942332540	5921627435
<b>% of Total</b>	<b>58.5</b>	<b>8.7</b>	<b>32.8</b>	

### 7.3. Island Issue - Deployment of minimum percentage capacity on routes to/from Lakshadweep Islands

Actual capacity deployment by scheduled domestic airlines on Category II routes is indicated in the following Table:

Airlines	Actual ASKM Deployment (in %)				
	Total	NER	J&K	A&N	Lakshadweep
Air India	22.7	12.0	4.0	6.4	0.3
Jet Airways+JetLite	15.8	11.2	1.6	3.1	0.0
Kingfisher	18.5	9.7	1.5	6.8	0.4
Spicejet	16.8	13.5	3.3	0.0	0.0
Go Air	27.8	12.8	14.9	0.0	0.0
IndiGo	13.8	11.6	2.2	0.0	0.0
<b>% of Category I</b>	<b>17.7</b>	<b>11.6</b>	<b>3.1</b>	<b>2.9</b>	<b>0.11</b>

7.3.1. In case **eight identified Category III routes** as indicated in Para 7.1 are included into Category I routes, the capacity deployment would be as indicated in the following Table:

Airlines	Actual ASKM Deployment (in %)				
	Total	NER	J&K	A&N	Lakshadweep
Air India	20.2	10.7	3.6	5.7	0.3
Jet Airways+JetLite	14.2	10.1	1.4	2.8	0.0
Kingfisher	14.8	7.8	1.2	5.5	0.4
Spicejet	12.4	10.0	2.4	0.0	0.0
Go Air	19.7	9.1	10.6	0.0	0.0
IndiGo	11.4	9.5	1.8	0.0	0.0

7.3.2. One way to increase the air connectivity in these regions could be to fix the minimum capacity deployment percentages for compliance by the airlines. To increase air connectivity to/from Lakshadweep, Govt. has already revised the Route Dispersal Guidelines by creating a sub-category within Category II routes

and increasing the ASK deployment obligations on routes to/from Agatti to 0.2% of Category I routes with effect from Winter Schedule 2011-12. This will result in increasing the air connectivity to at least one daily flight to Lakhsadweep Islands.

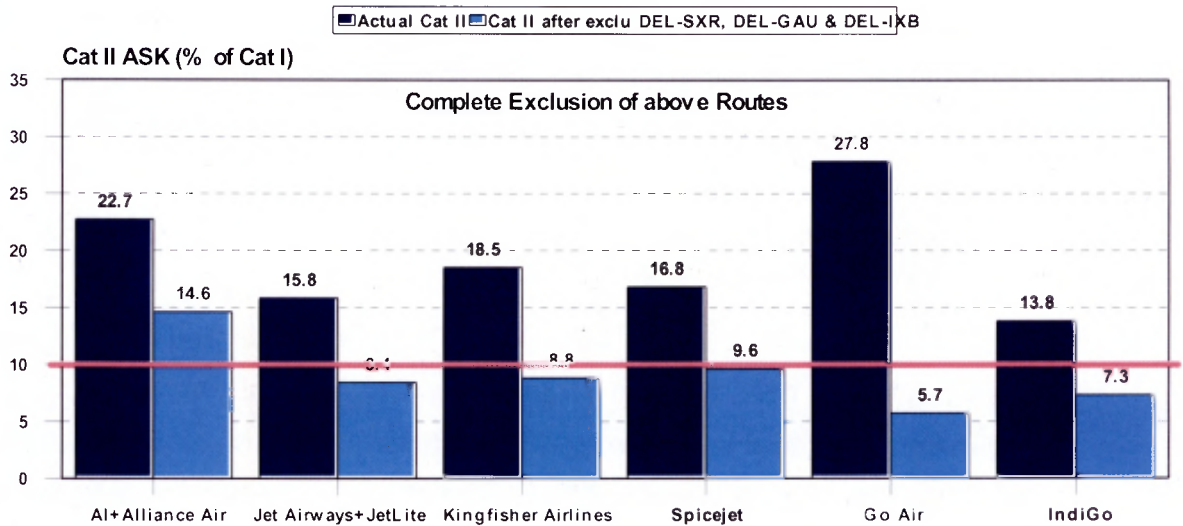
#### **7.4. Exclusion of Delhi-Srinagar, Delhi-Guwahati and Delhi-Bagdogra from Category II Routes**

Some routes viz. Delhi-Srinagar, Delhi-Guwahati and Delhi-Bagdogra have developed over a period of time providing adequate air connectivity and registering appreciable passenger load factor. Analysis of traffic data has revealed that Delhi-Srinagar, Delhi-Guwahati and Delhi-Bagdogra routes have developed over a period of time due to following reasons:

- Srinagar being a tourist destination.
- Bagdogra is a gateway for Sikkim.
- Guwahati acts a hub in the North-East region.

7.4.2 The passenger load factor on all these routes is now consistent and averaging around 70-75%. Keeping in view the prevalent load factor on these routes there has been a persistent demand from some quarters for the exclusion of some of these routes in order to improve connectivity to Category II States.

7.4.3. In case all the three routes are excluded from the purview of Category II routes, all the airlines except national carrier will be falling short of ASKM deployment requirements as indicated below and have to deploy considerable number of flights on remaining Category II routes.



7.4.4. The Committee felt that RDG already casts a burden on Airlines' commercial health. In order to ensure RDG does not become a millstone there is a need to have strong pegs in Category II to make operations on these routes sustainable in the long run. Hence the Committee recommends that presently the three routes may be allowed to continue as part of Category II. However, there is a justification for removal of Bagdogra from this category once Pakyong Airport becomes hopefully operational by 2012. Pakyong would then provide direct connectivity to Sikkim and hence the justification to include Bagdogra in the North East and consequently in Category II would disappear.

#### **7.5. Increasing the capacity deployment requirement on Category III routes and formation of new category within Category III routes to include stations other than State Capitals**

As indicated in Chapter I the air connectivity in the 11 States of Bihar, Chattisgarh, Gujarat, Jharkhand, Madhya Pradesh, Meghalaya, Orissa, Punjab, Rajasthan, Uttar Pradesh and Uttarakhand is comparatively less vis-à-vis State population.

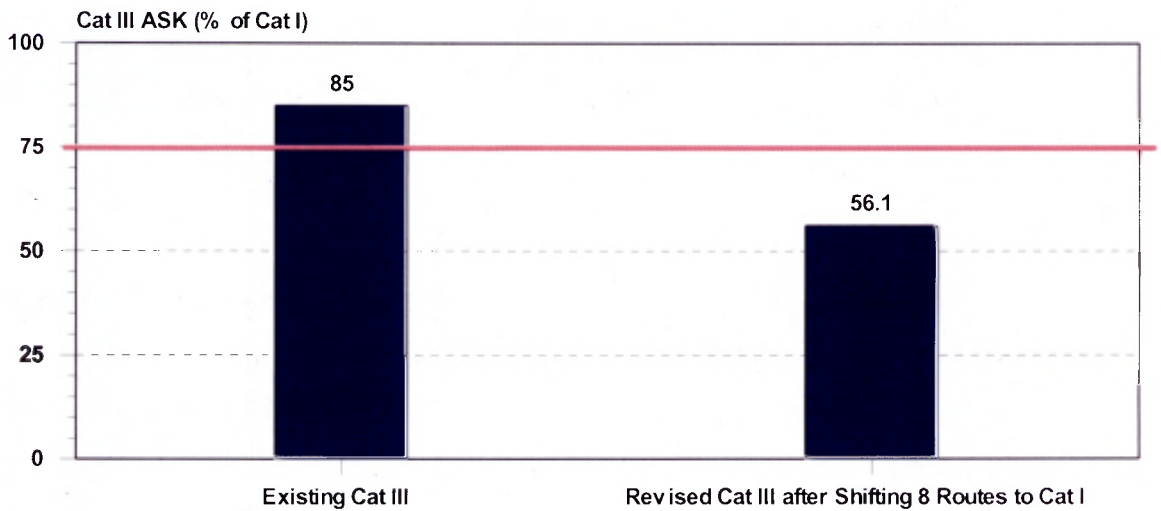
7.5.1. At present, seat capacity deployment of scheduled domestic airlines on Category III routes (in % of capacity deployed on Category I routes) is as follows:

Air India + Alliance Air	Jet Airways + JetLite	Kingfisher Airlines	Spicejet	Go Air	IndiGo
74.5	73.3	105.6	71.3	112.6	98.9

7.5.2. It is evident from the above Table that currently the capacity deployment on Cat III routes is 98.9% which is way above the 50% obligation prescribed by the RDG. In spite of this high percentage it's ironic that 11 States are still largely under-served. Even in Category III, the distribution of flights between the State Capitals and non-capital stations is around 50-50%. Para 1.5.2 also shows that nearly all the non-State Capital airports are poorly serviced which clearly reveals a tendency to cherry-pick. These ratios are indicative of the fact that there is a need to change them in order to achieve higher and better connectivity of non-metros and smaller stations.

After the inclusion of 8 new routes in the Category I the present level of 98.9% connectivity of Category III would be reduced to 56.1%. Given the fact that there is a need to provide better connectivity to Category III is home to nearly 97% of Indians. The Committee recommends that the present requirement of 50% deployment in Category III may be increased to 75%. This would oblige the Airlines to devote an additional 19% ASKM to these routes resulting in better air connectivity to these areas. In order to ensure that the additional connectivity created through this measure does not again gets limited to the State Capitals, it is recommended that the additional connectivity so created should be distributed in 40:60 ratio between Capitals and Non-Capital stations to ensure a better deal for the hinterland. This would mean that any new addition to the route in future would be distributed in ratio of 40:60 between capitals and non-capitals of the 11 underserved States. **This may be classified as a new category of routes and called Category III A Routes.**





## 7.6 Increase in Air Connectivity in North-Eastern Region

The details of seat capacity deployment on Category II routes have been covered in Para 7.2, which indicate that out of 17.7% capacity deployed on Category II routes, 11.6% is deployed in North-Eastern Region. Thus with regard to capacity deployment, adequate capacity is being deployed by scheduled airlines in North-Eastern Region. However, majority of the capacity is deployed in the States of Assam, Manipur, Mizoram and Tripura with fairly good air connectivity. There is a need to increase air connectivity in the States of Meghalaya and Nagaland for which following options may be considered:

- Airlines may be asked to deploy additional capacity in future to the States of Meghalaya and Nagaland only. However, this will be subject to the market demand and adequate airport infrastructure like availability of parking, watch hours, etc.
- There is a need to deploy smaller aircraft within the North-Eastern Region for better air connectivity as majority of scheduled domestic airlines have bigger aircraft which are not suitable for intra North-East operations owing to infrastructure and demand constraints.
- At present, no scheduled airline is permitted to stop/delete/modify already approved route in North-East without written authorization of the Ministry. To

promote air connectivity, airlines may be permitted to shuffle/select routes within Cat II/IIA in NER, without seeking prior approval of the Government as long as their number of flights to North East are not reduced.

The solution to North Eastern connectivity lies in deployment of smaller aircrafts and development of small airports mentioned in the document submitted by DoNER to Cabinet Secretariat referred to in Para 9 of Chapter 5. Both these issues are dealt with fairly in detail in Chapter 5 on Non Scheduled Air Transport and Chapter 6 on Low Cost and Regional Airports.

### **7.7 Suggestions for Overall Improvement**

For overall improvement of air connectivity, following issues are proposed:

- Route Dispersal Guidelines may be reviewed after every 3 years to remain relevant and responsive to market/national needs.
- An interesting suggestion was received during consultation with industry that Airlines may be asked to add one Category II route/virgin Category III route in every scheduling period. Though simplistic this single can add nearly a dozen new routes every year. The Committee feels that this suggestion may be accepted.

## Chapter- 4

### ESSENTIAL AIR SERVICES FUND

Connectivity of remote areas integrally depends upon the availability of infrastructure and viability of operations. In spite of improvements in connectivity after adoption of RDG in 1994 large parts of the country still remain either unserved or under-served because the issues of infrastructure and viability have not been completely or satisfactorily addressed. On basis of the limitations of the RDG, the Expert Committee constituted in 2003 under Shri Naresh Chandra had recommended abolition of the RDG and its substitution by an Essential Air Services Fund based on direct and explicit subsidies to airlines. The recommendation of Naresh Chandra Committee in this regard is as follows:-

“The key to achieving the goal of expanding the reach of air services in the country appears to be in abolishing the route dispersal guidelines. Such a step would enable major airlines to focus their efforts on the routes of their choice and, more importantly, create room for the emergency of specialized airlines to service the remaining short-haul, regional and feeder routes. As regards maintaining essential air services on routes that are strategically important but are commercially unviable, the government should provide explicit subsidy support, preferably through direct budgetary transfers or the imposition of a sector-specific cess or a combination of both. In addition, such support should be allocated through a transparent process of minimum subsidy bidding . Here it is noteworthy that competitive tendering of subsidy for maintaining essential air services is a well-established practice in several countries, as it allows such routes to survive but on the basis of fair competition and at the lowest cost possible to the tax payer. For instance, the Remote Areas Subsidy Scheme (RASS) in Australia and the Essential Services (EAS) Programme in the U.S. are broadly based on minimum subsidy bidding.”

2. The issue of a domestically- developed EASF concept being applied in an international context was raised at the ICAO's fifth Worldwide Air Transport Conference (ATConf/5) in March 2003 1) in connection with its discussions on sustainability 2) and participation. The Conference concluded that "States should consider the possibility of identifying and permitting assistance for essential services on specific routes of a public service nature in their air transport relationships".

2.1. The ICAO undertook a Study to examine the various dimensions of an extended EASF on the international plane to provide subsidy support to Least Developed Nations in order to promote Tourism. The Report found that since many air services to remote or peripheral destinations may not be commercially viable, mainly due to a very low traffic volume, they would not be provided by the market in the absence of government intervention. The result here is that choice may be limited or non-existent. Theoretically, if such air services could be supported by the State concerned in an efficient way, welfare (economic and social benefits) would be maximized with the continued provision of an adequate level of services. An additional dimension is that in several instances the responsible authorities have clearly recognized the socio-political value of such initiatives both in terms of public satisfaction (for example, the Greek, Spanish and the U.K. Island services) or the need to secure "widespread buy in" to a liberalization initiative (for example, the U.S. domestic deregulation and the liberalization packages in the European Union).

2.2. The study found that in many economically undeveloped nations air transport systems continue to be vulnerable due to cumulative structural impediments such as high operating costs, low demand, inadequate infrastructures and resource limitations. In such countries EASF is a support system which may be sufficient to kick-start services which may become viable once the market recognition and supply-side support mechanisms have been created. ICAO's stated position in this regard is set out by ATConf/5 that "in a situation of transition to liberalization or even in

an already-liberalized market, States may wish to continue providing some form of assistance to their airlines in order to ensure sustainability of the air transport industry and to address their legitimate concerns relating to assurance of services.

3. The Naresh Chandra Committee had evaluated the performance of RDG on basis of nearly 9 years of its existence. Today, after another 8 years having passed by, the RDG experience is more representative to enable the Committee to examine its successes and failures. It has to be accepted that RDG has tremendously contributed to inclusion of hitherto remote areas like North East, Jammu & Kashmir, Islands of Andaman & Nicobar and Lakshadweep. It has stood the test of time successfully and therefore there appears to be no justification to abandon it. The Committee however, also recognizes the fact that there is much more to be done in order to connect destinations in the main land which have been left out of the reach of civil aviation in spite of the operation of RDG for nearly 17 years. Even within the Category II a lot of intra-regional disparities exist which need to be addressed. While connectivity of State headquarters in Category III has improved substantially, air connectivity beyond the State Capitals has remained suppressed and needs a boost.

3.2. The Committee observed that RDG in itself offers only a partial solution to the issue of regional connectivity. It lays down the social parameters within which the airlines must operate. But it leaves the responsibility entirely on the airlines which inhibits the full commercial growth of airlines. The RDG being a matter of internal cross-subsidisation between financially viable and un-economical routes creates problems of financial health within the industry. The tendency has been that even in Category II and Category III routes, Airlines prefer to resort to cherry-picking or cream skimming and adopt only those routes which are comparatively more promising or lucrative while leaving the unviable sectors unserved or underserved. The Committee felt that in order to achieve the social objectives prescribed under the RDG new tools need to be developed to

assist the aviation industry to balance social performance and economic viability.

3.3. The Committee also observed that if the RDG operate in isolation then it creates distortion in the overall fare structure. Since the RDG operates on the principle of internal cross-subsidisation, there is a huge possibility of airlines over-charging certain routes to minimize the losses on those routes which are prescribed by the Government. There is also a possibility that the airlines charge more on these uneconomical routes in order to reduce losses on operating on these sectors. This not only distorts aviation economics but has the consequential impact on making air travel unaffordable and hence reducing the number of people traveling by this mode of transport.

4. The ICAO Report too considered the economic aspect of internal cross-subsidisation and commented that: "Cross-subsidization might be considered to be an implicit subsidy for operations on unprofitable routes and a means to redistribute wealth between different regions, but the internal process of cross-subsidization is neither transparent nor likely to stimulate efficiency in terms of airlines' profit maximization. It also affects an airline's capital stock formation negatively. This is because, as internal financing to support unprofitable routes decreases profits, an airline has to offer a higher return to its investors in order to maintain their commitment to invest. This increases its cost of capital and thus reduces the amount of investment and capital formation. Furthermore, cross-subsidization is often made unworkable by market forces and is not compatible with efficiency and the increasingly competitive environment. Liberalization of air transport by domestic regulatory reforms and liberal air services agreements concluded in recent years has already substantially reduced or eliminated the opportunities for cross-subsidization in many markets." (Para 2.3.8 of the ICAO Report)

5. The Committee felt that under these circumstances there is a need to revisit the Naresh Chandra Committee Report on EASF. It

however, felt that the RDG should be retained to provide the policy framework within which the airline must operate. The EASF may be created as a supplementary tool of realization of social objectives prescribed under the RDG. It felt that there is no adversarial relationship between the RDG and the EASF and one should not adopt 'either-or' policy in this regard. The issue of connectivity can be best addressed if a balance is struck between RDG and EASF.

5. The Committee felt that routes in general on grounds of financial viability can be classified into 3 groups:- (i) Routes which have a Passenger Load Factor equal or more than the national average (ii) Routes where PLF is marginally less than the national PLF and (iii) Routes which are substantially below the national PLF and are hence economically unviable and hence not sustainable.

6. The national average of PLF during the last few years has hovered between 70% to 75%. On this basis the Group A routes may be pegged at those with 70% or more PLF. Group B should consist of routes with PLF between 50% to 70%, while Group C may consist of routes which have PLF below 50%. Group C may also include either new routes or ones which have become non-functional during the last 5 years due to unviability.

7. The first class of routes may be treated as self-sustaining. Group B routes should be catered by airlines on grounds of partial viability and RDG mandate. The Group C routes, however, require financial support to allow and motivate airline to fly on these routes. It is proposed that the Government should establish an exclusive fund to provide explicit and direct subsidies to airlines (SOPs and RSOPs) to make up for viability gaps on these routes. This fund may either be termed as EASF as envisioned by Naresh Chandra Committee or Regional Air Connectivity Fund (RACF) to reflect its purpose and character. It is worth-mentioning that such monetary interventions have precursors in various countries across the world.

## **8. EXISTING ESSENTIAL AIR SERVICE SCHEMES**

Existing EAS schemes, most of which are applied to domestic air services, differ in their specific objectives and mechanisms. They have in common, however, a number of features: they are aimed at linking small communities with larger ones; involve support for the operation of services or routes, rather than to the airline *per se*; the support generally comes from central budgetary allocations; the mechanism involves a transparent public competitive tender or application process for carrier selection; the provision of subsidies, the concession or licence granted is contractual and time-limited; and, the regulatory elements may cover frequency, capacity, levels and conditions of air fares, and standard of service. This section of the study provides a brief overview of the principal existing EAS schemes in Australia, the European Union (EU), and the United States, as well as other States. A more detailed explanation of each scheme and the sources of information are presented in Appendix A.

