

REPORT NO.

293



सत्यमेव जयते

PARLIAMENT OF INDIA
RAJYA SABHA

**DEPARTMENT-RELATED PARLIAMENTARY STANDING COMMITTEE
ON TRANSPORT, TOURISM AND CULTURE**

TWO HUNDRED NINETY THIRD REPORT

Status of Aviation Connectivity in the country

(Presented to the Rajya Sabha on 23rd July, 2021)

(Laid on the Table of Lok Sabha on 23rd July, 2021)



Rajya Sabha Secretariat, New Delhi
July, 2021/ Sravana, 1943 (Saka)

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**RAJYA SABHA SECRETARIAT
NEW DELHI**

July, 2021/ Sravana, 1943 (Saka)

CONTENTS

	PAGES
1. COMPOSITION OF THE COMMITTEE	(i)-(iii)
2. INTRODUCTION	(iv)
3. ACRONYMS	(v)-(vii)
4. REPORT	1 - 41
5. RECOMMENDATIONS/OBSERVATIONS-AT A GLANCE	42 - 59
6. *MINUTES	

*To be appended

COMPOSITION OF THE COMMITTEE

(2019-20)

(Constituted on 13th September, 2019)

1. Shri T.G. Venkatesh - Chairman

Rajya Sabha

2. Shri Prasanna Acharya
3. Shri Raj Babbar
4. Shri Sambhaji Chhatrapati
5. Dr. Sonal Mansingh
6. Shri Derek O'Brien
7. *Kumari Selja
8. **Shri Tiruchi Siva
9. ***Shri K.C.Venugopal
9. Shri Dharmapuri Srinivas
10. Shri Vinay Dinu Tendulkar

Lok Sabha

11. Shrimati Sumalatha Ambareesh
12. Shri Anto Antony
13. Shrimati Veena Devi
14. Shri Tapir Gao
15. Shri Rahul Kaswan
16. Shri Saumitra Khan
17. Ms. Goddeti Madhavi
18. Shri Ramesh Chandra Majhi
19. Shri Sunil Baburao Mendhe
20. Shri K. Muraleedharan
21. Shri S.S. Palanimanickam
22. Shri Chhedi Paswan
23. Shri Kamlesh Paswan
24. Shri Tirath Singh Rawat
25. Shrimati Mala Roy
26. Shri Rajiv Pratap Rudy
27. Shri Rajbahadur Singh
28. Shri Dushyant Singh
29. Shri Ramdas Chandrabhanji Tadas
30. Shri Krupal Balaji Tumane
31. Shri Dinesh Chandra Yadav

*Kumari Selja ceased to be Member *w.e.f.* 10th April, 2020

**Shri Tiruchi Siva ceased to be Member *w.e.f.* 3rd April, 2020 and re-nominated as Member *w.e.f.* 22nd July, 2020

***Shri K.C. Venugopal nominated as Member *w.e.f.* 22nd July, 2020

COMPOSITION OF THE COMMITTEE

(2020-21)

(Constituted on 13th September, 2020)

1. **Shri T.G. Venkatesh** - **Chairman**

Rajya Sabha

2. Shri Prasanna Acharya
3. *Shri Raj Babbar
4. Shri Sambhaji Chhatrapati
5. Dr. Sonal Mansingh
6. Shri Derek O'Brien
7. Shri Tiruchi Siva
8. Shri Dharmapuri Srinivas
9. Shri Vinay Dinu Tendulkar
10. Shri K.C.Venugopal
11. **Shri Sushil Kumar Modi

Lok Sabha

12. Shri Anto Antony
13. Shri Margani Bharat
14. Shri Tapir Gao
15. Shri Rahul Kaswan
16. Shri Ramesh Chandra Majhi
17. Shri Sunil Baburao Mendhe
18. Shri K. Muraleedharan
19. Shri S.S. Palanimanickam
20. Shri Chhedi Paswan
21. Shri Kamlesh Paswan
22. Shri Sunil Kumar Pintu
23. Shri Prince Raj
24. Shri Tirath Singh Rawat
25. Shrimati Mala Roy
26. Shri Rajiv Pratap Rudy
27. Shri Dushyant Singh
28. Shri Rajbahadur Singh
29. Shri Ramdas Chandrabhanji Tadas
30. Shri Manoj Tiwari
31. Shri Krupal Balaji Tumane
32. Shri Dinesh Chandra Yadav

*Shri Raj Babbar ceased to be a Member *w.e.f.* 25th November, 2020

**Shri Sushil Kumar Modi was nominated to be a Member *w.e.f.* 23rd December, 2020

SECRETARIAT

Dr. Shikha Darbari, Joint Secretary & Financial Advisor

Shri P. Narayanan, Director

Shri Dinesh Singh, Additional Director

Ms. Catherine John L., Under Secretary

INTRODUCTION

I, the Chairman, Department-related Parliamentary Standing Committee on Transport, Tourism and Culture, having been authorized by the Committee to present on its behalf, do hereby present this Two Hundred Ninety Third Report on 'Status of Aviation Connectivity in the country'.

2. The Committee heard the views of the Secretary, Ministry of Civil Aviation; Director General, DGCA; Director General, BCAS; Director General, Aircrafts Accident Investigation Bureau; Chairman, Airports Authority of India; CMD, Air India Limited; and CEO, Airline Allied Services Ltd. on 23rd December, 2019. The Committee heard the views of the officials of Ministry of Civil Aviation, BCAS, Airports Authority of India, Air India Limited and State Government of Andhra Pradesh on the subject at Visakhapatnam on 8th January, 2020. The Committee heard the views of the officials of Ministry of Civil Aviation, BCAS, Airports Authority of India, Air India Limited and State Government of Maharashtra on the subject at Mumbai on 10th January, 2020. The Committee heard the views of the officials of Ministry of Civil Aviation, BCAS, Airports Authority of India, Air India Limited and State Government of Goa on the subject at Goa on 11th January, 2020. The Committee heard the views of the Secretary, Ministry of Civil Aviation; Director General, DGCA; Director General, BCAS; Chairman, Airports Authority of India; CMD, Air India Limited; CMD, Pawan Hans Ltd., and Director, IGRUA and CMDs/Senior officials of IndiGo, Air Asia, Vistara and SpiceJet airlines on 21st October, 2020.

3. The Committee wishes to express its thanks to the officers of Ministry of Civil Aviation; DGCA; BCAS; Airports Authority of India; Air India Limited; Pawan Hans Ltd.; Aircrafts Accident Investigation Bureau; Airline Allied Services Ltd.; IGRUA; State Governments of Andhra Pradesh, Maharashtra and Goa; and other stakeholders for placing before the Committee, the material and information desired in connection with the subject and for clarifying the points raised by the Members.

4. The Committee considered and adopted the Report in its meeting held on the 25th June, 2021.

NEW DELHI;

June 25, 2021

4 Ashadha, 1943 (Saka)

(T.G. Venkatesh)

Chairman,

*Department-related Parliamentary Standing
Committee on Transport, Tourism and Culture,
Rajya Sabha*

Acronyms

AAI	-	Airports Authority of India
ACI	-	Aero Club of India
AEP	-	Aerodrome Entry Permit
AIC	-	Aeronautical Information Circular
AIESL	-	Air India Engineering Services Limited
ATC	-	Air Traffic Control
ATF	-	Aviation Turbine Fuel
ATS	-	Air Traffic Service
AVSEC	-	Aviation Security
BBJ	-	Boeing Business Jet
BCAS	-	Bureau of Civil Aviation Security
BVLOS	-	Beyond Visual Line Of Sight
CAGR	-	Compound Annual Growth Rate
CAR	-	Civil Aviation Requirements
CAT	-	Category or Clear Air Turbulence
CEO	-	Chief Executive Officer
CMD	-	Chairman and Managing Director
CORSIA	-	Carbon Offsetting and Reduction Scheme for International Aviation
COVID	-	Corona Virus Disease
DAN	-	Drone Acknowledgement Number
DCS	-	Departure Control System
DG	-	Directorate General
DGCA	-	Directorate General of Civil Aviation
DPRs	-	Detailed Project Report
DSP	-	Digital Sky Platform
FAQs	-	Frequently Asked Questions
FICCI	-	Federation of Indian Chambers of Commerce and Industry
FTOs	-	Flying Training Organizations
FY	-	Financial Year
GDP	-	Gross Domestic Product
GST	-	Goods and Service Tax
IAF	-	Indian Air Force

IATA	-	International Airport Transport Association
ICAO	-	International Civil Aviation Organization
IFSC	-	International Financial Services Centres
IGRUA	-	Indira Gandhi Rashtriya Uran Akademi
IGST	-	Integrated Goods and Service Tax
ILS	-	Instrument Landing System
INR	-	Indian Rupee
iOS	-	iPhone Operating System
IT	-	Information Technology
IWAI	-	Inland Waterways Authority of India
JVC	-	Joint Venture Company
LTC	-	Leave Travel Concession
MAFI	-	Modernization of Military Airfields
MHA	-	Ministry of Home Affairs
MIS	-	Management Information Systems
MMT	-	Million Metric Tonne
MoCA	-	Ministry of Civil Aviation
MoPR	-	Ministry of Panchayati Raj
MoU	-	Memoranda of Understanding
MRO	-	Maintenance, Repair and Overhaul
MT	-	Metric Tonne
MTOs	-	Maintenance Training Organizations
NAMC	-	National Airspace Management Cell
NCASP	-	National Civil Aviation Security Programme
NSOPs	-	Non-Scheduled Operators Permit holders
PAPI	-	Precision Approach Path Indicator
PPP	-	Public Private Partnership
RCS	-	Regional Connectivity Scheme
RT-PCR	-	Reverse Transcription Polymerase Chain Reaction
SAOs	-	Selected Airline Operators
SARPs	-	Standard And Recommended Practices
SOPs	-	Scheduled Operators Permit holders
STP	-	Standardized Training Package
SVAMITVA	-	Survey of villages and Mapping with Improvised Technology in Village Areas