### **8.1 Australia**

The Australian Federal Government has been subsidizing remote air services since 1957, most recently through the Remote Air Service Subsidy (RASS) scheme established in 1983. The objective of the RASS scheme is to ensure communities in remote and isolated areas have access to scheduled air services for the carriage of passengers and goods. Communities willing to receive RASS services must meet two fundamental requirements: a demonstrated need for a weekly air service, and being sufficiently remote in terms of surface travel time. An airline providing RASS services is selected through a competitive open tender process based, *inter alia*, on the operator's safety qualification, operation policy, business plan, budget, financial viability and operation ability. The contract term does not normally exceed two years with an option to extend for up to two more years. The RASS scheme currently provides a total of A\$3.3 million subsidies for eight airlines serving about 250 communities annually. In addition, the State Governments of Queensland and South Australia each



subsidizes regional airlines serving specific remote routes. Australia Post also has its own subsidy program (total about \$0.35 million).

## **8.2. European Union**

The Public Service Obligation (PSO) scheme was introduced at the EU level by the Second Liberalization Package in 1990 and enhanced by the Third Liberalization Package in 1993. Under this scheme, which covers both domestic and intra-EU international routes<sup>11</sup>, a member State can impose a PSO to ensure the adequate provision of scheduled air services to a peripheral or development region or on a thin route to any regional airport that is considered vital for the economic development but is not commercially viable. Once a PSO has been imposed, airlines can operate the route only if they meet the service requirements. If no airline is interested in operating the route, then the route can be restricted to one airline for up to three years. The operator shall be selected from Community air carriers (airlines with a valid operating licence granted by an EU member State) by public tender, taking into account the adequacy of the service including air fares and, if any, the cost of the compensation required. There are now over 130 PSO routes, but not all of them with subsidies, some having market protection only.

8.2.2. There are also several other regional schemes outside the PSO in the form of a public-private partnership (PPP) between local governments and private businesses. For example, Route Development Funds (RDFs) were established in Scotland in 2002 and Northern Ireland in 2003 with the budgets of GBP 6.8 million and GBP 4 million, respectively, spread over three years. In 2004, the Northwest region of England also established an RDF, while Wales and other regions in the United Kingdom have shown an interest. The aim of RDFs is to promote the development of new routes through the provision of investment support for local airports to reduce landing charges for airlines selected and for new routes. The targeted routes are primarily to Continental Europe, but in some cases also to intercontinental destinations such as the United States and the United Arab Emirates.

### 8.3. United States

The Essential Air Service (EAS) program was established in 1978 to ensure that no communities would lose air service as a result of the Airline Deregulation Act. The Department of Transportation (DOT) determines both eligible communities (such as over 70 driving miles from a large or medium hub airport) and required service levels (a connecting hub airport, frequency, capacity etc.) for each community. If the last airline serving a community, either with or without a subsidy, wishes to terminate, suspend, or reduce that service below the required level, it must file a 90-day advance notice. Any airline may propose to replace the incumbent on a subsidy-free basis during the notice period. If no airline is willing to serve on a subsidy-free basis, the DOT solicits proposals for subsidized service. The selection criteria include the preference of the community, the applicant's marketing relationship with major airlines, experience in providing scheduled air service, financial stability, and requested subsidy amounts. The contract normally has a two-year period. At present, subsidies of over \$100 million are provided annually to airlines serving about 140 communities (35 of which are in Alaska).

8.3.2. In addition to the EAS program, the Small Community Air Service Development Program was introduced in 2000. This program has granted a total of about \$20 million to a maximum of 40 communities served by an airport that is not larger than a small hub airport with insufficient air services or unreasonably high air fares. Priority is given to those communities, *inter alia*, where a portion of the cost of the activity is assumed by local non-airport-revenue sources, and where a PPP has been or will be established. Grant funds can be used, for example, for financial incentives (including subsidies and revenue guarantees) to airlines and to cover the expense of new promotional activities related to improving air services.

#### 8.4. Other States

Some other States also have direct subsidy schemes to support lifeline air services to remote regions. For example, in Canada, a Federal Government's direct subsidy programme based on competitive bids had been established in accordance with the National Transportation Law of 1988 to support the existing services to isolated and remote communities in **Northern Canada** (the "designated area"). After abolishment of the "designated area" in 1996, a different program was instituted on a provincial basis in Quebec, and is still in existence with some changes. In the **Western African** region, member States of the West African Economic and Monetary Union (WAEMU) adopted in 2002 a liberalization package of the common air transport program within the region, including a PSO scheme similar to the EU's scheme. Also, several small island States and dependencies in the **Caribbean and Pacific** whose economies are heavily dependent on tourism have provided financial assistance (such as direct subsidies for the operation on the route and the purchase of a specified number of seats) to airlines including foreign airlines to keep their traffic links to tourism-generating developed economies. Even **United Kingdom** has introduced a UK Region Route Development Fund for the purpose of improving regional connectivity.

8.4.2. In June 2006 the European Commission granted State aid approval to the UK for the operation of a scheme under which devolved administrations and regional development agencies can offer start-up aid for a limited period for new air services from airports within their areas. The Welsh Assembly Government and One Northeast, the regional development agency for North East England, have both established funds for this purpose. They commenced activities during the financial year 2006-07, and supported the following routes during that period:-

Wales Route Development Fund

Cardiff - Brussels Air Wales, Eastern Airways

Cardiff - Manchester Air Southwest

North East England Route Development Fund

Newcastle - Bergen Jet2

Newcastle - Copenhagen Cimber Air

Newcastle - Inverness Eastern Airways

Newcastle - Krakow Jet2

Durham Tees Valley - Brussels Eastern Airways

8.4.3. Similar Schemes exist in **Scotland** and **Northern Ireland**, which do not operate as part of the UK Route Development Fund scheme.

8.4.4. Member States of **Pacific Islands** Forum have also been discussing the mechanisms to support essential international air services under the Pacific Islands Air Services Agreement (PIASA).

9. In 2003, when the recommendations of the Naresh Chandra Committee were sought to be incorporated in the Civil Aviation Policy, the Ministry of Science and Technology and Department of Economic Affairs had raised certain objections. The provision included in the Civil Aviation Policy is as under :-

*“2.3 With a view to achieve better regulation of air transport services and taking into account the need for such services of different regions of the country, the Government has laid down Route Dispersal Guidelines (RDG), which require every operator to deploy certain minimum capacity on routes connecting far-flung but sensitive areas of the country. In order to further encourage provision of air transport services on such un-economical but essential routes the Government would consider providing explicit subsidy support from Essential Air Service Fund (EASF), to be established in this behalf, through a transparent process of minimum subsidy bidding. This would enable such subsidy to go to the most efficient operator at the lowest cost to the public and may also lead to development of specialized smaller airlines well as subsidiaries of main airlines. A transparent mechanism will identify un-economic routes, decide minimum capacity requirements and oversee the bidding process. After the new system becomes operational, the Route Dispersal Guidelines might be progressive replaced. However,*

*the Government reserves the right to issue directions under relevant statutory provisions to ensure connectivity on essential but un-economic routes. The process of minimum subsidy bidding will also be made applicable to support the operations of unviable/small airports including heliports."*

The comments of Department of Economic Affairs are as under :-

"As far as viability gap funding for the un-economic routes for airlines is concerned, we support the continuance of Route Dispersal Guidelines under which all airlines who are licenced to fly trunk routes are obliged to fly certain un-economic routes. In principle, we do not favour establishment of specialized funds as these are distortionary in nature and should be discouraged."

The comments of Ministry of Science and Technology are as under :

"A non-lapsable Essential Air Services Fund will be established to provide explicit subsidy support to essential but un-economical domestic air services and commercially unviable airports. This Fund will be constituted by levying a cess on both domestic and international air travel and by crediting the proceeds accruing from restructuring of airports. The Fund will be established outside the Consolidated Fund of India and its management will be vested with an independent Board. The idea of providing explicit subsidy for un-economical domestic air services and commercially unviable airports is long awaited, especially in the context of North-Eastern region of the country and other areas with hilly and difficult terrains. However, the concept of levying a cess need to be reviewed as it has almost become a common practice to generate funds for new schemes through this route. It has been observed in the past that the funds so created do not necessarily flow back to the scheme for which they have been generated. It may be a good idea to place a definite quantum of funds towards the subsidy for operations mentioned above."

9.2. The argument that were forwarded by the above-said two departments are classical arguments against any subsidy regime and reiterate the oft repeated arguments of

- (a) distortionary
- (b) inability to reach out to the real target groups
- (c) administrative inefficiency.

10.3. The issue of distortion appears to be misplaced because indirect intervention causes invisible distortion than direct and transparent subsidies. The Committee has already referred to about the possible impact of RDG on fare structure of airlines. As far as the issue of inability to reach out to the real target groups is concerned, this can be clearly achieved by the structure of the scheme so that the routes proposed to be covered are clearly defined by objective standards without any extraneous factors being allowed to divert the funds.

10.4. The third issue of administrative inefficiency is largely a function of the administrative machinery that is assigned the task of administering this scheme. In the present case, it is proposed that the scheme should be administered through an independent agency established specifically. Till such a Body is created, it is proposed that the responsibility may be discharged either by AERA or by the proposed Civil Aviation Authority likely to be established in 2012. The Committee felt that the maximum administrative expenditure permissible to the Body may be kept at either 5 or 6 per cent of the RDG of the total collection made under the EASF/RACF. This would obviate the possibility of inefficiency and wastage.

11. The Committee felt that EASF/RACF may be set up through cess on domestic passengers chargeable through the ticket by airlines and deposit in the EASF/RACF on the pattern of current PSF. The cess may be fixed at either Rs.25/- or Rs.50/-. At present, the domestic passenger traffic in India is about 50 million. If a cess of Rs.25/- is imposed then the total

collection annually would be Rs.125 crores. If, however, the cess is pegged at Rs.50/- then the annual collection would be Rs.250 crores. As the domestic passenger volume is increasing by about 18 to 20% annually, it is expected that the collection of PSF would also increase proportionally.

12. Other than Group C routes mentioned in Para – RACF may also be utilized on any new route that an Airline proposes to start or if any State Government intends to initiate which is currently not operational. In such cases, consultation with the State/States concerned may be adopted. The Committee proposes that the task of identifying routes may be undertaken by a Committee comprising Union Secretary of Civil Aviation, Director General of Civil Aviation, Chairman, Airports Authority of India, representatives of State Governments and Joint Secretary, Ministry of Civil Aviation, looking after domestic transport.

13. RAFC may be provided to air operations on the basis of competitive bidding on minimum rates either on a lump sum basis or on the basis of underwriting of seats. Pattern in vogue in America and Australia may be adopted for this purpose.

14. Since the entire objective of the RACF is to provide better connectivity to under-served/unserved areas of the various States, it would be desirable that the States must also have some partnership in the scheme. The Committee felt that the scheme must include a component of State contribution. In the case of RDG Category II States, the contribution can be pegged at 20%, while in the case of Category III States, the contribution can be fixed at 33% of the subsidy admissible.

15. The Committee also felt that the RACF should be utilized for the development of low cost regional airports as well as which may be owned either by the AAI or by the State Governments. It may even be considered for JVs or Private Airports which are publicly used. The EASF/RACF may even be made available for development of Heliports. It is of the opinion that 1/3 of collected RACF may be ear-marked for providing critical viability gap funding to regional airports in under-served/un-served

areas. This would include setting up of ATC services. In order to effectuate this provision, the related airport operator may submit a DPR to the RACF administrating authority for examination and approval. The grants in this regard may be on one-time basis or on a recurring basis for 3 to 5 years till that airport stabilizes.

16. However, the allocation of RACF should not mean any reservation for the beneficiary air operator. EASF/RACF should not be allowed to become an instrument of creation of monopolies and elimination of competition. The ICAO Report recommended in para 4.4.7 that "A tendering system that does not guarantee a monopoly operation to a subsidized incumbent would be more straightforward and in many instances, could be implemented easily. Under this system, any eligible airline would be permitted to bid at any time to offer replacement service on a subsidy-free basis. In response, the incumbent would choose to continue its service with no compensation or to withdraw from the route. Without guaranteeing a monopoly, the possibility of entry and the threat of replacement during the ongoing contract period could lead to a reduction of subsidy demand at the bidding stage and restrain the incumbent from exercising its market power. This system might be effective when the route is considered to be a 'contestable' market.

17. In order to ensure that the funds of the RACF are honestly deployed for the purpose for which it is designed, the Fund should be subjected to audit by the independent sovereign auditor, that is, the CAG.

18. The Committee feels the subsidies should be assigned to operators in blocks of 3 to 5 years so that they can develop viable business plans with assurance of stability. At the same time, there should be strict provisions of penalties in case of diversion, falsification or misuse of either airline or airport operator. The ideal situation should be to assign the subsidy for three years initially extendable to 5 years if the service in the first 3 years is found to be satisfactory in terms of service standards as well as compliance with financial responsibilities.



**19. EASF/RACF would in brief involve the following measures:**

- Selection of eligible routes
- Specification of adequate service levels
- Institutional mechanisms for carrier selection
- Contractual duration arrangements for the post-selection stage
- Payment method and calculation of subsidies.

## **Chapter-5**

### **Non-Scheduled Air Transport**

Non scheduled air transport service means an Air Transport Service other than a Scheduled Air Transport Service, being operated for carriage of passengers, mail and goods, and includes charter operations. This is the service for hire and reward in which the departure time, departure location and arrival locations are specially negotiated and agreed with the customer or the customer representatives for a part or the entire aircraft.

2. An NSOP generally partakes of all the features of an SOP except for the fact that it is not allowed to publish its schedule. This category of services appears to be unique to India without any parallels anywhere else in the world.

3. The Committee reviewed the logic of NSOP operations and found that it is of value for charters, tourism and medevac purposes. However it could not fully appreciate the logic of being disallowed from publishing its schedule. In the absence of relevant documents, the only reason for incorporating this feature appears to be to protect the commercial interest and hence the viability of SOPs who too have contributed greatly to the growth of civil aviation in the country.

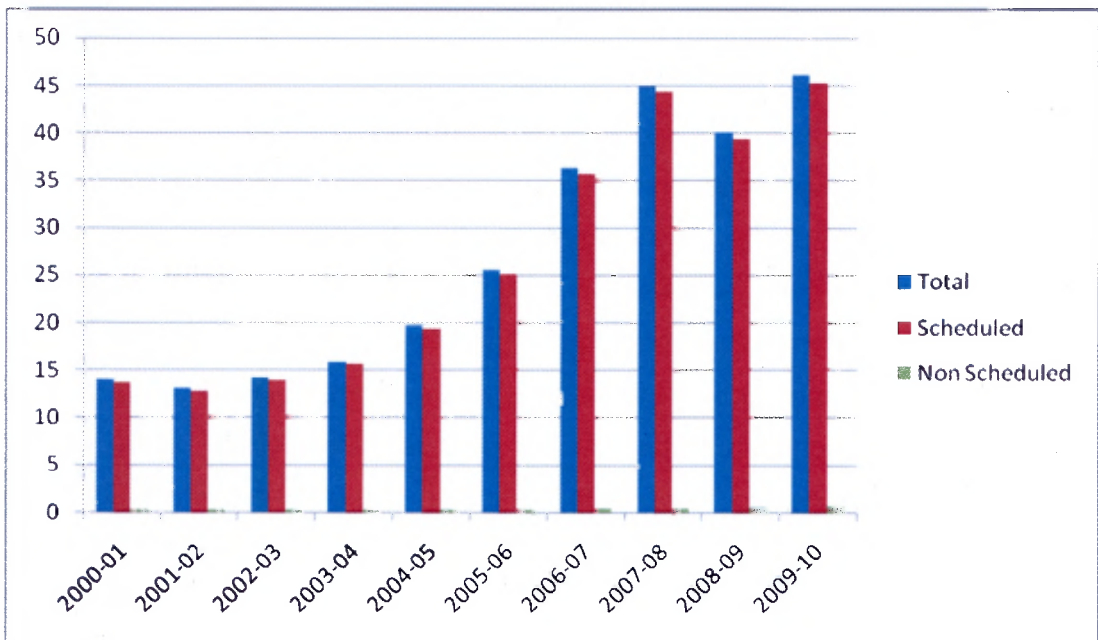
4. The Committee felt that NSOPs have a tremendous role to play in connecting remote parts of the country. However the decision to not allow them publication of schedules has critically deprived them of the ability to provide passenger services to the people. In the absence of published schedules, a passenger who wishes to travel on routes unserved by SOP's has as to first search for NSOP's through whatever means is available at his disposal, then contact them or to go airports to find out about available flights on his desired route or to contact a travel agent. This entire process is complicated, difficult and time taking. Thus, a vast majority of passengers are deprived of the services offered by the NSOP's.

5. It is also significant that since most NSOP's would only offer their entire aircraft for hire due to commercial reasons, a passenger is able to avail NSOP service only if he is travelling in a group or if he charters the entire aircraft.

6. The failure of NSOP's to cater to the needs of the travelling population is reflected in the passenger statistics which show that out of the total 4.6 crore

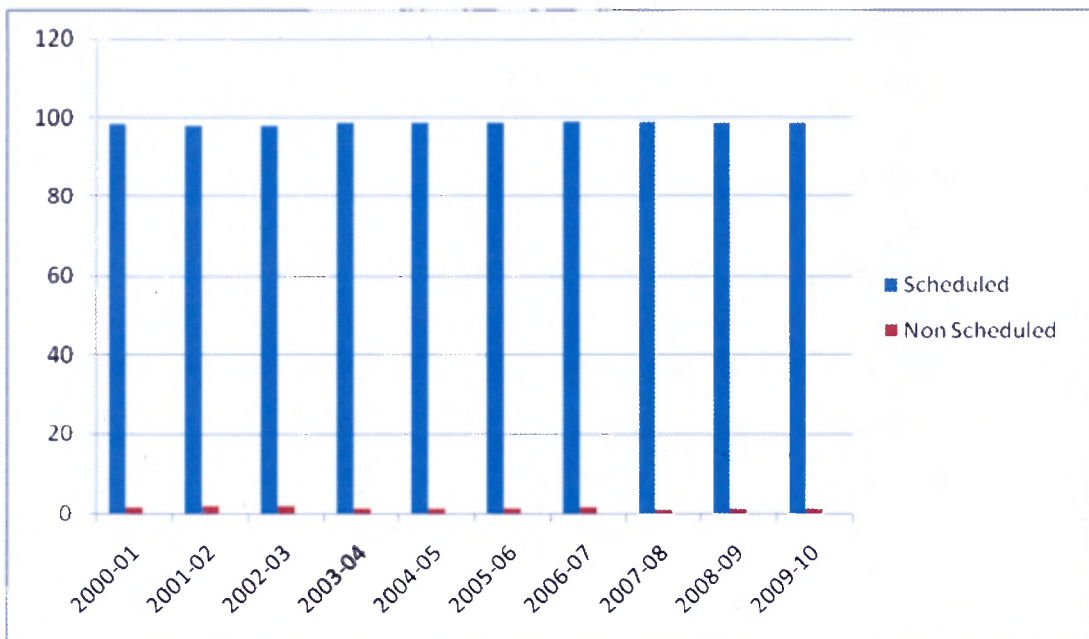
passengers Non scheduled category contributes only 1.5% of the total domestic passenger. This figure has remained more or less static during the last decade. It is evident that the percentage share of non scheduled domestic passenger traffic has not shown any growth despite the no. of Non Scheduled Operator having grown from 36 to 131 in the same period. It is also significant that the number of aircraft owned by NSOPs too has grown from 136 in 2000 to 375 in 2011. The following graph traces the growth of passengers carried by NSOPs during the last decade and shows that the % of domestic passenger carried by them has even marginally declined from 1.8% in FY 2000-01 to 1.5% in 2009-10.