T-RCS	-	Tourism Regional Connectivity Scheme
UAE	-	United Arab Emirates
UAS	-	Unmanned Aircraft System
UDAN	-	Ude Desh Ka Aam Naagrik
UK	-	United Kingdom
USA	-	United States of America
USAP-CMA	-	Universal Security Audit Programme-Continuous Monitoring Approach
UTM	-	Unmanned Aircraft System Traffic Management
VAT	-	Value Added Tax
VGf	-	Viability Gap Funding

REPORT

The Indian aviation sector is one of the fastest growing sectors in the world. India's domestic traffic has more than doubled from around 61 million in FY 2013-14 to around 137 million in 2019-20, a growth of over 14% per annum. International traffic has grown from 47 million in FY 2013-14 to around 67 million in FY 2019-20. India is currently the third largest domestic aviation market and is expected to become the third largest overall (including domestic and international traffic) by the year 2024.

2. In the past two decades, expanding incomes, an aspirational middle-class, influx of low-cost carriers, better connectivity to far-flung cities and rise in regional air travel have transformed the face of Indian aviation. While India remains one of the fastest growing aviation markets in the world, the fact remains that minority of its population uses air transport. This offers a great opportunity to bring more people on board and make the country an aviation superpower. India's aviation industry is largely untapped with huge growth opportunities, considering that air transport is still expensive for majority of the country's population. There is a need for industry stakeholders to engage and collaborate with policy makers to implement efficient and rational decisions that would boost India's civil aviation industry. With the right policies and relentless focus on quality, cost and passenger interest, India would be well placed to achieve its vision.

3. As per ICAO study, the output and employment multipliers of aviation are 3.25 and 6.10 respectively. This implies that every 100 rupees worth of output produced in air transport industry creates a demand of Rs. 325 in other industries, and every 100 jobs in air transport result in 610 jobs in the economy as a whole. As per a report of IATA of January 2019, the air transport sector comprising of airlines, airport operators, airport on-site enterprises (restaurants and retail), aircraft manufacturers, and air navigation service providers, and its supply chains are estimated to support US \$ 13 billion of GDP in India. Foreign tourists arriving by air support a further US \$ 22 billion of the country's GDP, thus totaling to US \$ 35 billion or 1.5 percent of the GDP.

4. It is in this backdrop that the Department-related Parliamentary Standing Committee on Transport, Tourism and Culture decided to take up the subject "Status of Aviation Connectivity in the country" for examination and report thereon.

5. The Committee heard the views of the Secretary, Ministry of Civil Aviation; Director General, DGCA; Director General, BCAS; Director General, Aircrafts Accident Investigation Bureau; Chairman, Airports Authority of India; CMD, Air India Limited; and CEO, Airline

Allied Services Ltd. on 23rd December, 2019. The Committee heard the views of the officials of Ministry of Civil Aviation, BCAS, Airports Authority of India, Air India Limited and State Government of Andhra Pradesh on the subject at Visakhapatnam on 8th January, 2020. The Committee heard the views of the officials of Ministry of Civil Aviation, BCAS, Airports Authority of India, Air India Limited and State Government of Maharashtra on the subject at Mumbai on 10th January, 2020. The Committee heard the views of the officials of Ministry of Civil Aviation, BCAS, Airports Authority of India, Air India Limited and State Government of Goa on the subject at Goa on 11th January, 2020. The Committee heard the views of the Secretary, Ministry of Civil Aviation; Director General, DGCA; Director General, BCAS; Chairman, Airports Authority of India; CMD, Air India Limited; CMD, Pawan Hans Ltd., Director, IGRUA and CMD/Senior officials of IndiGo, Air Asia, Vistara and SpiceJet airlines on 21st October, 2020. A Questionnaire on the subject was forwarded to all the five private airlines and written replies were obtained.

6. Some of the major points discussed during the deliberations of the Committee and the recommendations of the Committee thereon, are as follows:

Airport infrastructure

7.1. The civil aviation industry in India has emerged as one of the fastest growing industries in the country. The Committee understands that rising working group and widening middle class demography has given rise to a huge boost in demand for air travel. This, in turn, has resulted in air traffic congestion. The Committee understands that the rapid growth in passenger traffic has put enormous pressure on the airport infrastructure. The Committee recognizes the urgent need to provide adequate airport infrastructure in the country since at present, large airports are becoming slot constrained and smaller airports are facing terminal congestion issues.