Graph 1: Total passenger carried (in 10 lakhs)  
(scale- 1=10 lakh)



Graph 2: Passenger carried by scheduled and non-scheduled in last ten years (in percentage)

7. The following graph also shows the miniscule traffic serviced by NSOPs in comparison to the one carried by SOPs:



8. It is clear from this that despite tremendous increase in Non Scheduled Operators and their fleet their overall impact on air connectivity in terms of passenger transportation is negligible.

8. The Committee observed that at this juncture small aircraft operations have greater potential to improve connectivity in the country, particularly in the areas where bigger aircraft operations are not feasible due to lack of infrastructure and low demand. Small aircraft operations cater to small airports and remote areas, which are not normally equipped with high technology and capital intensive navigation and other airport facilities.

9. In this context the Committee examined the Ministry of DoNER Report on "Multi-Utility Aviation in the Northern Eastern Region- An Alternative Innovative Model for Hastening Development" referred to MCA by Cabinet Secretariat vide letter 29.03.2011 which was referred to this Committee by Secretary MCA. In the Report it is suggested that small aircraft centric and combo operations within the NER is the better option in providing connectivity to NER. It suggests that in NER bigger aircraft (like Boeing, Airbus) operation is very difficult at most of the airports as infrastructure is not available there. Secondly, the sparse population and hilly areas would not provide viable passenger traffic for a large aircraft. Further, DoNER suggests that the Hub and Spoke model can be a useful model

in order to provide connectivity in remote areas. The bigger airports may act as Hubs to connect to the metros and the smaller airports may act as spoke and in such situation smaller aircrafts may be only viable option for development of connectivity to spokes i.e. smaller airports.

10. The Committee observed that Scheduled Airlines in India are lacking in smaller aircraft, as they find that the maintenance cost of these aircraft is too heavy for them. Scheduled airlines generally desire to maintain a homogenous fleet of aircrafts in their fleet to lower the maintenance cost. The Committee observed that out of 439 aircraft presents in the fleet of scheduled airlines, only 58 aircrafts are ATRs/CRJ and only Alliance Air and Kingfisher Airlines have ATR 40s.

10. The Committee felt since NSOPs are generally small aircraft-centric therefore there is a need that the entire character NSOPs should be so altered that they are able to achieve the objective of regional connectivity more effectively. It felt that the distinction of air operations between SOP and NSOP is unreal and needs to be replaced by a more internationally acceptable model of Air Operator's Certificate (Large Aircrafts) hereafter referred to as AOC(LA)s and Air Operator Certificate (Small Aircraft) hereafter referred as AOC(SA)s. The dividing line between the two maybe kept at 40 seats. While AOC Large Aircraft may have the option of using smaller aircrafts, AOC Small Aircrafts would be limited only to the seating capacity permitted to them i.e. 40 seats. If they need to add larger aircraft they may obtain an AOC(LA).

11. The Committee also felt that there appears to be no justification to continue with the system of non-publication of schedules by NSOPs. It recommends that NSOPs which should be replaced by AOP (SA)s should be allowed to publish their schedules on Category II and III routes. At present Category 1 routes are proposed to be kept out to maintain the viability of RDG which benchmarks Category II and Category III routes on basis of Category 1. If the commercial viability of Category I is allowed to be adversely affected then the entire logic of RDG would be threatened.

12. Allowing NSOPs/ AOC(SA)s to publish their Schedules would immediately lead to following benefits:

- (i) Customer would be able to easily locate flights to their desired destinations.
- (ii) Non scheduled operators will find more passengers.
- (iii) Since the NSOPs will find more passengers and consequentially become commercially viable, the fares would automatically get lowered.
- (iv) Since airlines will found definite business it will boost air connectivity.
- (v) If a non scheduled operator publish time scheduled the possibility of misusing of custom duty evasion would be automatically reduced as in such condition the aircraft will be utilized for passenger operation on remuneration not for private use.

However, publication of schedules may be kept as optional and the NSOP/AOC (SA)s may have option to continue services without publishing the schedule.

13. **CODE SHARING:**

A Committee was setup in MCA under the chairmanship of Director Pragya Richa Srivastava and it submitted its report on 25.02.11. Amongst its other recommendations the Committee suggested that code sharing between SOP's and NSOP's maybe considered to facilitate connectivity of the north east. The matter was referred to this Committee for further examination. The Committee deliberated on the issue and was informed that the present rules do not permit for such relationship. However, the Committee felt that code sharing can be extremely useful to boost connectivity of not only the North East but the all other 'thin' routes where sparse passenger traffic make them commercially unviable. The Committee felt that Code Sharing should be allowed between SOPs and NSOPS and relevant rules need to be suitably modified to allow such an arrangement. During discussions with the stake holders it was felt that the

following issues have to be addressed satisfactorily to enable the formulation of code sharing.

- Safety
- Liability of compensation
- Flying miles
- Booking through GDS

14. As far as safety is concerned it was felt the safety norms prescribed for NSOP's are exactly the same as prescribes for SOP's. Hence, this should not be a major obstacle. In any case the SOPs would be expected to exercise due diligence and discretion in selecting their partners and would take factor like type and age for aircraft, safety history and maintenance record of the partner in account. Further the DGCA would continue to exercise its oversight on such alliances to ensure that safety is under no circumstances compromised.

15. As far as insurance liability is concerned the partners of code sharing would be individually governed by the Carriage by Air Act in compensating passengers for their losses up-to the extent of their part of the travel. This arrangement is already in existence between SOP's which enter into such arrangements.

16. The issue of flying miles would be mutually negotiated between the parties. The SOP may or may not decide to pass on this benefit to the passengers. However, if it doesn't decide to do so then the passengers should be transparently informed about this so that they may exercise their options.

17. During discussions about booking through GDS with stake holders the representative of DGCA informed that this is possible and hence not an insurmountable difficulty. Even otherwise the airlines would be free to issue separate tickets either manually or electronically.

18. The advantage of code-sharing would be that SOPs/AOC(LA)s would start catering to those routes where commercial viability due to low PLF is likely to be minimal in the initial few years. They would enter into arrangements with the smaller players specially AOP(SA) to cater to those areas. This entire system would, however, become attractive to the SOPs if code-sharing gives them some benefit in achieving RDG social objectives. The code-sharing system should be

designed in such a way to enable the SOPs/AOC(LA)S to off-set some part of their social obligations in the North-East, Jammu & Kashmir, Islands and now the new proposed Category of III-A. The Committee suggests that whatever ASKM is earned by the Code-sharing AOP(SA) may be counted against the ASKM of the SOP/AOC(LA). In order to make this proposal even more attractive, it may be considered that the ASKM earned by the AOP(SA) may be allowed to be off-set against RDG obligations in multiples of 2 to 5 times. This would mean that if a 10 seater aircraft is deployed by a Code-sharing NSOP/AOP(SA) on a Category II or III-A route, the benefit that would accrue to the SOP/AOC(LA) may be equivalent to a 20 or 30 seater. This will make the entire package attractive to the bigger airlines as well as catalysed the deployment of small planes in those terrains where large planes are either commercial unviable or technically difficult/impossible to operate.

19. If, however, the Code-sharing arrangement does not attract adequate number of partnerships the Government may also just allow simple contractual relationships between SOPs/AOC(LA) and NSOPs/ AOP(SA)s without going through the mechanics of Code-sharing. Larger airlines may be allowed to either buy some seats on smaller aircrafts of AOP(SA)s or under-write some share on available seats. They may even contract the entire aircraft if it suits their business plans. In this case too smaller ASKM benefit may be allowed to the larger airlines to the extent of number of seats bought/contracted/under-written by them.

## **20. TAX SYSTEM:**

The Committee also felt the present import duties on NSOPs and Private aircrafts permit possibilities of diversion of a SOP aircraft to purposes other than passenger traffic. The Central Vigilance Commission vide its letter dated 10.08.09 highlighted this possibility. The non scheduled category enjoyed the benefit of custom duty exemption. The Secretary, Department of Revenue, GOI vide his letter dated 2.11.10 informed MCA that the custom authorities have come across several cases of misuse of this exemption resulting in several disputes and litigation. In most cases, it appeared that the aircrafts imported under the exemption have not been put to the prescribed use or effectively used



privately whereas they are meant to offer public services either as a passenger or charter services. In this background, the Tax Research Unit of department of revenue suggested three policy options to resolve the issues involved. The Options suggested by department of Revenue are as under:

**20.1. Option 1:**

To retain the exemption only for non-scheduled passenger service, which provide transportation services to remote and far flung areas where scheduled operators do not find it viable. The removal of exemption for non-scheduled charter services would prevent the passing of private import as imports for non-scheduled charter operators. However, this does not appear to be a workable solution because the Civil Aviation Requirements (CAR) allow non-scheduled charter licences to be used inter-changeably. This implies that as long as the exemption continues to be available for non-scheduled passenger operations, there would still be scope for circumvention.

**20.2. Option 2:**

To restore the pre-budget 2007-08 position, namely, full exemption from customs duty to all imports of aircraft. The advantages would be that the policy objective of allowing non-scheduled operations to mature and take root would be fulfilled and the scope for misuses of the exemption would be removed. The apparent disadvantage is that private imports of aircraft that have the ability to pay would also not bear any duty and there would be loss of revenue. When the exemption for aircraft was withdrawn in 2007-08, the measure was expected to yield about Rs. 100 crore per annum. During 2009-10, the actual revenue collections were Rs. 6 crore and another Rs. 78 crore (not necessarily pertaining only to 2009-10) is locked up in disputes/appeals.

**20.3. Option 3:**

To remove the exemption for all categories of non-scheduled operations namely, passengers as well as charter and retain it only for imports by scheduled airlines and Government. This option removes the possibility of misuse and does

not allow private imports to get away without any import duty burden. In order to soften the adverse impact of this option on the operations of non-scheduled operators, the levy of duty at a concessional rate could be considered. Thus instead of levying full CVD and Special CVD, a basic customs duty of 3% (which is WTO bound rate for aircraft), a concessional CVD of 4% and full exemption from special CVD may be levied. Coupled with education cess, the total duty burden would be approx 8% ad valorem on non-scheduled operations as well as imports by private individuals/ companies. On a pro-rata basis this should yield a revenue of about Rs. 35-40 crores.

20.3.2 The Ministry of civil Aviation considered the proposal and recommend to revenue department that customs duty of only 3% (which is WTO bond rate for aircraft) may be levied and no further CVD levied for non scheduled operations, further exemption to be continued on the aircraft imported by scheduled operators, Government and PSUs. Aircrafts imported for all categories of cargo operations may also be exempted from duty.

20.3.3 The Union Budget in 2011 made a provision in this direction and the custom duty on NSOP was reviewed. The revised provision is as under:

“88.1 A basic customs duty @ 2.5 % is being imposed on imports of aircrafts for Non- scheduled operations while exemption from CVD and SAD would continue in this category. The restriction on the inter-changeability of aircraft imported for non-scheduled operations (passenger) and nonscheduled operations (charter) is also being removed. (S. No. 347B of the notification No. 21/2002- Customs, dated 01.03.2006 as inserted vide Notification No. 21/2011- Customs dated 01.03.2011 refers).

88.2 The education cess and secondary and higher education cess is being imposed on aircrafts falling under 8802 20 00, 8802 30 00 and 8802 40 00 (S. No 1 Notification No. 69/2004-Customs, dated 09.07.2004 as inserted vide Notification No. 17/2011- Customs dated 01.03.2011 refers).”

20.3.4 The Committee felt that this is an incomplete solution to the problem. As long as there is a substantial difference in the rates of customs duty applicable on

NSOPs and Private aircraft there would be efforts to divert passenger aircraft imported under NSOP category for private use. The Committee recommends that the suggestion of MCA to Department of Revenue vide its letter dated 1.02.11 to bring the customs duty on both categories at par should be considered to ensure that aircrafts imported for passenger purposes are used only to provide connectivity and not diverted or misused for other purposes.

20.3.5 Joint Secretary, DoNER apprised the Committee that smaller NSOPs need flexibility to shift from passenger to cargo to maintain their commercial viability. The present DGCA rules restrict this due to change in weight and balance of aircraft. The Committee felt that this issue needs to be addressed by the DGCA to permit such shifts with due precautions.

## **21. HELICOPTER OPERATIONS IN UTTARAKHAND AND HIMANCHAL PRADESH:**

Uttarakhand and Himanchal Pradesh share a topography very similar to the States of the North East and though they are close to Delhi large tracts of these States are remote and inaccessible due to geographical and weather conditions. There is a need to provide special assistance to improve air connectivity of these States. The Committee felt that helicopters are the best means of improving air connectivity in these areas because of their versatility and minimal demand for infrastructure. It recommends that in order to promote helicopter operations in these States they must be provided the same level of subsidy as is available to North Eastern States.

## Chapter-6

### Regional Scheduled Operation

To promote regional connectivity and to expand air connectivity on Tier II and Tier III cities a separate category of Scheduled Air Transport (Regional) Services has been introduced on 26.07.2007 with the approval of HMCA. DGCA has issued Civil Aviation Requirement Section 3, Air Transport Series 'C' Part VIII dated 23.8.2007 stipulating minimum requirements for grant of permit to operate Scheduled Air Transport (Regional) Services.

2. The definition of scheduled air transport (Regional) Services as defined in CAR, are as under:

Scheduled Regional Air Transport Service means a Scheduled Air Transport service which operates primarily in a designated region and which on grounds of operational and commercial exigencies may be allowed to operate from its designated region to airports in other regions, **except the metro airports of other regions.**

**Note 1:** The regional airlines shall not be permitted to operate on Category I routes as given in Annexure-VII of this CAR.

**Note 2:** The regional airlines of the southern region which has 3 metros would be allowed to operate between the metros within the southern region namely Bangalore, Chennai and Hyderabad.

#### **CATEGORY- I**

##### **Routes connecting directly**

MUMBAI – BANGALURU	KOLKATA – DELHI
MUMBAI – KOLKATA	KOLKATA – BANGALURU
MUMBAI – DELHI	KOLKATA – CHENNAI
MUMBAI – HYDERABAD	DELHI – BANGALURU
MUMBAI – CHENNAI	DELHI – HYDERABAD
MUMBAI–TRIVANDRUM	DELHI–CHENNAI

3. The following airlines have been given initial No objection Certification to operate regional air transport services:

1. M/s Star Aviation for Southern Region
2. M/s Jagson Airlines for Northern Region
3. M/s MDLR Airlines Pvt. Ltd. for Northern Region

4. M/s Zav Airways for North East/Eastern Region
5. M/s. King Airways for Northern Region
6. M/s. Freedom Aviation for Southern Region and
7. M/s. Indus Airways for Northern Region.

4. Amongst these M/s. MDLR and M/s Jagson airlines have been able to obtain Scheduled Operator Permit to operate Regional Services in Northern Region. These are non-operational at present. The Operator Permit of M/s. Jagson Airlines Limited has lost its validity on 31<sup>st</sup> Dec. 2008. The Operator Permit of M/s. MDLR Airlines Limited was valid till 18.03.2010 and the company can renew it within 17<sup>th</sup> March, 2012.

5. The initial NOC to M/s. STAR Aviation, M/s. Zav Airways & M/s. King Airways has lost its validity and the company could not obtain its operator permit.

6. Further, the following applications for initial NOC to operate Regional Airlines are under examination:

<u>Sl. No.</u>	<u>Name of the applicant</u>	<u>Region</u>
1	M/s. Trans India Aviation	Southern
2	M/s. Air Dravida	Southern
3	M/s. Air Pegasus	Southern
4	M/s. Emric Aviation	Southern
5.	M/s. Universal Empire Airways Services Pvt. Ltd.	East/North East
7	M/s. Religare Aviation	Northern
8.	M/s. King Airways (After expiry of NOC, resubmitted proposal)	Northern
9.	M/s. Karina Airlines	Northern

7. The Committee had consultations with initial NOC holders for Scheduled Regional Air Transport Operations. Their suggestion was deliberated upon and the following conclusions were arrived at:

**7.1. Suggestion from airlines:** To allow import/acquisition of twin engine aircraft less than 5700 kgs. as it can be more feasible for regional operations.

**Recommendation:** The issue was deliberated in the Committee and the Committee was of the view that the type of aircraft should be left to the market forces without compromising on safety issues.

**7.2. Suggestion from airlines:** Relaxation in age limit of the aircraft by allowing import of aircraft having 25 years old subject to airworthiness or at least allow them to operate aircraft having 20 years old like Scheduled Passenger Operator.

**Recommendation:** The Committee was of the view that the age relaxation for 25 years cannot be granted due to safety reasons. Regarding 20 years old aircraft, after discussion, it was found that the provision already allows import of unpressurized aircraft upto 20 years on a case-to-case basis depending on a complete examination of the records and if required, inspection of the aircraft being procured. The Committee observed that the similar condition is applicable for Scheduled Air Transport (Regional) Services. The Committee suggests that the CAR provision in this regard should be clarified.

**7.3 Suggestion from airlines:** RSOP should be allowed to operate to at least two metros instead of one.

**Recommendation:** The Committee was of the view that RSOPs should be allowed to connect metro of one other region except Delhi and Mumbai. However, flights be allowed to connect metros on a hopping basis as that would provide additional connectivity to additional locations. The provision that RSOP should not operate on Cat-I routes should be continued.

**7.4. Suggestion from airlines:** RSOP may allowed to sell their ASKMs to national carriers.

**Recommendation:** As per present provision RSOP cannot sell their ASKM to scheduled passenger airlines. This guideline was incorporated so that SOPs can continue their operation even on smaller places where RSOP operate in order to increase connectivity or otherwise they will purchase the ASKM from RSOP and remain operating on profitable route. In turn RSOP which is bound to operate in their region will be found trading ASKM for their whole regional operation. This suggestion of RSOP cannot be accepted as in such cases the whole ASKM utilized by RSOP be traded off to SOPs and the purpose of RDG and Regional Airlines would not served simultaneously.

8. One of the Terms of Reference of the Committee is 'to examine the fleet requirement of Regional airlines in a given time frame'. The Committee observed that the CAR provision in this regard has already been amended on 13<sup>th</sup> June

2011. The revised CAR provision are as under: "Para 3.2.1 The applicant shall acquire a fleet of minimum three aircraft/multiengine helicopters either by outright purchase or through lease, within a period of two years. At the end of five years, the airline shall be required to operate with a minimum five aircraft. To facilitate the start of operations, operators will be permitted to operate with one aeroplane/helicopter and will be given two years time from the date of securing operator's permit, to have the fleet size of three aircraft."

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## Chapter-7

### LOW-COST AND REGIONAL AIRPORTS

The first decade of 21<sup>st</sup> century saw an aviation boom which was largely triggered off by the arrival of low cost carriers. They made traveling affordable to a vast majority of Indians and, therefore, catalysed passenger growth unprecedentedly. The Committee feels that the next generation of aviation expansion in India would take place on the basis of low cost airports regional airports which would take aviation physically closer to the traveling population and hence trigger another phase of boom.

2. At present India has 82 operational airports catering to a land mass of 32.5 lakhs square kilometers on an average. This works to a vast availability of – one airport to a land mass of nearly 35 thousand square kilometer. In terms of population 82 airports cater to 1.2 billion people. Thus, one airport roughly caters to approx. 13 crore Indians.

3. Centre for Asia Pacific Aviation (CAPA) in its Report on Low Cost Airport Terminals 2009 edition rolled out a vision that no Indian should be more than 50 kms., away from an airport. This vision appears to be attractive but over-ambitious for the immediate future given the size of the country and availability of resources. At present, India has about 457 (functional & non-functional) airports spread all over. Of these, only 91 airports are owned by AAI. The list is at annexure- 4. 125 airports in this list are owned/managed by Indian Air Force, Indian Army and Indian Navy. The Committee felt that a more pragmatic view would be to operationalise State Government and private airports numbering nearly 225 in the next 20 years. Some others are owned by State owned PSUs. About 160 airports are owned by the State Governments, 57 are privately owned and 6 are JVs between private airport operators and AAI. This will go a long way in opening up nearly whole of the country and bring civil aviation within easy physically reach of the people. This would provide the necessary infrastructure



for the type of connectivity that is proposed to be achieved through the various measures suggested by this Report.

3. The Committee felt that these airports would be used initially by only a small number of people and, therefore, their viability would remain commercially questionable. In order to address this issue a two pronged strategy needs to be adopted: (i) Critical viability gap funding and (ii) Adoption of low cost models so that airlines can utilise their services more efficiently and cost effectively.

4. The advent of low cost carriers revolutionized the concept of airports in America and Europe during the last three decades. It is noteworthy that 42 - 45% of English air passengers used smaller regional airports in 2010. The number of such small low cost airports has increased dramatically all over the world and even major airports have started setting up low cost terminals to service the airlines. After making its need felt majorly in Europe, low cost airports have started appearing in Asia with greater frequency. In India, the low cost carriers in the first decade of 2000 could not stimulate the growth of low cost airports because of the well-trenched monopoly of Airports Authority of India and the emergence of 6 JVs, which adopted the five star model of growth.

5. Though AAI has embarked upon the upgradation of 35 non-Metro Regional Airports, but the expansion does not follow the low-cost no-frill model. This upgradation is in the direction of sophistication, modernization and adoption of architectural designs which are expensive. This model reflects the national psyche of an emerging financial powerhouse to compete with the best in the world and to compete with the best in the world in terms of size, state-of-the-art technology, comforts and facilities like aero-bridges, escalators, travelators etc., which involve huge costs.

6. This trend has impacted the cost of services and as a result the Indian airport charges are today reputedly the second highest among Asian and Gulf airports. CAPA felt that airlines pay more in India and yet receive service levels well below those at Singapore, Kuala Lumpur, Dubai and Bangkok. The emergence of Airports Economic Regulatory Authority has doused and regulated

this tendency but the charges still continue to be steep and unaffordable to many small airlines.

7. In the European context some studies have indicated that airports contribute 12% to 13% of airline operations cost. All airlines globally are under strong pressure to reduce prices in a competitive environment and, therefore, strive to reduce operation costs.

8. The economic advantages offered to airlines by Airport operators are extremely important for low cost operations which alone can make aviation affordable to the Indian population. It is with this perspective that low-cost airports are going to be the main theme for improvement of connectivity in India in the next two decades.

9. It needs to be emphasized that the development of regional airports or low-cost airports should not be looked upon merely as an accessory to cater to the needs of low-cost carriers. The entire tenor of the present Report is that the needs of connectivity of remote areas and hinterland in India can be best achieved by deployment of 20, 40 or 80 seaters. Small planes should be treated as the main driver for future growth of regional airports. The Committee feels that the regional airports must be capable of handling at least 80 seater aircrafts in the first phase. With passage of time, they may be upgraded to accommodate larger planes.

10. The Committee also felt that in order to immediately develop the regional airports, it is necessary that they must at least for the time being, cater to day flights rather than night landings which require more sophisticated equipments and instruments and hence more deployment of staff and investment of money. In the initial phase these airports may function on the basis of VoR only. This is recommended only with the intention of giving immediate kick-start to the process of activation of existing runways, airstrips and airports rather than wait. However, there is a body of opinion that low cost night landing equipments too are available in the market and hence regional airports need not necessarily limit themselves only to day traffic.

11. The Committee recommends that since air operators who are likely to use the regional airports are not going to be very demanding and would require minimum services, the emphasis should be on both to the cost as well as the and quality/efficiency of services offered. These airports must have the ability to provide 25 minutes turnaround time. In the European context, the Helios Report on European Regional Airports recommended a runway length of 1700 meters to cater to narrow-bodied aircrafts. The same Report mentions that starting from single piston engine which would require about 630 meters of runway length, a 70-seater aircraft would need approx. 1250 meters. Thus, a runway length of about 4000 ft. may be considered to be sufficient in the first phase of development of regional airports. This would be able to receive turbo-prop engines. However, if they were to receive regional jets, business jets and narrow-bodied jets, then a runway length might have to be proportionately increased upto 2000 mtrs.

12. In order to prune the cost of airports they would have to follow a no frill model and should not be showcases of architectural splendour. Low-cost airports avoid grand buildings by signature architects and others. They adopt a simple design that one architect described as having the charm of "a high school gymnasium."

13. Specifically low-cost airports apply design standards that can deeply be different from those that have been largely applied to traditional passenger facilities. They use space more intensively by planning on higher densities of passengers per unit of area and by using shared hold rooms instead individual get lounges. Additionally they process passengers more quickly with turn around time of around 30 minutes instead of the more standard hour which means that they need fewer gate positions for a given number of daily flights. The net result is that low-cost airlines often require around half the space per passengers as the legacy airlines. In short, interior space of low-cost airport building reflects the purpose, standards of the low-cost airline. They have lower services level in terms of space per person at any time and overall higher annual capacity per square meter of space associated with the lower dwell times of passengers due

to vast turn around of the aircraft. They will also emphasise common hold rooms to minimize the overall space allocated to this function.

14. A general feature of low-cost airports is also absence of a large amount of expensive, commercial space though retail activities can be an important source of revenue for low-cost airports. It has been found that building and competitive commercial space of airports can be particularly expensive. In this context it is noteworthy that a major LCC of India offered to develop low cost airports in Karnataka in 2006-07. The model that they had projected was airports which could be developed at a standard cost of Rs.16 crores. Such models need to be seriously looked at.

15. The low-cost Airports maybe classified in two types – (i) originating airports which generate passenger traffic and (ii) Destination airports that attract travelers and passengers for some purpose

16. Most of the originating airports would be ones who have some specific economic activity, which generates passengers who fly from that point to other parts. Thus, industrial towns, mining centers, commercial hubs, large government office centers can generate substantial outgoing passenger traffic. On the other hand, the destination airports would be generally those airports which have high important tourist attractions, business hubs or judicial/court hubs which attract people.

17. A perusal of the list of airports in India would show that a large number of airports are situated in places which have high tourist value or are industrial/commercial hubs. They provide ideal locations for the development of regional low-cost airports.

18. In the above-said context, State Governments are likely to play an increasingly critical role in the development of connectivity in the country, by activating and operationalising the airfields / airstrips which are under their administrative control. As already mentioned nearly 160 airports are owned by the State Governments and many of them are only being marginally used for occasionally official purposes. The Committee recommends that these airstrips /

airfields should be developed into full-fledged regional airports so that the transport need of remote areas and hinterland can be properly addressed. The State Governments may do this either through their own agencies or management contracts or Joint Ventures or even partnership with the Airports Authority of India. The AAI has a long and specialized experience of airport administration and it may consider forging alliances with the State Governments to manage these airports. However, a completely new generation of Airport managers who are cost and time sensitive would need to be developed in order to successfully establish and run a low-cost airport. Traditional airports were considered to have a life-cycle of 30 years. However, given the extreme volatility and dynamism of the aviation sector, airport operators will have to re-discover and re-invent themselves every 7-10 years to respond to new realities.

19. Financing these small regional airports is the challenge which has to be met head-long. There are international models of government financing and assistance to regional airports. In India the non-metro regional airports are occasionally funded by the Central Government due to strategic and social reasons. In Australia, the Government of Queensland has established a Regional Development of Airports Scheme (RADS) which provides government assistance. The objective of RADS is to ensure promotion of regional aviation infrastructure to facilitate air access and enhance economic growth. Some other Australian States have since developed similar programmes. In 2011-12 US\$ 8.4 million were made available for regional and remote airport owners in Western Australia to fund infrastructure development, including upgrades, maintenance and studies. In the first phase, 29 airports have been provided this assistance. Under this scheme nearly all aspects of airport development are covered.

20. In Chapter V it has already been recommended that 1/3<sup>rd</sup> of the RACF that is collected for promotion of regional connectivity should be earmarked for development of regional airports. It can work on similar line as RDAS of Australia. The RDAS finances the entire gamut of airport activities related to safety and security as well as passenger facilitation. The only expenditure that can be put on the negative list is that of land-acquisition Land should be the responsibility of the Airport operator - Govt. or Private. The RACF should also be

available for development of Heliports as Helicopters are likely to play an important role in the Regional connectivity. The Ministry of Tourism, Govt. of India already has Large Revenue Generation Projects Subsidy Scheme and another one for the establishment of heliports. The RACF may dovetail with these Schemes to optimize the benefits of both. In the Indian context, since provision of ATC services is going to be critical for activation and operationalisation of these airports, the RACF should be allowed to be used for engagement of contractual technical manpower. However, this should not be permitted to be used for non-technical staff as it can lead to wastage and diversion.

21. The present Greenfield Airports Guidelines impose a restriction of 150 kms. on development of new Greenfield Airports within the vicinity of existing airports. This is done to protect the contractual rights of Joint Ventures which have developed during the last few years. The Committee feels that it needs to be clarified that the operationalization development of existing airfields and airstrips into commercial airports would not be restricted by this condition because they do not qualify as 'greenfield' airports.

22. The development of Low-cost Regional Airports would also require a separate Regulatory framework both for Safety and Security. For example Airports with less than 50 passengers in a day may be exempted from X-ray screening and it may be replaced by physical checking. Wherever expensive sophisticated equipments can be replaced by manual or low cost systems without compromising on their original purpose, they may be acceptable. The DGCA and BCAS should examine Regulatory regimes available in countries where low-cost airports have developed and adopt a similar minima based systems.

23. The Committee felt that due to their versatility Helicopters have a tremendous potential of reaching out to the farthest areas. Their requirement of infrastructure too is modest and hence they should be treated as an important tool of future connectivity. The Rotary Wing Society of India has been advocating for a long time development of Helipads at every 100km of NHAI Roads and establishment of at least 1 Helipad in every District of the country. The Committee observed that already every district has one all-weather helipad in

Police Lines which are used exclusively for law and order and VIP purposes. This is an important resource which lies locked up. There is a need for State Governments to consider opening up of this resource for civilian use after taking due care of security concerns.

**Chapter-8**  
**RNFC and Landing charges**

Naresh Chandra Committee Report submitted on 30<sup>th</sup> November, 2003 mentioned about the Liberal Fiscal Regime on airport charges and inter-alia observed that “in case of smaller aircraft that are essentially deployed to enhance regional connectivity, government should do away with the existing discrimination based on the type of aircraft and, accordingly, bring parity in taxes on ATF for jets and turboprop aircraft with maximum certified seating capacity of less than 80.”

2. Based on the recommendation of Naresh Chandra Committee, Government issued an order dated 9<sup>th</sup> February, 2004 reducing airport charges, and it was inter-alia decided by the Government that no landing charges shall be payable in respect of:

- a) Aircrafts with a maximum certified capacity of less than 80 seats, Being operated by domestic scheduled operators; and
- b) Helicopters of all types.

3. While taking this decision the basic argument in favour of the exemption was that the airport charges in India were higher as compared to the other countries. It was also contended that this concession can be expected to give a bigger boost to domestic air travel. The increased aircraft operation in the country could help make an optimal use of AAI infrastructure and in turn could earn larger revenue for AAI in the Long run.

4. Airports Operator viz. Airports Authority of India, DIAL, GHAL have made representations requesting for reconsideration of the decision towards grant of exemption to small aircrafts. The contention made in these requests is that the intention of the recommendations of Naresh Chandra Committee was to encourage connectivity with smaller airports where large aircrafts cannot land and to promote air connectivity and to promote economic activity in the region. However, it is being claimed that this exemption is being utilized by airlines to connect to bigger cities/ airports as well and thereby defeating the basic objective of these exemptions. For instance 9.1% of the total domestic aircraft movement



at Delhi airport comprised of ATR/CRJ and out of this over two third of ATR/CRJ traffic was from those cities which are also connected by bigger aircrafts. It is accordingly requested that the Government should review its policy and re-define the said exemption from landing charges so as to restrict it to only those movements connecting a smaller airport/cities (Route IIA), which is otherwise not connected by bigger aircrafts. For ATR/CRJ traffic from the cities covered by larger aircrafts the landing charges is being requested to be applied on the same pattern as defined by AAI for other aircrafts.

5. The main highlights of the current statistics on these airports prepared internally by the Central Planning and management Service (CPMS) Division of AAI on airport wise and airline wise number of landings by domestic carriers with break-up for number of aircrafts with less than 80 seats and more than 80 seats for the period between 2004-05 and 2009-10 provides that:

- (i) Out of total of 439 aircraft fleet size of scheduled airlines, only 58 aircraft are ATRs/CRJs having less than 80 seating capacity. The airline wise details follows: 07 ATR+04 CRJ with Alliance Air, 20ATR with Jet Airways and 27 ATR with Kingfisher Airlines.
- (ii) 134394 landings of less than 80 seats aircraft were handled during 2009-10 at all Indian airports as against 51435 landings of the same category of aircraft during 2004-05, which resulted in 21.2% Compounded Average Growth Rate (CAGR) over the last five years. In other words, landings of less than 80 seats aircraft have increased by 2.6 times over last five years and against growth of bigger aircraft by 1.8 times during the same period. Share of smaller aircraft with less than 80 seats in the total domestic landings at all Indian airports taken together has increased from 20.0% in 2004-05 to 27.0% in 2009-10.
- (iii) During 2009-10, at 28 airports in smaller towns, 100% of their traffic was of smaller aircrafts. 12 airports in Tier-II towns like Udaipur, Jammu, Trivandrum, Raipur, Trichy, Dibrugarh, Kanpur, Amritsar, Calicut, Bhunter, Vizag and

Dehradun have shown significant increase in handling smaller aircraft over the last five years i.e.2004-05 to 2009-10. Operations of the smaller aircraft with less than 80 seats have also picked up at Sholapur, Salem and Srinagar airports during 2009-10. The 4 airports at Belgaum, Lucknow, Chandigarh and Gwalior have recorded declining trend in handling smaller aircraft during the period under study. The 3 airports at Jam Nagar, Jaisalmer and Pant Nagar did not handle any smaller aircraft during 2009-10. The 4 airports at Port Blair, Leh, Tezu and Gaya did not handle any smaller aircraft during the period under study i.e. from 2004-05 to 2009-10.

- (iv) Six metro airports (top six airports according to the volume of traffic during 2009-10) contributed 51.7% of smaller aircraft landings, whereas top 25 airports contributed 77.1%.
- (v) Proportion of smaller aircraft to the total domestic aircraft landing with in each region was highest in the Southern Region with 41.1% following by North-East and Eastern Regions respectively by 35.7% and 33.1%. Southern Region contributes 48.5% of smaller aircraft landings to the total smaller aircraft landings in the country during 2009-10 followed by Northern Region and Western region with 16.0% and 15.7% respectively, Contribution of smaller aircraft by the North-East is 7.1% only during the same period. Average number of landings of smaller aircraft per airport during 2009-10 was highest in the Southern Region (3623 landings) followed by Eastern Region (2836) and Western Region (1004) North-East Region's average number of landings of smaller aircraft per airport stood at the bottom with 795 landigs as against the national average of 1712 landings per airport.

5. The issue was deliberated in the Committee and it makes the following recommendations:

1. All agencies have to participate in the national responsibility of promoting connectivity. The RDG has encouraged airlines to contribute their mite through the RDG. This contribution involves some commercial sacrifices. The Airport operators too must contribute similarly by foregoing certain commercial charges like the RNFC for smaller aircrafts.
2. The logic that RNFC charges should be restored on routes where both large and small aircrafts operate is fundamentally fallacious. The deployment of small <80 seaters by some air operators itself shows that the market on such routes doesn't commercially justify commercial deployment of large aircrafts. If Airlines are compelled to use only larger aircraft on these routes they would turn 'thinner' commercially.
3. The entire thrust of the present Report is to encourage deployment of smaller aircrafts. If the present exemptions are withdrawn then the impact of the Report would be neutralized.
4. However, the Committee recommends that exemptions to <80 seaters flying directly between metros may be withdrawn as they provide. However, if such flights hop through smaller stations they may be allowed to continue the benefit of exemption as they serve the purpose of increasing connectivity.
5. Exemptions on flights by aircraft under 80 seaters may be gradually withdrawn if larger aircrafts are operating on the same routes in a phased manner. The exemption may be reduced to 75% at the end of the 3<sup>rd</sup> year, to 50% at the end of 5<sup>th</sup> year and completely withdrawn at the end of 7<sup>th</sup> year. This will give enough time for the markets to mature, become viable and also enable the airlines to calibrate their business plan accordingly.
6. However, RNFC exemptions should continue for aircrafts below 40 seaters for 10 years so that AOPSAs continue to exercise this benefit.
7. The Committee also considered the financial impact of continuation of such exemptions on the low-cost or Regional

Airports which would have a capacity to receive only small aircrafts. Such Airports would be deprived of any source of income due to these exemptions and hence would become financially unviable from the first day of their operation. In order to obviate this conflict, the Committee recommends that for airports which can cater to only below 80 seater aircrafts, a fixed lump-sum charge may be allowed on smaller aircrafts to provide them a stable source of revenue. The viability gap in such cases may be funded by the RACF.

## CONCLUSIONS

- (1) RDG should be revised/reviewed every 3 years to reflect National/Industry needs.
- (2) RDG should not be treated as the sole tool of achieving Regional connectivity.
- (3) However, RDG should be retained due to its contribution to improvement of connectivity in the nation and to furnish the theoretical standard that all agencies should be obliged to achieve
- (4) The responsibility of providing connectivity should not be SOPS alone.. NSOPs/RSOPs Airport Operators/State Govts., all should be treated as partners in this exercise.
- (5) While RDG will provide the equity framework there should be practical economic tools to supplement its mandate in order to maintain the financial health of the sector.
- (6) States must play a proactive role in enhancing connectivity through deployment/activation of Low Cost Airports, underwriting of Airline operations, reduction of taxes on ATF.
- (7) Eight new routes to be added to Category I.
- (8) Deployment requirement in Category III to be increased from 50% to 75%.
- (9) Non-Capital stations of 11 under-served stations to be classified as new Category III A.
- (10) 60:40 ratio between non-capital and capital stations for all future additions
- (11) 0.2% earmarking for Lakshdweep
- (12) Regional Air Connectivity Fund should be established to provide explicit subsidy to Airlines to operate on routes with PLF below 50%, new routes and to 19 routes with high tourism potential.

1/3<sup>rd</sup> of the RACF, should be used to provide subsidy to Low Cost Airports/Helipads & Heliports.