7.2. In the background note furnished by the Ministry, it has been stated that historically, the Airports Authority of India (AAI) has been the only major player involved in developing and upgrading airports in the country. Now several private sector airport players have emerged and have created world class infrastructure under the PPP model. The number of PPP airports is likely to increase from five in 2014 to 24 in 2024. The Committee takes note of the fact that in order to cater to the rising air traffic, the Government of India has been working towards increasing the number of airports.

7.3. In the written reply furnished by the Ministry, it has been stated that the following infrastructural constraints are affecting the growth of Civil Aviation sector:-

- The top 15 airports including Delhi, Mumbai and Bengaluru account for almost 83% of the total passenger throughput in the country. Because of the increase in passenger traffic, these airports are close to the saturation limit. This brings forth the necessity of adding more tier 2 and tier 3 cities to the aviation network.
- The rapid growth in passenger traffic has put enormous pressure on airport infrastructure causing congestion at major airports operating at 85% to 120% of their handling capacity.
- The availability of slots at a given airport primarily depends upon terminal capacity, airspace and runway capacity and due to tremendous air traffic growth during the last decade; capacity at some of the Indian airports became constrained due to sub-optimal infrastructure. The airports are being upgraded continuously to meet the rising demand. Traffic at few airports such as Delhi, Mumbai, Kolkata and Chennai grew at a very high rate.
- Inadequate physical infrastructure at airports, costly land prices, inadequate digital process etc. have led to high dwell time of cargo. Inefficiencies and impediments add to Indian aviation logistics costs.

7.4. The Ministry has stated that by the year 2025, India is likely to become the third largest aviation market in the world. This would be possible only by making flying affordable to the masses and increasing supply side infrastructure. The Vision and plan for 5 years includes the following:

- Airports Authority of India and private airport operators have drawn up a firm plan for investment of Rs. 89,000 crores by 2024 for modernisation and upgradation of terminal buildings, construction of new runways and construction of new airports; both in state as well as in the private sector.
- Greater private sector participation in Indian Aviation
- Operationalize 100 more Airports in the next 5 yrs
- Expand UDAN - 1000 routes and 100 Airports.
- Provide congenial environment for Indian Carriers to double fleet from 600 to 1200 by 2025
- Double share of Indian carriers in Long Haul Flights (beyond 5000 kms range) to above 30 %
- Provide an Ecosystem for Drones with regulatory framework for going from 0 to 10 lakh legal drones
- Make DGCA systems and procedures fully IT based

- Make India an aircraft maintenance hub.
- Double pilots trained in India from 350 to 700 annually

7.5. The Committee notes that the aviation industry in India has witnessed tremendous amount of growth over the last decade as is evident from the fact that India's domestic passenger throughput has reached around 137 million in FY 2019-20 from 61 million in FY 2013-14 and international passenger traffic has reached 67 million in FY 2019-20 from 47 million in FY 2013-14. Prior to the outbreak of COVID-19 pandemic, the Indian civil aviation sector was growing at a CAGR of 14% and was among the fastest growing civil aviation sector in the world. Despite India being the world's fastest growing aviation market, its airports are grappling with serious capacity constraints because such a pace of growth has resulted in a strain on the aviation infrastructure, resulting in traffic congestions and delays at majority of the airports. If a high growth in civil aviation sector is to be sustained, it is imperative to augment and modernize India's aviation infrastructure. The Committee notes with satisfaction that the AAI and private airport operators have envisaged a modernization and development plan with an estimated cost of Rs. 89,000 crore by 2024. The Committee urges the Ministry to make privacy a focus of the regulatory framework for the Ecosystem of Drones.

7.6. The Committee urges upon the Ministry to develop a comprehensive, strategic and futuristic Master Plan for implementation of projects to provide world class airport infrastructure, by bringing in cutting edge technology and the global best practices of the aviation industry, so as to encourage growth in passenger and cargo traffic and catapult India into the league of top aviation markets within a period of 5 years. The Committee would like the Ministry to address not only the existing capacity constraints in various airports , but also address infrastructural requirements in the context of growth scenario forecast for the coming years. It should be strictly ensured that the development/upgradation of airport projects are completed as per the prescribed timelines.

7.7. The Committee also urges the Ministry to ensure that adequate parking space and slots are available at the airports. The Committee notes that potential growth in the passenger and cargo traffic would require enormous investments in terms of construction of new airports and expansion and modernization of existing airports. Given the risks, lenders are cautious about issuing long-term debt to airport operators. The Committee, therefore, would like the Ministry to formulate necessary policies, schemes and guidelines,

to attract much needed investment for airport projects so that the way for raising resources towards funding the development, modernization and upgradation plans of airports could be paved and multiple funding option including external commercial borrowing, capital markets long-term borrowing etc. could be explored.

7.8. The Committee desires that the Ministry should ensure that basic amenities are available at all the airports and that periodic maintenance is carried out efficiently. The Committee recommends that the Ministry should ensure sufficient space for commercial shops, while granting approval for new airports. Further, 5 Star/3 Star hotels and multiplexes should be constructed near the new airports. The Committee recommends that the Ministry should consider mandatorily earmarking minimum 100 acres of land, while making plans for future airports. The Committee also desires that extra land, if any, should not be sold and should be kept for future aviation developmental activities.

8. The Committee has been given to understand that there is a need to look at the entire structure of airports and the way the airport concessions are given. At present, the rights to operate airports are given to individuals or entities who bid the highest with the Airports Authority of India. When those services are given to the highest bidder, the highest bidder charges the highest amount of money from the airlines, which has little or no bearing on the actual cost of the service. The Committee, therefore, recommends that the Ministry should look into these issues and take urgent steps to ensure that such anomalies and structural problems are rectified in the interest of the aviation sector.

8.1. The Committee has been given to understand that large numbers of institutional clearances are required for airport projects, which lead to delays and cost escalation. The Committee, therefore, recommends that the Ministry should set up a single-window clearance mechanism to facilitate institutional clearances for airport projects and ensure timely completion of such projects.

Regional Connectivity Scheme

9.1. It has been stated in the Annual Report (2020-21) of the Ministry of Civil Aviation, that the Regional Connectivity Scheme (RCS) - Ude Desh Ka Aam Naagrik (UDAN) was launched on 21.10.2016. The first RCS-UDAN flight was inaugurated by Hon'ble Prime Minister on 27th April, 2017. 303 routes connecting airports across the length and breadth of the country have commenced. Within 3 years, 53 airports including 5 heliports and 2 water aerodromes have been developed and operationalized under UDAN as compared to 76 airports that have been developed in 70 years since independence. Over five million passengers have travelled on

UDAN flights, as of the end of November 2020. Newer modes of air transportation have been introduced under UDAN including seaplanes, helicopters, flights *via* smaller aircrafts.

9.2. The Secretary, Ministry of Civil Aviation during the course of his deposition, informed the Committee that under the UDAN scheme, 125 airports are operational and that by the end of 2024, 200 airports are expected to be operational. He stated that under this scheme, the Ministry does not give only one incentive, there are several incentives given by both the Central Government as well as the State Governments, so that their operations become viable and at the same time, people are able to get tickets at affordable rates. He further stated that there will be two types of seats in an aircraft, one is UDAN seats for which they cannot charge more than the fixed fare, and other is non-UDAN seats which are left for market forces. The airlines are given subsidy for the UDAN seats which is determined through a bidding process. Moreover, the excise duty on ATF for UDAN routes is 2% only and AAI gives concessions on terminal and landing charges, parking charges and route navigation charges in the UDAN routes. The VGF is shared between Centre and the State in the ratio of 80:20. The State Government provides State police and fire services free of cost and water and electricity at concessional rates.

Under the RCS, the airline operators are supported through: (i) concessions by the Central Government, State Governments and airport operators to reduce the cost of airline operations on regional routes; and (ii) financial support (Viability Gap Funding – VGF) to meet the gap, if any, between the cost of operations and expected revenues on such routes. Regional Connectivity Fund is maintained by Regional Air Connectivity Fund Trust through collection of a levy @ INR 5000 per departure of domestic flight on Category-I & III routes except on specified small aircrafts. Further, State Governments/UT administrations contribute their specified share of VGF @20% or 10%, wherever applicable. VGF is disbursed to the Selected Airline Operators out of this fund.

9.3. In its written reply, Ministry has stated that to ensure the benefit of air connectivity to small cities/ towns, following modalities have been finalized for limited operation of RCS-UDAN flights:-

- (i) All the Operational Routes in Priority Areas (North East Region, Hilly States and Islands) are permitted to resume operations.
- (ii) All Operational Helicopter Routes are permitted to resume operations.
- (iii) All Operational Routes with Zero VGF are permitted to resume operations.
- (iv) All Operational Routes up to 500 km Stage Length are permitted to resume operations.

- (v) Selected Airline Operators (SAOs) are allowed to operationalize awarded routes under UDAN (including Seaplanes) covered under above categories.
- (vi) If willing to operate without VGF support, SAOs may operate Tourism RCS routes (T-RCS) or RCS routes with stage length more than 500 km in areas other than Priority Areas. However, other incentives for the respective routes as per the scheme document would continue to be available for the contract period.
- (vii) SAOs have also been allowed to operate RCS routes with stage length more than 500 km as per the respective SAO agreements in cases where:
 - a. Operation of such route(s) is necessary for repositioning of aircraft for a network which consists of all other RCS routes belonging to the above categories.
 - b. Non operation of such RCS routes would lead to the airport(s) being connected by such routes to become unserved as per the Scheme document.