- (13) RACF should be established through a Rs.25 or 50 cess to be levied on passengers. It should be administered by an independent/autonomous body and till such a body is set up this work may be assigned to AERA or the proposed CAA.
- (14) Subsidy under RACF should be awarded through a transparent bidding process to the lowest bidder.
- (15) States also should share subsidy burden under RACF.
- (16) The future of connectivity lies in small aircrafts. NSOPs being small aircrafts centric should be treated as an important tool of providing regional connectivity.
- (17) NSOP category may be abolished and replaced by AOC (Small Aircraft). They may be allowed to announce schedules on Category II and III A Routes.
- (18) AOC (small Aircrafts) may also operate Category I routes but should not be allowed to announce Schedules. The commercial viability of Category I is needed to be preserved to maintain the logic of RDG.
- (19) SOPs may be converted into AOC (LA) with choice of inducting smaller aircrafts below 40 seaters. However, AOCs( SA)s would be allowed larger aircrafts only if they acquire License of AOC (LA)
- (20) Code Sharing may be allowed between AOC (SA) and AOC (LA) with permission to set off ASKMs earned by AOC (SAS) upto 200-500 % of their ASKM on Category II and III A Routes.
- (21) Special status to Uttarakhand and Himachal Pradesh with 75% subsidy to helicopter operations on pattern of North East.
- (22) Aircraft upto 20 seaters to be allowed flexibility in opting for cargo/passenger purposes with approval of the DGCA
- (23) RSOPs to be allowed to fly to Metro of another Region on hopping basis

- (24) Weight restriction on RSOPs may be reviewed
- (25) 225 State & Private Airports to be used for commercial operations. Emphasis should be on small Low Cost Regional Airports.
- (26) AAI to enter into management contract with States to activate their airports
- (27) RACF to be used to finance Low Cost Airports
- (28) RACF to be dovetailed with Tourism Ministry's Schemes
- (29) All districts must have at least one all-weather Helipads to promote helicopter operations. Helipads in Police Line may be used for commercial purposes with appropriate security precautions.
- (30) RNFC/Landing Charges exemption to continue
- (31) RNFC/Landing Charges exemption between Metros may be withdrawn immediately
- (32) RFFC/Landing Charges Exemption to be phased out for small aircrafts on routes where larger aircrafts also operate over a period of 7 years
- (33) Lump Sum charges on small aircraft at Low Cost Airports.
- (34) Activation of already existing Airports/Airstrips should be exempted from the 150 kms. limitation as they are not Greenfield Airports.

F. No. AV. 13011/72/2010-DT  
Government of India  
Ministry of Civil Aviation

"B" Block, Rajiv Gandhi Bhawan,  
Safdarjung Airport, Aurobindo Marg,  
New Delhi, Dated 13.04.2011

ORDER

Subject: Setting up of a Committee on review of Civil Aviation Requirements and other guidelines regarding Scheduled Air Transport (Regional) Services.

To promote regional connectivity and to expand air connectivity on Tier II and Tier III cities a separate category of Scheduled Air Transport (Regional) Services has been introduced on 26.07.2007. Directorate General of Civil Aviation (DGCA) has issued Civil Aviation Requirement Section 3, Air Transport Series 'C' Part VIII dated 23.8.2007 stipulating minimum requirements for grant of permit to operate Scheduled Air Transport (Regional) Services.

2. Keeping in view that even after three year of introduction of the Scheduled Air Services (Regional) Category, no airline is at present operating as Scheduled Regional Operator, it has been decided to constitute a Committee in the Ministry of Civil Aviation on review of the Civil Aviation Requirements and other guidelines regarding Scheduled Air Transport (Regional) Services.

3. The Committee on review of Civil Aviation Requirements and other guidelines regarding Scheduled Air Transport (Regional) Services is constituted hereby with the following composition:

- |                                                       |          |
|-------------------------------------------------------|----------|
| I. Shri Rohit Nandan, Joint Secretary, MoCA           | Chairman |
| II. Shri Alok Sinha, Joint Secretary, MoCA            | Member   |
| III. Representative of DGCA                           | Member   |
| IV. Chairman, Airports Authority of India             | Member   |
| V. Shri R. P. Sahi, Retc. JDG, DGCA & Consultant PPHL | Member   |
| VI. Representative of GMR                             | Member   |
| VII. Representative of GVK                            | Member   |
| VIII. Representative of M/o DoNER                     | Member   |



3. The Terms of Reference for the Committee are as under:
- I. The Committee shall examine the existing framework/guidelines of Scheduled Air Transport Regional Services.
  - II. The Committee shall study International best practices in regional connectivity.
  - III. The Committee shall examine the fleet requirement of Regional airlines in a given time frame.
  - IV. The Committee shall examine the suitability of aircraft for regional operations.
  - V. The Committee shall access feasibility of code sharing between Regional Scheduled Operator and Non Scheduled Operator in terms of legal aspect, commercial aspect, operational aspect, safety aspect and liability aspect.
  - VI. The Committee shall examine the criteria for scheduled regional airlines operating in one region who wishes to commence regional services in other region.
  - VII. The committee shall examine the criteria for scheduled regional airlines of Southern Region having three metros.
  - VIII. The Committee shall suggest measures to boost the regional connectivity.
  - IX. The Committee shall, based on its finding, recommend improvements in the system of service relating to guidelines on regional airlines.
4. This Committee will be serviced by the DT Section of the Ministry of Civil Aviation.
5. The Committee shall submit its report within six weeks.
6. This issues with the approval of Secretary, Civil Aviation.



**(Sarwesh Kumar Arya)**

Under Secretary to the Govt. of India

Tel: 24617547

To

The Members of the Committee (as per list enclosed)

Copy forwarded to-

- (i) Sr. PPS to Secretary
- (ii) Dir (P)
- (iii) US (SKA)

Minutes of the 1<sup>st</sup> meeting of Committee constituted to examine CAR on RSOP and other connectivity issues held on 19.05.2011 in the Conference Hall of Ministry of Civil Aviation (1<sup>st</sup> Floor, "B" Block, Rajiv Gandhi Bhawan, Ministry of Civil Aviation):

1<sup>st</sup> meeting of the Committee constituted to examine CAR on RSOP and other connectivity issues was held on 19.05.2011 in the Conference Hall of Ministry of Civil Aviation (1<sup>st</sup> Floor, "B" Block, Rajiv Gandhi Bhawan, Ministry of Civil Aviation) under the chairmanship of Shri Rohit Nandan, joint Secretary, Ministry of Civil Aviation.

2. The following were present:

- (i) Shri Rohit Nandan, Joint Secretary, MoCA
- (ii) Shri Alok Sinha, Joint Secretary, MoCA
- (iii) Smt. Pragya Richa Srivastava, Director, MoCA
- (iv) Shri Lalit Gupta, DDG, DGCA
- (v) Shri S C Sharma, ED (OPS), AAI
- (vi) Shri Manish Sinha, GM (AOS), MIAL

3. The following decisions were taken:

- i. Report on RDG submitted as a follow up of the meeting held on the issue of RDG would also be examined by the Committee.
- ii. Recommendation of Naresh Chandra Committee on EASF will be circulated to all members for their views so that the issue can be reconsidered in the Committee.
- iii. The issue of Code Sharing between Scheduled Operators & Non Scheduled Operators will be discussed with the Scheduled Operators, Non Scheduled Operators and also Regional Scheduled Operators. Scheduled Operators may be called in next meeting and NSOPs and RSOPs may be called later on. Since a lot of difficulties may appear with NSOPs in code sharing including GDS, the concept may be renamed. It is proposed that an arrangement between Scheduled and Non Scheduled Operator may be allowed so that a passenger travelling from a Scheduled Operator can be shared by the Non Scheduled Operator to such places where the scheduled operator does not operate and 'Hub & Spoke' model can be developed. To promote such sharing,

Scheduled Operators may be granted benefit in terms of fulfillment of RDG obligation through the NSOPs which are in arrangement with them. The modalities of such an arrangement have to be discussed by the Committee.

iv. CAR on Non Scheduled Operation may be reviewed so that minimum no. of seats in aircraft can be prescribed for Non Scheduled Operators having passenger sharing agreement with Scheduled Operators.

v. Non Scheduled Operators with a specific no. of aircrafts may be allowed to publish time table. However, it may be kept as optional.

vi. CAR on Regional Scheduled Operation may be revisited to allow regional operators to connect airport of other regions having below 1.5 billion populations. However no direct linkage between metros will be allowed.

vii. CAR on Regional Scheduled Operation may be revisited in terms of fleet requirement for Regional Scheduled Operation.

viii. Impact of these modifications on Regional Scheduled Operation should also be assessed.

ix. Seat underwriting may be under taken by State Govts. and lowering of sales tax on ATF should also be considered at certain airports.

4. The meeting ended with a Vote of Thanks to the Chair.

Minutes of the 2<sup>nd</sup> meeting of Committee constituted to examine CAR on RSOP and other connectivity issues held on 02.06.2011 with Non Scheduled Operators in the Conference Hall of Ministry of Civil Aviation (1<sup>st</sup> Floor, "B" Block, Rajiv Gandhi Bhawan, Ministry of Civil Aviation):

2<sup>nd</sup> meeting of the Committee constituted to examine CAR on RSOP and other connectivity issues was held on 02.06.2011 with Non Scheduled Operator in the Conference Hall of Ministry of Civil Aviation (1<sup>st</sup> Floor, "B" Block, Rajiv Gandhi Bhawan, Ministry of Civil Aviation) under the chairmanship of Shri Rohit Nandan, Joint Secretary, Ministry of Civil Aviation.

2. List of participants is annexed.

3. The following discussions were held:

i. Initiating the discussion the Chairman briefed that the meeting is organized to discuss the issue of some kind of arrangement on passenger sharing either like Code Sharing or in other form between Scheduled and Non Scheduled Operators so that a passenger travelling from a Scheduled Operator can be shared by the Non Scheduled Operator to such places where the scheduled operator does not operate and 'Hub & Spoke' model can be developed. To promote such sharing, Scheduled Operators may be granted benefit in terms of fulfillment of RDG obligation through the NSOPs which are in arrangement with them. The modalities of such an arrangement have to be discussed. He made it clear that at this stage since such type of arrangement is not permissible hence the Ministry is considering allowing such arrangements but it will not be compulsory for all airlines. He further clarified that there will be a set of rule under which the NSOP and SOP can make passenger sharing agreement. He desired that NSOP may consider all options like GDS, single or double ticket issue.

ii. Shri R. P. Sahi submitted that this will a step forward in order to enhance connectivity to unserved areas where scheduled operators are not operating due to low load factor and bigger aircrafts but non scheduled operators can find it feasible with their smaller size aircrafts.

iii. Representative from PHHL Shri Chopra supported the view to allow passenger sharing between SOP & NSOPs but also submitted that in such arrangement it would be desirable that Scheduled Operator may undertake that they will provide minimum no. of passenger to meet the cost of NSOPs. In case NSOP will not get minimum passenger SOP has to compensate such losses.

- iv. The Chairman mentioned that to overcome such difficulties Ministry is considering allowing publishing of time Table by such NSOPs so that they can get passengers also on their own.
- iv. The representative of PHHL was of the view that such an agreement between SOPs and NSOPs should be allowed for a long term period otherwise it would not be feasible.
- v. Representative of Deccan Charter was of the view that such steps would certainly increase the connectivity but raised queries whether NSOPs in agreement with scheduled airlines will also be allowed similar facilities available to Scheduled Operator in landing parking charges and ATF prices and like subsidy in NER. He was also submitted that flexibility for type of aircraft without compromising with safety aspect should be allowed and Govt. employee should be allowed to use LTC on travelling with NSOPs under agreement with SOPs.
- vi. The Chairman made it clear that ATF is a State Govt. issue and some of the State Govt. are considering relaxation in ATF pricing with the airlines having an arrangement with them in seat underwriting like Govt. of Madhya Pradesh. He further submitted that regarding other facilities the matter may be examined. Smt. Pragya Rich Srivastava, Director was of the view that seat underwriting is a form of subsidy and it will be beneficial for NSOPs in getting passenger if such NSOPs enter into agreement with Scheduled Airlines.
- vi. The representative of Air Charter opined that while fixing the fare NSOPs taking into consideration per annum flying hour and accordingly NSOPs are charging heavy cost from the customers to meet their operational cost. In such condition it would be very difficult to issue single ticket for any place as in such condition the fare will be very high and it would be doubtful that NSOPs will find passengers. However, he was also of the view that in case of seat underwriting it would be beneficial for NSOPs.
- vii. Representative of AR Airways advocated that this step will ensure that NSOPs find regular business and it will be feasible to deploy aircraft rather than parking it without utilization. However, he was also of the view that the issue of cost should also be considered by the Scheduled Airlines in such an arrangement. He also opined that allowing publication of time schedule will be more beneficial on such routes.

viii. Shri Alok Sinha, Joint Secretary was of the view that for route under CAT-II/Cat-III the NSOPs should be allowed to publish time schedule so that a passenger can easily be aware about such operation rather than searching the contact detail of NSOPs on websites.

ix. Shri R. P. Sahi was of the view that in such sharing both the airlines (SOPs and NSOPs) should be allowed to issue limited common tickets.

x. Representative of Deccan Charter also requested that Wet Leasing of aircraft should be allowed for NSOPs for experimental flights to see market status. The Chairman mentioned that all the aspects of Wet Leasing including their misuses are being examined.

xi. JS (DoNER) raised the issue of cargo by NSOP like North East Shuttle and suggested that it should be allowed. The representative of DGCA has submitted that they will look into the matter to allow cargo operation by NSOPs keeping in mind the weight and balance. Further JS (DoNER) also desired that NSOPs may be allowed to operate to Dhaka. The Chairman submitted that this is guided by Bilateral Agreements.

4. Summing up, the Chairman once again sought the view of NSOPs on Code sharing between SOPs and NSOPs and other changes in rules to improve connectivity. The following views emerged:

- (a) Code Sharing will be a very good step in order to enhance connectivity to unserved and underserved areas, particularly to such places where there is a small market but scheduled airline are unable to operate due to absence of smaller aircraft.
- (b) Only twin engine aircraft be permitted for such operations by NSOPs i.e. no compromise on safety aspect.
- (c) Scheduled Airlines having in passenger sharing agreement with NSOPs will have to assure certain number of seats to such NSOPs to meet their cost.
- (d) Underwriting of seats by State Govt. will be more beneficial in such operation.
- (e) NSOPs having in agreement will be under obligation to provide their craft for onward journey, at the time of arrival of the scheduled airlines. For other times or for other aircrafts they may be free to operate as per their business. NSOPs should have the flexibility to change the aircraft (under agreement)

keeping in view the seats provided by scheduled airlines without compromising the safety.

(f) NSOPs may be allowed to publish time table on CAT-II and Cat-III routes. However it may be optional for NSOPs.

(g) Issues like seat underwriting, sales tax on ATF may be considered by State Govt.

(h) Facilities in Night Parking, Landing Charges to such NSOPs having in agreement with SOPs on the same line as available to SOPs should be examined.

5. It was decided that NSOPs will submit their views at the earliest as the report has likely to be finalized within 30<sup>th</sup> June.

6. The meeting ended with a Vote of Thanks to the Chair.

Minutes of the 3<sup>rd</sup> meeting of Committee constituted to examine CAR on RSOP and other connectivity issues held on 03.06.2011 with Scheduled Operators in the Conference Hall of Ministry of Civil Aviation (1<sup>st</sup> Floor, "B" Block, Rajiv Gandhi Bhawan, Ministry of Civil Aviation):

3<sup>rd</sup> meeting of the Committee constituted to examine CAR on RSOP and other connectivity issues was held on 03.06.2011 with Scheduled Operator in the Conference Hall of Ministry of Civil Aviation (1<sup>st</sup> Floor, "B" Block, Rajiv Gandhi Bhawan, Ministry of Civil Aviation) under the chairmanship of Shri Rohit Nandan, Joint Secretary, Ministry of Civil Aviation.

2. List of participants is annexed.

3. The following discussions were held:

i. Initiating the discussion the Chairman briefed that the meeting is organized to discuss the issue of some kind of arrangement on passenger sharing either like Code Sharing or in other form between Scheduled and Non Scheduled Operator so that a passenger travelling from a Scheduled Operator can be shared by the Non Scheduled Operator to such places where the scheduled operator does not operate and 'Hub & Spoke' model can be developed. To promote such sharing, Scheduled Operators may be granted benefit in terms of fulfilment of RDG obligation through the NSOPs which are in arrangement with them. The modalities of such an arrangement have to be discussed. He made it clear that at this stage since such type of arrangement is not permissible hence the Ministry is considering allowing such arrangements but it will not be compulsory for all airlines. He further clarified that there will be a set of rule under which the NSOP and SOP can make passenger sharing agreement. He invited view of Scheduled Airlines on three issues:

(a) What can airlines do themselves.

(b) Code sharing

(c) Policy relaxation to promote connectivity to Cat-II and Cat-III cities.

ii. Representative of Jet Airways supported the view of passenger sharing and submitted that this will be a very welcome step in order to enhance connectivity to smaller cities. Further they were also of the view that with such arrangement scheduled airlines will become free from deploying their bigger aircraft on such route where there is a low load factor and instead they can fulfill their ASKM obligation under RDG. Further they submitted that this type of arrangement can only



take place if NSOPs use similar performance for passenger information as scheduled airlines using and all other issues like insurances, safety and commercial can be suitably addressed in their agreement.

iii. Representative of Go Air was of the view that major concern is settlement and assurances by scheduled airlines for their own part as also for the part covered by NSOPs under the agreement, as NSOP have no such system at present.

iv. The Chairman stated that the Ministry can only set rules to allow arrangement but can't be a part/interfere in commercial arrangements.

v. The representative of Jet Airways enquired whether such NSOPs will be granted relaxation in landing /parking charges as available to NSOPs. The Chairman assured that this matter will be looked into.

vi. The representative of Go Airlines desired that a software may be developed which can be utilized by both SOPs and NSOPs for passenger booking. DGCA was of the view that such software can't be provided by DGCA.

vii. The representative of IndiGo mentioned that they have no problems in entering into such an arrangement with NSOPs.

viii. Shri R. P. Sahi, consultant was of the view that NSOPs have to place their aircraft at the time of arrival of scheduled aircraft.

ix. Representative of Kingfisher Airlines mentioned that development of system by NSOPs to develop performance like SOPs will be must. She further desired whether BCAS will allow airport boarding pass for such passenger who will transferred from Scheduled flight to non scheduled flight as available in code sharing.

x. The Chairman submitted that since the passenger once go through security check before boarding and being transferred into Non scheduled flight without coming out of airport, BCAS may have no problem, but he desired that the matter will be finalized in consultation with BCAS.

xi. The representative of IndiGo desired that such NSOPs should be allowed to publish time schedule. He desired to know whether the NSOPs will be allowed to utilize stock of Scheduled airline having in arrangement with them and vice-versa.

xii. Shri Alok Sinha, Joint Secretary submitted that In principal it would be agreed but the modalities may be discussed in due course.

xiii. The Chairman enquired whether there were other policy issues with scheduled airlines. Shri Sarwesh Kumar Arya, Under Secretary submitted that one of the issue under consideration is "In Principle Approval" of import of aircraft. The Chairman asked the airlines that keeping in view that airlines are not adhering to their schedule mentioned in their proposal of "In Principle Approval" and this is also not a part of CAR, why not "In Principle Approval" be stopped. Airlines submitted that this was required for making agreements with manufacturer for import of aircraft in future. The Chairman suggested that there may be other option like increase in validity of firm permission. He asked airlines to submit their views within a week.

xiv. The Chairman also asked the airlines to submit their views on allowing Wet Leasing of aircraft by NSOPs and steps to stop its violation.

4. The meeting ended with a Vote of Thanks to the Chair.

Minutes of the 4<sup>th</sup> meeting of Committee constituted to examine CAR on RSOP and other connectivity issues held on 06.06.2011 with initial NOC holders for Scheduled Regional Operations in the Conference Hall of Ministry of Civil Aviation (1<sup>st</sup> Floor, "B" Block, Rajiv Gandhi Bhawan, Ministry of Civil Aviation):

4<sup>th</sup> meeting of the Committee constituted to examine CAR on RSOP and other connectivity issues was held on 06.06.2011 with initial NOC holders for Scheduled Regional Operations in the Conference Hall of Ministry of Civil Aviation (1<sup>st</sup> Floor, "B" Block, Rajiv Gandhi Bhawan, Ministry of Civil Aviation) under the chairmanship of Shri Rohit Nandan, Joint Secretary, Ministry of Civil Aviation.