9.4. The Committee takes note that RCS has enabled the common man to fly at affordable prices, resulted in increased air traffic, has given boost to the regional economy and led to job creation. The Committee feels that while the RCS is a novel idea to promote regional connectivity, its success will depend entirely on buy-in from various stakeholders including Governments, local bodies and airport operators. The Committee recognizes that RCS has generated huge demand for helicopters and small aircrafts for operations in hilly regions and other parts of the country. The Committee hopes that increased connectivity will lead to the development of remote areas, enhance trade and commerce and expand tourism.

9.5. The Committee appreciates the positive impact that the RCS Scheme has had, on the growth of the civil aviation sector in the country. The Scheme has not only made air travel affordable and extensive, it has given a massive boost to the development of airports and infrastructure development in the civil aviation arena. The Committee notes that UDAN has helped airline operators in developing sustainable business models and in providing start-up and scale-up opportunities to small regional airlines. UDAN has also provided the much needed impetus to the economic development of remote regions and has contributed to a more inclusive growth in the economic activity across the country. It has also contributed majorly to job growth and economic development in the country.

9.6. The Committee notes that although the airlines industry got a huge fillip with the launch of RCS, which is aimed at making flying affordable for the masses and facilitating/stimulating regional air connectivity and the passenger traffic has shown a rising trend due to low cost aviation, air connectivity is largely confined to routes connecting State capitals

and large towns and some parts of the country still remain unconnected by air services. Therefore, the Committee recommends that the Ministry of Civil Aviation should take urgent effective steps to ensure balanced growth of connectivity in different parts of the country under RCS. The Committee also desires that the benefits under the Regional Connectivity Scheme, currently restricted to three years, should be extended by another two years, to give airlines an opportunity to transform a fledgling route into a strong and revenue-generating one.

9.7. The Committee urges upon the Ministry to closely and meticulously, monitor the implementation and impact of the UDAN Scheme and formulate plans and guidelines to ensure that the benefits of the Scheme actually reach the passengers, as per the spirit of the Scheme.

9.8. The Committee observes that direct air connections to tourist destinations and cultural sites can massively promote the tourism industry which will lead to employment opportunities and faster economic growth. There is, therefore, an imperative need for close co-ordination between the Ministry of Civil Aviation, and the Ministries of Tourism and Culture, in matters regarding air connectivity to important tourist destinations and cultural sites in the country. Hence, the Committee recommends the Ministry of Civil Aviation, to work in tandem with the Ministries of Culture and Tourism, in order to open up India's vast tourism potential and ensure greater harmony among the concerned Ministries, who are vital stakeholders in this regard.

10. The Committee has been given to understand that out of the 778 valid routes awarded under the UDAN Scheme, only 315 routes have been commenced so far, which is less than 40% of what were awarded.

10.1. The Committee takes note of the fact that out of the 778 routes awarded under RCS, only 315 have been operationalised so far. The Committee desires that the Ministry should examine the reasons for non-commencement of routes that have already been awarded under the UDAN Scheme; identify the bottlenecks in this regard; and chalk out strategic steps to address the issues involved.

10.2. The Committee notes that there are a number of non-operational airstrips/airports owned by AAI and State Governments. Since provision of airport infrastructure is Capital intensive, the Ministry should focus on optimally utilizing existing airport infrastructure and operationalizing unused airstrips and dormant airports for promoting regional/remote area air connectivity under RCS. The Committee is of the view that operationalizing these

inactive AAI and State Government airstrips will not only release significant untapped infrastructure capacity in the aviation industry but also contribute to reducing the airport charge airline cost structure.

11. In the written reply furnished by the Ministry, it has been stated that challenges faced in implementation of the UDAN Scheme include:-

- i) Lack of infrastructure of civil airports due to non-availability of land, delay related to compliance of the regulations by the airport operators, lack of road connectivity to the airports.
- ii) Non-completion of the process involved in obtaining Scheduled Commuter Operators Permit by the Airlines.

11.1. The Ministry has further stated that regular follow-up meeting and monitoring of progress of RCS-UDAN is conducted with stakeholders *viz.*, DGCA, AAI, Airlines, State Govts. etc. for operationalization of RCS routes.

11.2. The Committee feels that at this juncture, the issues that need to be addressed are lack of infrastructure of civil airports due to non-availability of land, delay related to compliance of the regulations by the airport operators and lack of road connectivity to the airports etc. The Committee takes note of the steps taken by the Ministry to address the issues faced under RCS. The Committee recommends that the Ministry should take urgent remedial steps to address these concerns. The Committee also notes that the promotion of regional air connectivity under RCS critically hinges on the support from the State Governments in the shape of multimodal connectivity, utilities, land availability, security etc. The Committee would, therefore, like the Ministry of Civil Aviation to impress upon the State Governments to form a dedicated mechanism mandated to offer one-stop solutions to airline and airport operators with the objective of promoting regional air connectivity under RCS.