2. On Airlines side, only Indus Airways has attended the meeting. Jagson Airlines expressed their inability to attend the meeting whereas Freedom Aviation had already submitted their written submission.

3. The following discussions were held:

i. M/s. Indus Airways had submitted their suggestion in writing on Code Share Agreement between SOPs and NSOPs.

ii. M/s. Indus Airways requested for revision in two provisions of CAR for RSOP. The first one was to allow import/acquisition of twin engine aircraft less than 5700 kgs. The representative of the airlines was of the view that the current CAR provision does not allow import/acquisition of aircraft having maximum take up mass less than 5700 kgs. They submitted that amongst the above 5700 kgs aircraft category there are more than 70 seater aircrafts which are not viable on regional routes. Hence they requested for consideration of review of the provision and to allow them to operate Twin Otter, Y-12, L-410 aircrafts having less than 5700 kgs max. all up weight. Responding to the query of the Chair, representative of DGCA had submitted that the logic behind the provision was based on the provision of UK and the suggestion of the company can be considered. Shri Alok Sinha, Joint Secretary was of the view that the type of aircraft should be left on the market forces without compromising on safety issues. The Chairman agreed that the issue would be reconsidered.

iii. The second submission of the company was relaxation in age limit of the aircraft by allowing import of aircraft 25 years old subject to airworthiness. The members of the Committee did not agree to this proposal keeping in view the safety requirements. The company thereafter submitted that CAR provision on age of the aircraft in case of unpressurized and pressurized aircraft is not clear in the CAR for

regional airlines. It was agreed that a clarification will be issued in this regard, if desired.

iv. On query of the chair regarding other suggestions, the company submitted that they should be allowed to operate to at least two metros instead of one. The Chairman desired that the pros. and cons. of the suggestion to allow RSOPs to operate on Metros except Delhi and Mumbai may be examined subject to no direct linkage between two metros. The company also submitted that RNFS and landing charges be abolished. Shri Alok Sinha, Joint Secretary was of the view that the RNFC and landing charges for below certain category aircraft should be on flat rate for initial 03 years and thereafter it should be reexamined.

v. The Chairman desired that the company should submit their progress report to the Ministry and take initiatives to start their operation at the earliest. The company submitted that as soon as the relaxation for import of aircraft less than 5700 kgs max. weight will be given they will import the aircraft.

vi. The Chairman desired that given the fact that no initial holders for RSOPs was able to start the operation the continuance of category of regional operation should be relooked. He also desired that it should also be examined that when NSOPs will be allowed to publish their time scheduled on the routes not being operate by SOPs would there be a need for separate NSOP and RSOP.

vii. Regarding review of RDG, it was also decided that the issue of removal of Guwahati from Cat-II and its impact and other issues should also be examined.

viii. The Chairman desired that since the consultation process with stakeholder is complete, State Govts. opinion should also be sought and a letter in this regard should be sent them within 1-2 days and the preparation of the report of the Committee should be initiated.

4. The meeting ended with a Vote of Thanks to the Chair.



ROHIT NANDAN  
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GOVERNMENT OF INDIA  
RAJIV GANDHI BHAWAN, SAFDARJUNG AIR PORT  
NEW DELHI - 110003

D.O.No.AV.13011/72/2010-DT

June 8, 2011

Dear Sir,

As you may be aware, Ministry of Civil Aviation is in the process of reviewing the present status of air connectivity in the country and also measures to be taken to improve air connectivity of remote, under-served and unserved areas.

2. With a view to achieve better regulation of air transport services and taking into account the need for air transport services of different regions in the country, the Government vide Order dated 1.3.1994 have laid down Route Dispersal Guidelines (RDG). According to these guidelines, all scheduled operators are required to deploy in the North Eastern region, Jammu & Kashmir, Andaman & Nicobar Islands and Lakshadweep (Category-II routes) at least 10% of their deployed capacity on trunk routes (Category-I routes). Further, at least 10% of the capacity thus required to be deployed on Category-II routes, is required to be deployed for connectivity exclusively within these regions. (Copy of RDG is enclosed)
3. Further, in 2007, Ministry had introduced a new category of scheduled Air Transport (Regional) Services to enhance regional connectivity particularly to Tier II and Tier III category (details enclosed).
4. Despite these efforts, while considering the present status of air connectivity, it has been come to the notice of the Govt. that many States are still poorly connected even though they have potential and requirement.
5. Keeping this in view, a Committee has been constituted under my chairmanship to discuss the issue of air connectivity and all possible changes in guidelines in order to enhance connectivity to remote, underserved and unserved places.
6. The Committee has completed consultation with the stakeholders i.e., Scheduled, Non-Scheduled and Regional Scheduled Operators in order to obtain their opinion.
7. As you may agree, State Government plays a crucial role in the matter of development of civil aviation sector not only on infrastructure side but also on connectivity issues. Accordingly, it has been desired to seek the opinion of State Governments on all possible measures to enhance connectivity, present guidelines on civil aviation sector etc.

...2/-

8. In this context, the comments of State Governments on the following issues are invited in order to prepare suitable guidelines :

- (i) Route Dispersal Guidelines (RDG): Whether the existing RDG is adequate or any changes in these guidelines are required, if so , the details thereof;
- (ii) Underwriting of Seats by the State Governments : Whenever the issue of air connectivity is taken by the airlines, they are claiming that they are not operating on some sectors due to low/no load factor. They are of the opinion that State Government underwriting a few seats would help them in to maintaining their basic operational cost on that route. It has been come to the notice of the Govt. that one of the State Govt. has entered into such agreement with airline operator. Other State Govt. may also develop their own policy in this matter as it would be very effective in enhancing air connectivity to remote places where the load factor is very low. State Govt. may utilise such seats in order to boost tourism and for their official use.
- (iii) Reduction in Sales Tax on ATF to such operator/other operators in order to minimise their cost.
- (iv) The other best method of achieving air connectivity to remote and in accessible areas in the State through civil aviation
- (v) The role of State Govts. on development of airports

9. The Committee has to submit its report till 30<sup>th</sup> June, 2011 so that the revised guidelines can be taken place at the earliest.

10. I shall be grateful, if you could arrange to furnish your views and send it to us before 25<sup>th</sup> June, 2011. The view can also be sent by Email at [rohitnandan.moca@nic.in](mailto:rohitnandan.moca@nic.in).

*with regard,*

Yours sincerely,

*all*  
  
(Rohit Nandan)

Shri S.V. Ranganath, IAS  
Chief Secretary,  
Govt. of Karnataka,  
3<sup>rd</sup> Floor, R.No.320,  
Vidhan Souda,  
Secretariat, Bangalore-560001.

*Delivered  
Del. 35 Letter  
11/6/2011*

# **ROUTE DISPERSAL GUIDELINES PROVISION OF SERVICE IN DIFFERENT CATEGORIES OF ROUTES**

## **CATEGORY-I**

Routes connecting directly

MUMBAI-BANGALURU	KOLKATA-DELHI
MUMBAI-KOLKATA	KOLKATA-BANGALURU
MUMBAI-DELHI	KOLKATA-CHENNAI
MUMBAI-HYDERABAD	DELHI-BANGALURU
MUMBAI-CHENNAI	DELHI-HYDERABAD
MUMBAI-TRIVANDRUM	DELHI-CHENNAI

## **CATEGORY-II**

Routes connecting stations in North Eastern region, Jammu & Kashmir, Andaman & Nicobar and Lakshadweep.

## **CATEGORY-III**

Routes other than those in Category-I and Category-II

Any one who operates schedule air transport service on one or more of the routes under Category-I, shall be required to provide such service in Categories-II & III as indicated below:

The operator will deploy on routes in Category-II at least 10% of the capacity he deploys on routes in Category-I and of the capacity thus required to be deployed on Category-II routes, at least 10% would be deployed on service or segments thereof operated exclusively within the North-Eastern region, Jammu & Kashmir, Andaman & Nicobar and Lakshadweep.

The operator will deploy on routes in Category-III, at least 50% of the capacity he deploys on routes in Category-I.

- Note 1: A service operated on a Category-I route as a part of international air service will not be reckoned for the above purpose.
- Note 2: Capacity deployed will be reckoned in Available Seat Kilometres (ASKM).
- Note 3: On multiple sector routes like Delhi-Kolkata-Guwahati-Imphal, the capacity provided on Delhi-Kolkata sector will count towards Category-I that provided on Kolkata-Guwahati sector will count towards Category-II and the capacity on Guwahati-Imphal sector will count towards service exclusively within Category-II.
- Note 4: In addition to the routes identified as Category IIA in the aforesaid Ministry of Civil Aviation Order, the operations on Cochin-Agatti-Cochin route shall also be counted within the classification of Category IIA routes

## Regional Airlines

To promote regional connectivity and to expand air connectivity on Tier II and Tier III cities a separate category of Scheduled Air Transport (Regional) Services has been introduced on 26.07.2007 with the approval of HMCA. DGCA has issued Civil Aviation Requirement Section 3, Air Transport Series 'C' Part VIII dated 23.8.2007 stipulating minimum requirements for grant of permit to operate Scheduled Air Transport (Regional) Services.

2. The definition of scheduled air transport (Regional ) Services as defined in CAR, are as under:

Scheduled Regional Air Transport Service means a Scheduled Air Transport service which operates primarily in a designated region and which on grounds of operational and commercial exigencies may be allowed to operate from its designated region to airports in other regions, except the metro airports of other regions.

Note 1: The regional airlines shall not be permitted to operate on Category I routes as given in Annexure-VII of this CAR.

Note 2: The regional airlines of the southern region which has 3 metros would be allowed to operate between the metros within the southern region namely Bangalore, Chennai and Hyderabad.

### CATEGORY - I

Routes connecting directly

MUMBAI - BANGALURU

KOLKATA - DELHI

MUMBAI - KOLKATA

KOLKATA - BANGALURU

MUMBAI - DELHI

KOLKATA - CHENNAI

MUMBAI - HYDERABAD

DELHI - BANGALURU

MUMBAI - CHENNAI

DELHI - HYDERABAD

MUMBAI-TRIVANDRUM

DELHI-CHENNAI

3. The detail Civil Aviation Requirement Section 3, Air Transport Series 'C' Part VIII dated 23.8.2007 stipulating minimum requirements for grant of permit to operate Scheduled Air Transport (Regional) Services is available on the website of DGCA i.e. [www.dgca.nic.in](http://www.dgca.nic.in).



**Chief Secretaries of States & UTs  
(As on 30/05 /2011)**

S.No.	STATE (HEADQUARTER)	NAME	SERVICE/ CADRE	E-MAIL
1.	Andhra Pradesh (Hyderabad)	Shri S. V. Prasad	(AP:75)	cs-andhra@nic.in
2.	Arunachal Pradesh (Itanagar)	Shri Tabom Bam	(AGMU:77)	cs-arunachal@nic.in
3.	Assam (Dispur)	Shri Naba Kumar Das	(AM:76)	cs-assam@nic.in
4.	Chhattisgarh (Raipur)	Shri P. Joy Oommen	(CG:77)	cs-chhattisgarh@nic.in
5.	Bihar (Patna)	Shri Anup Mukerji	(BH:74)	cs-bihar@nic.in
6.	Gujarat (Gandhinagar)	Shri Achal Kumar Jyoti	(GJ:75)	cs-gujarat@nic.in
7.	Goa (Panaji)	Shri Sanjay Kumar Srivastava	(AGMU:80)	cs-goa@nic.in
8.	Haryana (Chandigarh)	Ms Urvashi Gulati	(HY:75)	cs-haryana@nic.in
9.	Himachal Pradesh (Shimla)	Ms. Rajwant Sandhu	(HP:75)	cs-himachal@nic.in
10.	Jammu & Kashmir (Srinagar)	Shri Madhav Lal	(JK:77)	cs-jandk@nic.in
11.	Jharkhand (Ranchi)	Shri S. K. Chaudhary	(JH:77)	cs-jharkhand@nic.in
12.	Karnataka (Bangalore)	Shri S.V.Ranganath	(KN:75)	cs-karnataka@nic.in
13.	Kerala (Thiruvananthapuram)	Dr. P. Prabakaran	(KL:78)	cs-kerala@nic.in
14.	Madhya Pradesh (Bhopal)	Shri Avani Vaish	(MP:75)	cs-madhyapradesh@nic.in
15.	Maharashtra (Mumbai)	Shri R.Y. Gaikwad	IAS(MH:75)	cs-maharashtra@nic.in
16.	Manipur (Imphal)	Shri D. S. Poonia	(MT:78)	cs-manipur@nic.in
17.	Meghalaya (Shillong)	Shri Winston Mark Simon Pariat	(AM:77)	cs-meghalaya@nic.in
18.	Mizoram (Aizawl)	Shri Vanhela Pachuau	(AGMU:76)	cs-mizoram@nic.in

S.No.	STATE (HEADQUARTER)	NAME	SERVICE/ CADRE	E-MAIL
19.	Nagaland (Kohima)	Shri Lalthara	(NL:75)	cs-nagaland@nic.in
20.	Orissa (Bhubaneswar)	Shri Bijay Kumar Patnaik	(OR:76)	cs-orissa@nic.in
21.	Punjab (Chandigarh)	Shri S S Brar	(PB:77)	cs-punjab@nic.in
22.	Rajasthan (Jaipur)	Shri Salauddin Ahmed	(RJ:75)	cs-rajasthan@nic.in
23.	Sikkim (Gangtok)	Shri Tseten Dorji	(SK:75)	cs-sikkim@nic.in
24.	Tamil Nadu (Chennai)	Shri Debendranath Sarangi	(TN:77)	cs-tamilnadu@nic.in
25.	Tripura (Agartala)	Shri S.K. Panda	(MT:80)	cs-tripura@nic.in
26.	Uttarakhand (Dehradun)	Shri Subhas Kumar	(UL:77)	cs-uttaranchal@nic.in
27.	Uttar Pradesh (Lucknow)	Shri Anoop Mishra	(UP:78)	cs-uttarpradesh@nic.in
28.	West Bengal (Kolkata)	Shri Samar Ghosh	(WB:77)	cs-westbenga@nic.in

#### UNION TERRITORIES/ADMINISTRATION

1.	Andaman & Nicobar Port Blair	Shri Shakti Sinha (Chief Secretary)	(AGMU:79)	cs-andaman@nic.in
2.	Chandigarh	Shri Pradip Mehra (Adviser to the Admnstr.)	(AGMU:75)	admr-chandigarh@nic.in
3.	Daman & Diu Daman	Shri Narendra Kumar (Administrator)	(AGMU:88)	admr-daman@nic.in
4.	Delhi Delhi	Shri Praveen Kumar Tripathi (Chief Secretary)	(AGMU:77)	cs-delhi@nic.in
5.	Lakshadweep Kavaratti	Shri J.K.Dadoo (Administrator)	(AGMU:83)	admr-lakshadweep@nic.in
6.	Pondicherry	Shri R Chandramohan (Chief Secretary)	(AGMU:78)	cs-pondicherry@nic.in
7.	Dadra & Nagar Haveli Silvasa	Shri Narendra Kumar (Administrator)	(AGMU:88)	admr-dadranagar@nic.in

Note : This List is maintained by V.K.Gupta, Section Officer, EO(CM), DOP&T, North Block, New Delhi. (Tel. : 23092584 and e-mail : socm-dopt@nic.in)

## APPENDIX-A

### Comparison of Existing EAS Schemes

States	Australia	European Union	United States
Name	Remote Air Service Subsidy (RASS) scheme	Public Service Obligation (PSO) scheme	Essential Air Service (EAS) program
Background	The Federal Government has been subsidizing remote air services since 1957, most recently through the RASS scheme that was established in 1983. Inter-State domestic markets were deregulated by the Federal Government in 1990, while some inter-State domestic markets are still regulated to a varying extent by State governments concerned (for example, New South Wales and Tasmania).	The Second Liberalization Package introduced the PSO scheme in 1990, allowing member States to provide some support for intra-EU international regional routes where market forces could not function adequately. In 1993, the PSO scheme was expanded by the Third Liberalization Package (Council Regulation No. 2408/92), and member States' existing domestic subsidy schemes were required to comply with the PSO procedure by the end of 1995.	The Federal Government had subsidized local-service carriers, if necessary, through the mail rate subsidy program since 1958. In 1978, when the Airline Deregulation Act was enacted, the EAS program was put into place, replacing the mail rate subsidy program by 1986. Although the EAS program was originally funded for a ten-year period, the Congress extended the period for another ten years in 1987, and removed the sunset date by the Rural Air Service Survival Act of 1996.
Objective	To ensure communities in remote and isolated areas have access to scheduled air services for the carriage of passengers and goods including mail, educational material, medical supplies, fresh food and urgent supplies.	To ensure the provision of a service satisfying fixed standards of continuity, regularity, capacity and pricing, which standards the airline would not assume if it were solely considering its commercial interest.	To guarantee that small communities that were served by certificated air carriers before deregulation continue to have access to the nation's air transport system.
Administrative body	The Department of Transport and Regional Services (DOTARS).	Each member State administers its own scheme, but has to observe Council Regulation No. 2408/92. The European Commission carries out an investigation upon request.	The Department of Transportation (DOT, in place of the Civil Aeronautics Board in 1985).
Applicability	Scheduled domestic passenger and cargo services (in most cases, deliveries of mail and educational materials).	Scheduled domestic and intra-European Economic Area (EEA) international services. Cargo services are not prevented by the Regulation, but in reality only passenger services have taken advantage of the scheme.	Scheduled domestic passenger services. The Federated States of Micronesia, the Marshall Islands and Palau have been covered separately.
Eligible routes or points	An eligible community must meet two fundamental requirements: a) there must be a demonstrated need for a weekly air service (there is a permanent population base but no existing air service; evidence of costs must be provided); and b) the community must be sufficiently remote in terms of surface travel time to a population center (beyond two hours) or neighboring community receiving a weekly transport service (beyond one hour).	An eligible route is one to an airport serving a peripheral or development region in the territory or a thin route to any regional airport in the territory, where airlines would not assume the adequate provision of scheduled air services satisfying fixed standards of continuity, regularity, capacity and pricing, if they were solely considering their commercial interest. Such route should be considered vital for the economic development of the region in which the airport is located.	Eligible points are communities receiving certified air service or listed on an air carrier's certificate in October 1978. Beginning in 1994, excluded are those within 70 driving miles of an FAA-designated medium or large hub airport or those receiving over a \$200 subsidy per passenger (unless that community is over 210 driving miles from the nearest medium or large hub airport in the 48 contiguous states).
Service level requirement and specification	The operators are required to provide a scheduled weekly air service to the specified communities on the specified days of the week. They are responsible for the operation of the air service as a commercial undertaking, including setting fares and rates at levels aligned to other equivalent air services in remote regions.	The adequacy of scheduled air services shall be assessed by the member State having regard to: a) the public interest; b) the possibility, in particular for island regions, of having recourse to other forms of transport and their ability to meet the transport needs under consideration; c) the air fares and conditions which can be quoted to users; and d) the combined effect of all airlines operating or intending to operate on the route.	Communities that require subsidized service except those in Alaska are entitled to the following: a minimum of two round-trips per day, six days a week (five days until 1988); using 15-seat or larger pressurized aircraft that averaged more than 11 passenger enplanements a day from 1976 to 1986 (any size aircraft until 1988); and not more than one intermediate stop on each flight to an FAA-designated medium or large hub airport. In Alaska, communities are entitled to the number of flights provided in 1976 or two round-trips per week, whichever is greater, unless the affected community agrees otherwise. Flights must be provided at reasonable times taking into account the needs of passengers with connecting flights. The DOT may authorize a higher amount of service than the above minimum levels.