Air Cargo

12.1. Air cargo is vital to the growth of international trade and economy of the country. High value commodities or perishable commodities rely significantly on air cargo. The air cargo industry in India needs much faster movement of goods and better delivery mechanism. The Committee understands that local players in air cargo operations in India are very few despite the huge potential available in this sector. There is an urgent need to build our national air cargo capacity. Having Indian players in this field would ensure reduction in flight costs. The COVID-19 crisis has revealed the importance of air cargo operations in keeping critical supply chains open.

12.2. The representatives of private airlines, while deposing before the Committee, stated that there are barriers in various countries with respect to the airlines of India, going in and coming out with the cargo, whereas India has not placed such restrictions.

12.3. In January 2019, Government of India released its National Air Cargo Policy Outline 2019, which envisaged making Indian air cargo and logistics the most efficient, seamless and cost and time effective globally, by the end of next decade. The National Civil Aviation Policy 2016 has targeted to increase air cargo volumes to 10 million metric tonnes by 2027.

12.4. In the background note furnished by the Ministry, it has been stated that air cargo traffic is not commensurate with the market size. Air cargo at Indian airports was 3.56 million metric tonnes in 2018-19 which dipped to 3.33 million metric tonnes during 2019-20 as a result of economic downturn due to COVID-19. Out of 3.33 MMT, the share of international air cargo was 2 MMT. As per data published by Airports Council International, the top three busiest airports for cargo movement during 2019 were Hong Kong (4.81 MMT), Memphis (4.32 MMT) and Shanghai (3.63 MMT). Air freight is about seven times more expensive as compared to road and rail transport in the domestic sector and it is estimated that the Indian carriers account for only about 5-10% of the movement of international cargo through freighters.

12.5. The Ministry has informed the Committee that following steps have been taken/are proposed to be taken in the air cargo sector:

- Focus on creating new International & Domestic cargo facilities as well as augmentation of existing cargo infrastructure with emphasis at North Eastern Region.
- Engage in the creation of Centre for Perishable cargo/Cold storages to ensure enhanced perishable cargo facilities at its airports.
- UDAN for medical cargo

Post lockdown due to Covid-19 situation, the Ministry announced “Lifeline Udan” initiative to transport essential medical supplies to various parts of the country with a special focus on North East and hill states and islands.

Majority of medical cargo was carried by Air India, Alliance Air and IAF. Private carriers also pitched in whenever required. Pawan Hans Ltd also carried essential medical supplies to the remote areas of J&K and Ladakh.

- Krishi UDAAN:-

Under Krishi Udaan, smooth movement of the commodities for agricultural & marine products movements for both Domestic & International sectors has been ensured.

A total of about 28,000 MT handled through this scheme so far.

Also, relief measures have been provided to various Stakeholders during COVID19 Pandemic.

12.6. The Committee notes that besides geographical location, India's cargo industry has the advantage of a growing economy along with a population of 1.3 billion plus India's impressive growth in international and domestic trade in the last decade. However, despite tremendous potential, India's total annual freight volumes stood at 3.33 MMT in fiscal 2019-20 and has not reached close to any one the top three world-class airports, viz., Hong Kong, Memphis and Shanghai. The Committee is constrained to note that the total air cargo throughput handled by all Indian airports put together is less than that handled by individual airports like Hong Kong, Memphis and Shanghai. It is, therefore, evidently clear that despite having all the ingredients to be one of the world's air cargo hubs, India has not fully realized its potential in terms of air cargo. The Committee is of the view that inadequate infrastructure is a major bottleneck in developing the country's air cargo sector. The Committee, therefore, recommends that the Ministry should take effective steps to address the crippling infrastructure constraints by way of establishing dedicated cargo airports in the country and developing new airports with a focus on making them cargo hubs so that the Ministry's ambitious cargo throughput target of 10 MMT by 2027 could be realized.

12.7. The Committee is aware that the air cargo industry is hamstrung by paper-driven legacy systems and procedures. Since automation is critical for air freight to maintain its competitiveness, the Committee recommends that the Ministry, in tandem with the stakeholders, should take effective measures to automate information systems as well as streamline or simplify redundant processes and regulations for faster, transparent and seamless movement of air cargo.

12.8. The Committee has been given to understand that due to the Open Sky Policy for cargo in India, foreign carriers carry 90 to 95 percent of the total international cargo to and from India, while Indian air cargo operators face all sorts of barriers when they go into other countries. The Committee, therefore, recommends that for providing a level playing field for Indian air cargo operators, the Ministry should make appropriate changes in the Open Sky Policy for cargo. The Committee also recommends that Ministry/DGCA should take note of Indian cargo operators facing discriminatory and restrictive practices

or regulatory impediments in operating international cargo flights in any of the foreign countries and take urgent steps to address/resolve them. The Committee desires to be kept apprised of the action taken and the outcome achieved in this regard.