States	Australia	European Union	United States
<b>Operational procedures</b>	Communities rather than airlines apply or re-apply to be included in the scheme. Then, the operator to the community is selected through a competitive open tender process (often jointly with Australia Post). The selection is normally made simultaneously for all communities.	Before the introduction of the PSO, a member State shall consult with the other member States concerned and inform the European Commission (which shall publish the existence of this PSO) and airlines operating on the route. Once a PSO has been introduced, airlines can operate the route only if they meet the service requirements. If no airline is interested in operating the route, then the route can be restricted to one airline for up to three years (except where other forms of transport can ensure an adequate and uninterrupted service when the annual capacity exceeds 30 000 seats, and where another member States concerned proposes a satisfactory alternative means). The operator is selected from Community air carriers by public tender, either singly or for a group of such routes. The deadline for submission of tenders shall not be earlier than one month after the invitation to tender is published. The selection shall be made as soon as possible but after two months from the deadline.	If the last airline serving a community with or without a subsidy wishes to terminate, suspend, or reduce that service below the required level, it must first file a 90-day advance notice. During the notice period, any airline may propose to replace the incumbent on a subsidy-free basis. If a subsidy-free replacement airline cannot be found during the notice period, the DOT requires the incumbent to continue to provide a prescribed level of service, and solicits proposals for replacement service. The incumbent airline is held in pending completion of the carrier-selection case, and is eligible to receive compensation for its losses plus a profit element after the initial 90-day notice period is over.
<b>Carrier selection criteria</b>	Include the applicant's safety qualification, operational policy, business plan, budget, financial viability and operational ability.	Taking into account the adequacy of the service including the prices and conditions which can be quoted to users and, if any, the cost of the compensation required.	Include the applicant's ability to offer through ticketing and joint fares for connecting passengers, any codeshare relationship with a major partner, the experience in providing scheduled air service, the preference of the community, and the requested subsidy amounts.
<b>Contract duration</b>	The term depends on ongoing Government funding commitments to the scheme but would not normally exceed two years with an option to extend for up to two years.	For a period of up to three years, after which the situation shall be reviewed.	The term is subject to renewal generally every two years, at which time other airlines are permitted to submit proposals to serve that community with or without a subsidy.
<b>Contract contents</b>	The agreement with a selected airline specifies, <i>inter alia</i> , required services, operational technical requirements, subsidy amounts, and financial, statistical and performance reporting requirements.	The contract (as well as the invitation to tender) shall cover, <i>inter alia</i> : a) the standards required by the PSO; b) rules concerning amendment and termination of the contract, in particular to take account of unforeseeable changes; c) the period of validity of the contract; and d) penalties in the event of failure to comply with the contract.	The carrier selection order specifies the service pattern (routing, frequency and aircraft type), the exact subsidy rate, and the dates of effectiveness and termination of the rate.
<b>Slot protection</b>	Not applicable.	A member State may reserve certain slots at a fully coordinated airport when a PSO has been imposed on scheduled services on a domestic route to or from that airport in accordance with Council Regulation No. 95/93.	Whenever the DOT determines that slots are needed for operations to or from a designated high density traffic airport under the EAS program, those slots shall be provided to a selected airline under certain conditions.
<b>Subsidy payments</b>	The subsidy payment to a selected airline is made monthly in arrears. The subsidy amount is assessed as the expected shortfall between costs and revenues for the coming year with an allowance for a five per cent profit according to the agreed service levels (regardless of actual patronage and cargo carried).	A member State may reimburse a selected airline for satisfying standards required by a PSO. Such reimbursement shall take into account the costs and revenues generated by the service (i.e. calculated on the basis of the operating deficit incurred on the route concerned, including a reasonable remuneration for capital employed).	A subsidy is paid to a selected airline monthly on an after-the-fact basis after the airline has begun the service. The subsidy amount covers the difference between an airline's projected revenues and expenses with a profit element equal to five percent of total expenses.
<b>Current scale of operations</b>	Eight airlines serving about 250 remote communities in Queensland, the Northern Territory, South Australia, Tasmania (Bass Strait), and Western Australia.	Over 130 PSO routes throughout the EEA including Finland, France (representing about half of the PSO routes), Germany, Greece, Iceland, Ireland, Italy, Norway, Portugal, Spain, Sweden and the United Kingdom, but not all of them with subsidies, some having market protection only.	About 100 communities in the contiguous 48 states and Hawaii as well as 35 in Alaska receive EAS services operated mainly by commuter airlines.

States	Australia	European Union	United States
Budget	A fixed annual budget as determined in the Federal budget (for example, A\$1.2 million in 1999-2000, A\$2.5 million in 2000-01, A\$2.2 million in 2001-02, A\$3.2 million in 2002-03, A\$3.3 million in 2004-05).	Up to each member State, for example, a central budget, a budget of local/regional entities (which directly benefit from the PSO), or a national-local mixed fund system.	A \$50 million annual budget has been guaranteed since FY 1998 with an additional \$15 million subject to conditions since FY 2001 (before that, a budget had ranged from about \$100 million early in the program down to about \$25 million in mid-1990s). The terrorists attacks of September 11 greatly increased the demands on the EAS program, as airlines' revenues went way down while expenses increased. As a result, for FYs 2002-2005, the program was funded at \$113 million, \$113 million, \$102 million and \$102 million, respectively.
Supplementary measures and other schemes	<p>a) Australia Post has responsibility for the delivery of mail and has separate contracts with several RASS air operators for this purpose (A\$0.35). b) The State Governments of Queensland and South Australia each subsidizes regional airlines serving the specific remote routes.</p> <p>c) Some member State including France, Portugal and Spain have given aid of a social character to specific categories of passengers travelling on the route, like those with low income and those with reduced mobility. In the case of underprivileged regions like remote islands, the aid may cover the entire population of the region in question.</p>	a) Council Regulation No. 2408/92 also allows each member State, where the airline licensed by it has started a scheduled passenger service with aircraft of no more than 80 seats on a new route between regional airports where the annual capacity does not exceed 30 000 seats, to refuse another airline's entry for two years subject to certain conditions. b) The Route Development Funds (RDFs) were established in Scotland in 2002, Northern Ireland in 2003 and the Northwest region of England in 2004 by the public-private partnerships (PPPs) between local governments and private businesses. The aim of RDFs is to promote the development of new air routes primarily to Continental Europe (in some cases also to intercontinental destinations), through the provision of investment support for local airports to reduce landing charges for airlines selected and targeted new routes.	a) The Small Community Air Service Development Program was introduced in 2000 and extended in 2003. Subject to funding from Congress, the DOT may each year award a total of about \$20-35 million grant-in-aid financial assistance directly to a maximum of 40 communities served by an airport that is not larger than a small hub airport with insufficient air services or unreasonably high air fares. Priority is given to those communities, <i>inter alia</i> , where air fares are higher than the national average; a portion of the cost of the activity contemplated by the community is provided from local non-airport-revenue sources; and a PPP is established to facilitate air service. Grant funds can be used, for example, for financial incentives (including subsidies and revenue guarantees) to airlines and to cover the expense of new promotional activities related to improving air services. Communities may not receive grants for the same project more than once; therefore, there is no ongoing obligation to a project beyond a term of typically a few years. b) Many State governments have their own assistance programs and funds for regional air services.

## Sources:

- \* Australian DOTARS Web site ([http://www.dotars.gov.au/transprog/aviation/air\\_service\\_subsidy/](http://www.dotars.gov.au/transprog/aviation/air_service_subsidy/))
- \* Australian Bureau of Transport and Regional Economics (2003, *ibid*, see footnote 9)
- \* Council Regulation (EEC) No 2408/92 of 23 July 1992 on Access for Community Air Carriers to Intra-Community Air Routes (*OJ L 240*, 24.08.1992, [http://europa.eu.int/smartapi/cgi/sga\\_doc?smartapi!celexplus!prod!CELEXnumdoc&lg=en&numdoc=392R2408](http://europa.eu.int/smartapi/cgi/sga_doc?smartapi!celexplus!prod!CELEXnumdoc&lg=en&numdoc=392R2408))
- \* Council Regulation (EEC) No 95/93 of 18 January 1993 on Common Rules for the Allocation of Slots at Community Airports (*OJ L 014*, 22.01.1993, [http://europa.eu.int/smartapi/cgi/sga\\_doc?smartapi!celexplus!prod!CELEXnumdoc&lg=en&numdoc=393R0095](http://europa.eu.int/smartapi/cgi/sga_doc?smartapi!celexplus!prod!CELEXnumdoc&lg=en&numdoc=393R0095))
- \* Application of Articles 92 and 93 of the EC Treaty and Article 61 of the EEA Agreement to State Aids in the Aviation Sector (*OJ C 350*, 10.12.1994, [http://europa.eu.int/comm/competition/state\\_aid/legislation/94c350\\_en.html](http://europa.eu.int/comm/competition/state_aid/legislation/94c350_en.html))
- \* U.K. Civil Aviation Authority (2005, *ibid*, see footnote 9)
- \* Cranfield University Air Transport Group (2002, *ibid*, see footnote 9)
- \* U.S. DOT Web site ([http://ostpxweb.dot.gov/aviation/X-50%20Role\\_files/essentialairservice.htm](http://ostpxweb.dot.gov/aviation/X-50%20Role_files/essentialairservice.htm), [http://ostpxweb.dot.gov/aviation/X-50%20Role\\_files/smallcommunity.htm](http://ostpxweb.dot.gov/aviation/X-50%20Role_files/smallcommunity.htm))
- \* U.S. General Accounting Office (2000, 2002, *ibid*, see footnote 9)

Note: Detailed information on other schemes as well as proposed schemes may be found in:

- \* Transports Québec Web site (<http://www1.mtq.gouv.qc.ca/ft/services/programmes/c4.asp>)
- \* Regulation No. 24/2002/CM/WAEMU Setting the Conditions for Access by WAEMU Air Carriers to Services within the Community of 18 November 2002 (*Les Bulletins Officiels de l'UEMOA*, [http://www.izf.net/izf/Documentation/JournalOfficiel/AfriqueOuest/2002/REG24\\_2002.htm](http://www.izf.net/izf/Documentation/JournalOfficiel/AfriqueOuest/2002/REG24_2002.htm))
- \* Tongan Ministry of Civil Aviation (2004), *Domestic Civil Aviation Policy Advice Paper (DCAPAP)*, [http://mca.gov.to/files/policy\\_advice\\_paper.pdf](http://mca.gov.to/files/policy_advice_paper.pdf))
- \* Indian Ministry of Civil Aviation (2003), *Report of the Committee on a Road Map for the Civil Aviation Sector* (<http://civilaviation.nic.in/moca/nccommitterreport.pdf>)
- \* Pacific Islands Forum Secretariat (2003), *Alternative Approaches to Assured Services*, PIFS(03)FAPV.07. Fourth Aviation Policy Meeti

## LIST OF AIRPORTS IN INDIA

S. NO.	AIRPORT	STATE	OWNER
1.	ABU ROAD	RAJASTHAN	SG
2.	ADAMPUR	PUNJAB	IAF
3.	ADILABAD	ANDHRA PRADESH	IAF
4.	AGARTALA (SINGERBHIL)	TRIPURA	AAI
5.	AGATTI	LAKSHWADDEEP ISLANDS (U.T.)	AAI
6.	AGRA (KHERIA)	UTTAR PRADESH	IAF
7.	AHEMDABAD (SVBPI AIRPORT)	GUJARAT	AAI
8.	AIZAWL (LENGPUI)	MIZORAM	SG
9.	AKBARPUR	UTTAR PRADESH	SG
10.	AKOLA	MAHARASHTRA	AAI
11.	ALIGARH	UTTAR PRADESH	SG
12.	ALINYA	ARUNACHAL PRADESH	IAF
13.	ALLAHABAD (BAMRAULLI)	UTTAR PRADESH	IAF
14.	ALONG	ARUNACHAL PRADESH	SG
15.	AMBALA	HARYANA	IAF
16.	AMBARI	WEST BENGAL	PVT
17.	AMBIKAPUR (DARIMA)	MADHYA PRADESH	SG
18.	AMLA	MADHYA PRADESH	SG
19.	AMMASANDRA	KARNATAKA	PVT
20.	AMRAVATI	MAHARASHTRA	SG
21.	AMRITSAR (RAJA SANSI)	PUNJAB	AAI
22.	ARKONAM	TAMIL NADU	NAVY
23.	AURANGABAD	MAHARASHTRA	AAI
24.	AWANTIPUR	JAMMU & KASHMIR	IAF
25.	BAGDOGRA (SILIGURI)	WEST BENGAL	IAF
26.	BAKSHI KA TALAB	UTTAR PRADESH	IAF
27.	BANAR	RAJASTHAN	IAF
28.	BANASTHALI	RAJASTHAN	PVT
29.	BANGALORE (DEVANHALLI)	KARNATAKA	JV (PVT/AAI)
30.	BANGALORE (HAL)	KARNATAKA	HAL
31.	BANGALORE (IIS)	KARNATAKA	PVT
32.	BANSWARA (TILWARA)	RAJASTHAN	SG
33.	BARAMATI	MAHARASHTRA	SG
34.	BAREILLY	UTTAR PRADESH	IAF
35.	BARRACKPORE	WEST BENGAL	IAF
36.	BASANT NAGAR	ANDHRA PRADESH	PVT
37.	BEAS	PUNJAB	PVT
38.	BEHALA	WEST BENGAL	AAI
39.	BELGAUM	KARNATAKA	AAI
40.	BELLARY	KARNATAKA	IAF
41.	BETUL	MADHYA PRADESH	SG
42.	BHAGALPUR	BIHAR	SG
43.	BHATINDA	PUNJAB	IAF
44.	BHATPARA	WEST BENGAL	PVT
45.	BHAVNAGAR	GUJARAT	AAI
46.	BHILAI	CHATTISGARH	PVT
47.	BHITA	BIHAR	IAF

S. NO.	AIRPORT	STATE	OWNER
48.	BHIWANI	HARYANA	SG
49.	BHOPAL(RAJA BHOJ AIRPORT)	MADHYA PRADESH	AAI
50.	B.H.U. FLYING CLUB	UTTAR PRADESH	BHU
51.	BHUBNESHWAR (BIJU PATNAIK AIRPORT)	ORISSA	AAI
52.	BHUJ	GUJARAT	IAF
53.	BIDAR	KARNATAKA	IAF
54.	BIKANER (NAL)	RAJASTHAN	IAF
55.	BILASPUR	CHATTISGARH	AAI
56.	BIRLAGRAM (NAGDA)	MADHYA PRADESH	PVT
57.	BIRPUR	BIHAR	SG
58.	BOGRAJENG	ASSAM	PVT
59.	BOKARO	JHARKHAND	PVT
60.	BORENGAJULI	ASSAM	PVT
61.	BURHAR (SHAH DOL)	MADHYA PRADESH	PVT
62.	BURNPUR	WEST BENGAL	PVT
63.	CALICUT (KOZHIKODE)	KERALA	AAI
64.	CAR NICOBAR	ANDAMAN ISLANDS	IAF
65.	CHABUA	ASSAM	IAF
66.	CHANDIGARH	UNION TERRITORY	IAF
67.	CHANDRAPUR	MAHARASHTRA	SG
68.	CHENNAI	TAMIL NADU	AAI
69.	CHHAND BET	GUJARAT	SG
70.	CHHINDWARA	MADHYA PRADESH	SG
71.	CHILLARI	KERALA	PVT
72.	CHINYALI SAUR	UTTARAKHAND	SG
73.	CHOLAVARAM	TAMIL NADU	IAF
74.	CHUSHAL	JAMMU & KASHMIR	IAF
75.	COCHIN	KERALA	NAVY
76.	COCHIN INTERNATIONAL AIRPORT LTD. (CIAL)	KERALA	PVT
77.	COIMBATORE	TAMIL NADU	AAI
78.	COOCH BEHAR	WEST BENGAL	AAI
79.	CUDDAPAH	ANDRA PRADESH	AAI
80.	CUTTACK (CHARBATIA)	ORISSA	ARC
81.	DALTONGANJ	BIHAR	SG
82.	DAMAN	UNION TERRITORY	IAF
83.	DAMOH	MADHYA PRADESH	PVT
84.	DAPARIJO	ARUNACHAL PRADESH	IAF
85.	DARBHANGA	BIHAR	IAF
86.	DARRANG	ASSAM	IAF
87.	DEESA (PALANPUR)	GUJARAT	AAI
88.	DEHRADUN (JOLLYGRANT)	UTTARANCHAL	AAI
89.	NEW DELHI IGI AIRPORT (PALAM)	DELHI	AAI
90.	DELHI (SAFDARJUNG)	DELHI	AAI
91.	DEOGHAR	JHARKHAND	SG
92.	DEOLALI	MAHARASHTRA	IAF
93.	DHANBAD	JHARKHAND	SG
94.	DIBRUGARH (MOHANBARI)	ASSAM	AAI
95.	DIMAPUR (MANIPUR ROAD)	NAGALAND	AAI
96.	DINJAN	ASSAM	IAF

S. NO.	AIRPORT	STATE	OWNER
97.	DIU	UNION TERRITORY	UT
98.	DOOMUR DULLANG	ASSAM	PVT
99.	DURG	CHATTISGARH	SG
100.	ETAWAH	UTTAR PRADESH	SG
101.	FAIZABAD	UTTAR PRADESH	SG
102.	FEROZPUR	PUNJAB	IAF
103.	FURSATGANJ	UTTAR PRADESH	IGRUA
104.	GAGGAL (KANGRA)	HIMACHAL PRADESH	AAI
105.	GAUCHER	UTTARAKHAND	SG
106.	GAYA	BIHAR	AAI
107.	GHAZIPUR	UTTAR PRADESH	SG
108.	GOA (DABOLIM)	GOA	NAVY
109.	GONDIA	MAHARASHTRA	SG
110.	GORAKHPUR	UTTAR PRADESH	IAF
111.	GRASSMORE	WEST BENGAL	PVT
112.	GUNA	MADHYA PRADESH	SG
113.	GUWAHATI (LGBI AIRPORT)	ASSAM	AAI
114.	GWALIOR	MADHYA PRADESH	IAF
115.	HADAPSAR (GLIDEROME)	MAHARASHTRA	AAI
116.	HALWARA	PUNJAB	IAF
117.	HAMIRGARH	RAJASTHAN	SG
118.	HARDWAR	UTTARAKHAND	SG
119.	HASHIMARA	WEST BENGAL	IAF
120.	HINDAN	UTTAR PRADESH	IAF
121.	HIRAKUND	ORISSA	SG
122.	HISSAR	HARYANA	SG
123.	HUBLI	KARNATAKA	AAI
124.	HYDERABAD (BEGUMPET)	ANDHRA PRADESH	AAI
125.	HYDERABAD (DUNDIGAL)	ANDHRA PRADESH	IAF
126.	HYDERABAD (HAKIMPET)	ANDHRA PRADESH	IAF
127.	HYDERABAD (SHAMSABAD)	ANDHRA PRADESH	JV(PVT/AAI)
128.	IMPHAL (TULIHAL)	MANIPUR	AAI
129.	INDORE	MADHYA PRADESH	AAI
130.	IRADATGANJ	UTTAR PRADESH	IAF
131.	JABALPUR	MADHYA PRADESH	AAI
132.	JAGDALPUR	MADHYA PRADESH	SG
133.	JAIPUR (SANGANER)	RAJASTHAN	AAI
134.	JAISALMER	RAJASTHAN	IAF
135.	JAKUR	KARNATAKA	SG
136.	JALGAON	MAHARASHTRA	SG
137.	JAMMU	JAMMU & KASHMIR	IAF
138.	JAMNAGAR	GUJARAT	IAF
139.	JAMSHEDPUR	JHARKHAND	PVT
140.	JASHPURNAGAR	MADHYA PRADESH	SG
141.	JAWALAPUR	PUNJAB	PVT
142.	JAYPORE	ORISSA	SG
143.	JHABUA (RANPET)	MADHYA PRADESH	SG
144.	JHANSI	UTTAR PRADESH	AAI
145.	JHINGURA	UTTAR PRADESH	SG
146.	JHUNJHUNU	RAJASTHAN	SG
147.	JODHPUR	RAJASTHAN	IAF
148.	JORHAT	ASSAM	IAF



S. NO.	AIRPORT	STATE	OWNER
149.	JULLANDHAR	PUNJAB	ARMY
150.	KADAMBINI	WEST BENGAL	PVT
151.	KAILA SHAHAR	TRIPURA	AAI
152.	KALAIKUNDA	WEST BENGAL	IAF
153.	KAMALPUR	TRIPURA	AAI
154.	KANCHRAPARA	WEST BENGAL	IAF
155.	KANDLA	GUJARAT	AAI
156.	KANHA	MADHYA PRADESH	SG
157.	KANPUR (KALYANPUR)	UTTAR PRADESH	PVT
158.	KANPUR (CHAKERI)	UTTAR PRADESH	IAF
159.	KANPUR (CIVIL)	UTTAR PRADESH	AAI
160.	KARAD	MAHARASHTRA	SG
161.	KARGIL	JAMMU & KASHMIR	AAI
162.	KARNAL	HARYANA	SG
163.	KASIA	UTTAR PRADESH	SG
164.	KAYATTAR	TAMIL NADU	SG
165.	KESHOD	GUJARAT	AAI
166.	KHAJURAHO	MADHYA PRADESH	AAI
167.	KHAMBALIA	GUJARAT	IAF
168.	KISHTWAR	JAMMU & KASHMIR	IAF
169.	KOHINOOR	WEST BENGAL	PVT
170.	KOKRAJHAR	ASSAM	PVT
171.	KOLAPNI	ASSAM	PVT
172.	KOLHAPUR	MAHARASHTRA	AAI
173.	KOLKATA (NSCBI AIRPORT)	WEST BENGAL	AAI
174.	KOTA	RAJASTHAN	AAI
175.	KUDAL	MAHARASHTRA	PVT
176.	KULLU-MANALI (BHUNTAR)	HIMACHAL PRADESH	AAI
177.	KURSELA	BIHAR	PVT
178.	LAKHIPUR	ASSAM	PVT
179.	LALITPUR	UTTAR PRADESH	AAI
180.	LATUR	MAHARASHTRA	SG
181.	LEH	JAMMU & KASHMIR	IAF
182.	LONAVALA AMBY VALLEY)	MAHARASHTRA	PVT
183.	LUCKNOW (AMOUST)	UTTAR PRADESH	AAI
184.	LUDHIANA	PUNJAB	AAI
185.	MACKEBPUR	ASSAM	PVT
186.	MADURAI	TAMIL NADU	AAI
187.	MANGALORE (BAJPE)	KARNATAKA	AAI
188.	MECHUKA	ARUNCHAL PRADESH	IAF
189.	MEERUT	UTTAR PRADESH	SG
190.	MISA	ASSAM	PVT
191.	MITHAPUR (DWARKA)	GUJARAT	PVT
192.	MUIRPUR (KORBA)	UTTAR PRADESH	PVT
193.	MUMBAI (CSI AIRPORT)	MAHARASHTRA	AAI
194.	MUMBAI (JUHU)	MAHARASHTRA	AAI
195.	MUNDRA	GUJARAT	PVT
196.	MUZZAFARPUR	BIHAR	AAI
197.	MYSORE (MANDACALLY)	KARNATAKA	AAI
198.	NADIRGUL	ANDRA PRADESH	AAI
199.	NAGAUR	RAJASTHAN	SG

S. NO.	AIRPORT	STATE	OWNER
200.	NAGDA	MADHYA PRADESH	PVT
201.	NAGPUR (SONEGAON)	MAHARASHTRA	AAI
202.	NAINI - SAINI	UTTARANCHAL	SG
203.	NALIYA	GUJARAT	IAF
204.	NANDED	MAHARASHTRA	SG
205.	NARNAUL	HARYANA	SG
206.	NASIK ROAD	MAHARASHTRA	ARMY
207.	NEEMUCH	MADHYA PRADESH	CRPF
208.	NEW LANDS	WEST BENGAL	PVT
209.	NEW TELI PARA	WEST BENGAL	PVT
210.	NEYVELI	TAMIL NADU	PVT
211.	NORTH LAKHIMPUR (LILABARI)	ASSAM	AAI
212.	ONDAL	WEST BENGAL	SG
213.	OSMANABAD	MAHARASHTRA	SG
214.	OZAR (NASIK)	MAHARASHTRA	IAF
215.	PACHMARHI	MADHYA PRADESH	SG
216.	PANAGARH	WEST BENGAL	IAF
217.	PANGA	WEST BENGAL	PVT
218.	PANNERI	ASSAM	PVT
219.	PANTNAGAR	UTTARANCHAL	AAI
220.	PATHANKOT	PUNJAB	IAF
221.	PATIALA	PUNJAB	SG
222.	PATNA (JPN AIRPORT)	BIHAR	AAI
223.	PH. PHAMAU	UTTAR PRADESH	IAF
224.	PILANI	RAJASTHAN	PVT
225.	PINJORE	HARYANA	SG
226.	PIRTHIGANJ	UTTAR PRADESH	SG
227.	PITHORAGARH	UTTARANCHAL	SG
228.	PONDICHERRY	UNION TERRITORY	AAI
229.	POONCH	JAMMU & KASHMIR	ARMY
230.	PORBANDAR	GUJARAT	AAI
231.	PORT BLAIR (VEER SAVARKAR AIRPORT)	ANDAMAN ISLAND	INDIAN NAVY
232.	PRASADPUR (GANGA SAGAR)	WEST BENGAL	PVT
233.	PUNE (LOHEGAON)	MAHARASHTRA	IAF
234.	PURNEA	BIHAR	IAF
235.	RAIGARH (SARIYA)	CHATTISGARH	SG
236.	RAIPUR (BAIKUNTH)	CHATTISGARH	PVT
237.	RAIPUR (MANA)	CHATTISGARH	AAI
238.	RAJAHMUNDARY	ANDHRA PRADESH	AAI
239.	RAJHARA (DHALLI)	MADHYA PRADESH	PVT
240.	RAJKOT	GUJARAT	AAI
241.	RAJOURI	JAMMU & KASHMIR	ARMY
242.	RAMNAD	TAMIL NADU	NAVY
243.	RAMPUR HAT	WEST BENGAL	IAF
244.	RANCHI	JHARKHAND	AAI
245.	RATNAGIRI	MAHARASHTRA	SG
246.	REWA	MADHYA PRADESH	SG
247.	ROURKELA	ORISSA	PVT (SAIL)
248.	SAHARANPUR (SARSAWA)	UTTAR PRADESH	IAF

S. NO.	AIRPORT	STATE	OWNER
249.	SALAWAS	RAJASTHAN	IAF
250.	SALEM	TAMIL NADU	AAI
251.	SARANI	MADHYA PRADESH	SG
252.	SARDARNAGAR	UTTAR PRADESH	PVT
253.	SAUGAON	WEST BENGAL	PVT
254.	SEDAM	KARNATAKA	PVT
255.	SHAHBAD	KARNATAKA	PVT
256.	SHAHDOL	MADHYA PRADESH	SG
257.	SHILLONG (BARAPANI)	MEGHALAYA	AAI
258.	SHIMLA (JUBBARHATTI)	HIMACHAL PRADESH	AAI
259.	SHIVPURI	MADHYA PRADESH	BSF
260.	SHOLAPUR	MAHARASHTRA	AAI
261.	SHRAVASTI	UTTAR PRADESH	SG
262.	SIDHI	MADHYA PRADESH	SG
263.	SILCHAR (KHUMBIGRAM)	ASSAM	IAF
264.	SINDRI	WEST BENGAL	PVT
265.	SIROHI	RAJASTHAN	SG
266.	SIRSA	HARYANA	IAF
267.	SITAMANU	MADHYA PRADESH	SG
268.	SRINAGAR	JAMMU & KASHMIR	IAF
269.	SRI SATYA SAI (PRANSANTHINILYAM)	ANDHRA PRADESH	PVT
270.	SUKERATING (DUM DUMA)	ASSAM	IAF
271.	SULTANPUR (AMHAI)	UTTAR PRADESH	SG
272.	SULUR	TAMIL NADU	IAF
273.	SURAT (DUMAS)	GUJARAT	AAI
274.	SURATGARH	RAJASTHAN	IAF
275.	TAMBARAM	TAMIL NADU	IAF
276.	TANJORE	TAMIL NADU	IAF
277.	TEKANPUR	MADHYA PRADESH	BSF
278.	TEZPUR	ASSAM	IAF
279.	TEZU	ARUNCHAL PRADESH	IAF
280.	THIRUVANANTHA-PURAM	KERALA	AAI
281.	THOISE	JAMMU & KASHMIR	IAF
282.	TIRUCHIRAPALLI (TRICHY)	TAMIL NADU	AAI
283.	TIRUPATHI	ANDHRA PRADESH	AAI
284.	TURA	MEGHALAYA	SG
285.	TUTICORIN (TOOTHKUDI)	TAMIL NADU	AAI
286.	TUTING	ARUNCHAL PRADESH	IAF
287.	UDAIPUR	RAJASTHAN	AAI
288.	UDHAMPUR	JAMMU & KASHMIR	IAF
289.	UJJAIN	MADHYA PRADESH	SG
290.	UTERLAI	RAJASTHAN	IAF
291.	UTKELA	ORISSA	SG
292.	UTTARKASHI	UTTARANCHAL	SG
293.	VADODARA	GUJARAT	AAI
294.	VARANASI	UTTAR PRADESH	AAI
295.	VELLORE	TAMIL NADU	AAI
296.	VIDYANAGAR	KARNATAKA	PVT
297.	VIJAYAWADA	ANDHRA PRADESH	AAI
298.	VISHAKAPATNAM	ANDHRA PRADESH	NAVY
299.	WALUJ	MAHARASHTRA	PVT

S. NO.	AIRPORT	STATE	OWNER
300.	WARANGAL	ANDHRA PRADESH	AAI
301.	YADGIRI	KARNATAKA	PVT
302.	YEHLANKA	KARNATAKA	IAF
303.	YINGHIONG	ARUNCHAL PRADESH	SG
304.	ZERO	ARUNCHAL PRADESH	SG
305.	AHEMAD NAGAR	MAHARASTHRA	ARMY
306.	AKHNUR	JAMMU & KASHMIR	IAF
307.	ALERU	ANDHRA PRADESH	SG
308.	ALWAR	RAJASTHAN	SG
309.	AMARDA ROAD	ORISSA	IAF
310.	AMRELI	GUJARAT	SG
311.	ARRAH	BIHAR	SG
312.	ASANSOL	WEST BENGAL	AAI
313.	BALURGHAT	WEST BENGAL	AAI
314.	BARBIL	ORISSA	SG
315.	BARIPADA	ORISSA	PVT
316.	BEGUSARAI	BIHAR	SG
317.	BEHRAMPUR	WEST BENGAL	SG
318.	BHABUA	BIHAR	SG
319.	BHARATPUR	RAJASTHAN	SG
320.	BHAWI	RAJASTHAN	SG
321.	BIHAR SHARIFF	BIHAR	SG
322.	BIRASAL	ORISSA	SG
323.	BISHNUPUR	WEST BENGAL	IAF
324.	BOBBILI	ANDHRA PRADESH	IAF
325.	BUNDI	RAJASTHAN	SG
326.	BUXUR	BIHAR	SG
327.	CHAKULIA	JHARKHAND	AAI
328.	CHAIBASA	JHARKHAND	SG
329.	CHAMB	JAMMU & KASHMIR	IAF
330.	CHAPRA	WEST BENGAL	IAF
331.	CHELA	GUJARAT	IAF
332.	CHETINAD	TAMIL NADU	SG
333.	CHHAPRA	BIHAR	SG
334.	DABLAN	PUNJAB	PVT
335.	DALBHUNDARH	BIHAR	IAF
336.	DARNA CAMP	MAHARASTHRA	IAF
337.	DEHRI	BIHAR	SG
338.	DHANA	MADHYA PRADESH	SG
339.	DHOLPUR	RAJASTHAN	SG
340.	DHUBALIA	WEST BENGAL	IAF
341.	DHULIA	MAHARASHTRA	SG
342.	DIGRI	WEST BENGAL	IAF
343.	DONAKONDA	ANDHRA PRADESH	AAI
344.	DRANGADHARA	GUJARAT	SG
345.	DUDHKUNDI	WEST BENGAL	IAF
346.	DUMKA	JHARKHAND	SG
347.	DWARA	MEGHALAYA	SG
348.	ELLORE	ANDHRA PRADESH	IAF
349.	FALNA ROAD (PALI)	RAJASTHAN	SG
350.	FARIDKOT	PUNJAB	SG
351.	FUKCHE	JAMMU & KASHMIR	IAF

S. NO.	AIRPORT	STATE	OWNER
352.	GADRA ROAD	RAJASTHAN	SG
353.	GANDHISAGAR	MADHYA PRADESH	SG
354.	GINIGERA (HOSPET)	KARNATAKA	SG
355.	GONAPUR	ORISSA	SG
356.	GOPALPUR	ORISSA	SG
357.	GUDARI	ORISSA	SG
358.	GULBARGA (GLIDEROME)	KARNATAKA	SG
359.	GUREX	JAMMU & KASHMIR	IAF
360.	GURGAON	HARYANA	IAF
361.	GUSKHARA	WEST BENGAL	IAF
362.	HASSAN	KARNATAKA	SG
363.	HATHWA	BIHAR	IAF
364.	HAZARIBAGH	BIHAR	SG
365.	IMPHAL (KORANGEE)	MANIPUR	IAF
366.	ISARDA	RAJASTHAN	SG
367.	JAGATPUR	UTTAR PRADESH	IAF
368.	JATH	MAHARASTHRA	SG
369.	JAWAI	RAJASTHAN	SG
370.	JEHANABAD	BIHAR	SG
371.	JHALAWAR (BRIJNAGAR)	RAJASTHAN	SG
372.	JHANGAR	JAMMU & KASHMIR	IAF
373.	JHARSUGUDA	ORISSA	AAI
374.	JHINGURA	UTTAR PRADESH	SG
375.	JOGBANI	BIHAR	AAI
376.	KALYAN	MAHARASTHRA	IAF
377.	KARGID	CHATTISGARH	IAF
378.	KATI HAR	BIHAR	SG
379.	KAWALPUR	MAHARASTHRA	SG
380.	KEONJHAR	ORISSA	SG
381.	KHANDPARA	ORISSA	SG
382.	KHANDWA	MADHYA PRADESH	AAI
383.	KHARAGPUR	WEST BENGAL	IAF
384.	KHARGONE	WEST BENGAL	SG
385.	KHAVADA	GUJARAT	SG
386.	KHEMKARAN	PUNJAB	IAF
387.	KHOWAI	TRIPURA	AAI
388.	KOHEMA	NAGALAND	IAF
389.	KISHANGANJ	BIHAR	SG
390.	KISHANGARH	RAJASTHAN	AAI
391.	KOLAR	KARNATAKA	IAF
392.	KONARAK	ORISSA	SG
393.	LALGARH	RAJASTHAN	SG
394.	LALPUR	MADHYA PRADESH	SG
395.	LEDO	ASSAM	IAF
396.	LIMBDI	GUJARAT	SG
397.	MADHAIGANJ	WEST BENGAL	IAF
398.	MADHOSINGH	UTTAR PRADESH	IAF
399.	MADHUBANI	BIHAR	SG
400.	MALAPURA	RAJASTHAN	SG
401.	MALDA	WEST BENGAL	AAI
402.	MANTALAI	JAMMU & KASHMIR	PVT
403.	MATHANIA	RAJASTHAN	SG

S. NO.	AIRPORT	STATE	OWNER
404.	MERTA ROAD	RAJASTHAN	SG
405.	MEHSANA	GUJARAT	SG
406.	MIRAN SAHIB	JAMMU & KASHMIR	IAF
407.	MISA MARI	ASSAM	IAF
408.	MORVI	GUJARAT	SG
409.	MOTIHARI	BIHAR	SG
410.	MUNGER	BIHAR	SG
411.	MUZZAFARPUR	BIHAR	AAI
412.	NABHA	PUNJAB	SG
413.	NAGARJUNA SAGAR	ANDHRA PRADESH	SG
414.	NALGONDA	ANDHRA PRADESH	SG
415.	NANAK SAR	PUNJAB	SG
416.	NARIA	BIHAR	SG
417.	NAWAPARA	ORISSA	SG
418.	NAZIRA	ASSAM	IAF
419.	NOWGONG	MADHYA PRADESH	SG
420.	PADAMPUR	ORISSA	SG
421.	PALEL	MANIPUR	IAF
422.	PANCHANPUR	BIHAR	IAF
423.	PANDEVESWAR	WEST BENGAL	IAF
424.	PANZGAM	JAMMU & KASHMIR	IAF
425.	PARSOLI	GUJARAT	SG
426.	PASSIGHAT	ARUNACHAL PRADESH	AAI
427.	PHALTAN	MAHARASHTRA	SG
428.	PIARDORA	WEST BENGAL	IAF
429.	PANNA	MADHYA PRADESH	AAI
430.	PURNIA	BIHAR	SG
431.	RADHANPUR	GUJARAT	SG
432.	RAICHUR	KARNATAKA	SG
433.	RAIRANGPUR	ORISSA	SG
434.	RAISEN (CHIKLOD)	MADHYA PRADESH	PVT
435.	RAJWARI	UTTAR PRADESH	IAF
436.	RAKHIKOL	MADHYA PRADESH	SG
437.	RANGEILUNDA	ORISSA	SG
438.	RATLAM	MADHYA PRADESH	SG
439.	RAXAUL	BIHAR	AAI
440.	RUPSI	ASSAM	AAI
441.	SADIYA	ASSAM	IAF
442.	SAHARSA	BIHAR	SG
443.	SALBANI	WEST BENGAL	IAF
444.	SARANGARH	MADHYA PRADESH	SG
445.	SARLAKE	ORISSA	SG
446.	SATNA	MADHYA PRADESH	AAI
447.	SAWAI MADHOPUR	RAJASTHAN	SG
448.	SHAHPUR	RAJASTHAN	SG
449.	SHELLA	ASSAM	AAI
450.	SHEO	RAJASTHAN	SG
451.	SORBHOG	ASSAM	IAF
452.	THERUBOLI	ORISSA	PVT
453.	TILDA (KOHAKA)	CHATTISGARH	SG
454.	TUSHRA	ORISSA	SG
455.	ULUNDURPET	TAMIL NADU	IAF

S. NO.	AIRPORT	STATE	OWNER
456.	WADHWAN	GUJARAT	SG
457.	WANKANER	GUJARAT	SG
NOTE	AAI : Airports Authority of India		
	IAF : Indian Air Force		
	Army: Indian Army		
	Navy : Indian Navy		
	BSF : Border Security Force		
	CRPF: Central Reserve Police Force		
	SG : State Government		
	PVT : Private		
	JV : Joint Venture		
	SAIL : Steel Authority of India		