12.9. The Committee is aware that in September, 2020, the Ministry of Civil Aviation restricted non-scheduled freighter flights by international carriers to six Indian airports, viz., Delhi, Mumbai, Kolkata, Chennai, Bengaluru and Hyderabad, with the objective of providing a level playing field for Indian air cargo operators. The Committee desires to know, as to what extent this action has been able to ensure equal opportunities for Indian carriers.

12.10. The Committee recommends that the Ministry should take timely action to address the issues of congestion at the entry of terminal, inadequate screening, inadequate storage space, lack of temperature facility etc. at the cargo terminals. The Committee also recommends that the Ministry should take steps to ensure that attractive and uniform transit handling costs and procedures are implemented across all airports in the country.

Helicopter operations

13.1. Helicopters are involved in air travel, rescue operations, emergency operations and medical evacuation operations. There exists an immense potential for helicopter operations in India. The major roadblock in increasing the number of helicopter operations in India is that the regulations governing civil helicopters in India are very restrictive, making the operation of helicopters unviable. A vital concern in this area is building of heliports, for which the support of State Governments is crucial.

13.2. In the written reply furnished by the Ministry, it has been stated that under RCS-UDAN, 31 heliports have been identified in 2nd round of bidding. Pawan Hans, the designated Technical Advisor for development of Heliports, has submitted DPRs to concerned State Governments for upgradation. Operations under RCS has commenced from three heliports in Uttarakhand.

13.3. The Committee is of the considered view that much more attention needs to be given to helicopter operations in the country. The Committee recommends that the Ministry should address the issues of proper maintenance of helicopters, replacement of aged helicopters and training of the crew, on priority basis. The Committee emphasizes the need for simulator module training for helicopter pilots for offshore landing. The Committee recommends that the Ministry should take urgent steps to ensure a network of heliports, in order to give necessary boost to the helicopter operations in the country. The Committee

underlines the need for greater co-operation between the Ministry and State Governments for building heliports in the country.

Seaplanes

14.1. The Committee notes that seaplanes boost regional air connectivity, without the high cost of constructing airports and runways. The fact that there are numerous water bodies such as rivers and inland waterways in India, presents a huge potential which is yet to be exploited to the fullest.

14.2. The Secretary, Ministry of Civil Aviation deposed before the Committee that India has huge potential in terms of Water aerodromes which has not been exploited so far. He stated that the Ministry will be targeting remote areas and tourist destinations for the purpose. He stated that MoUs have been signed with 30 States/UTs.

14.3. In its written reply, the Ministry has stated that to provide air connectivity to remote areas at affordable cost, Ministry of Civil Aviation has included seaplane operations from water aerodromes, a novel means of transport, in the third round of bidding under RCS-UDAN. Airports Authority of India, the implementing agency has awarded routes connecting 12 water aerodromes, viz., Neil Island, Havelock Island, Long Island, Statue of Unity, Shatrunjay Dam, Sabarmati River Front, Parkasam Barrage, Guwahati River Front, Nagarjuna Sagar, Umrangso Reservoir, Minicoy, Kavaratti for seaplane operations across the country so far. On 31st October 2020, Hon'ble Prime Minister inaugurated 2 water aerodromes at Sabarmati Riverfront and Statue of Unity, Kevadia, in Gujarat and seaplane operations from these water aerodromes have commenced from 31.10.2020. To enable development of infrastructure for water aerodrome, the Ministry of Civil Aviation has been holding regular meetings with IWAI (Inland Waterways Authority of India) for development of waterside infrastructure. The Airport Operator will develop the City side infrastructure for Seaplane Operations. Ministry of Civil Aviation is planning to sign a MoU for development of waterside infrastructure.

14.4. There is immense potential for seaplanes operations in the country. However, such potential has not yet been exploited fully. The seaplane services will revolutionize the nation's regional connectivity. The Committee takes note of the steps taken by the Ministry to encourage seaplane operations. The Committee recommends that the Government should put in place, requisite policies and infrastructure to enable seaplane operations in India. The Committee desires that the Ministry should ensure that the necessary amenities matching up to international standards for seaplane operations, such as terminal buildings, facilitation counters, check-in counters, modern ticketing methods, food counters, motels,

shopping facilities etc. are provided, for the smooth operation of seaplanes. The Committee also underlines the urgent need to formulate a ‘Seaplane Policy’.

Intra State connectivity

15.1. Intra-State aviation services can make movement of people between cities faster and more efficient. This is one aspect of air connectivity which needs more attention. The growth in the tourism sector in the country and the increasing demand for quicker means of travel have resulted in increased air travel opportunities within the States. This has given rise to more demand for Intra-State air connectivity.

15.2. The Committee feels that much more needs to be done to improve intra-State air connectivity and to cater to the ever increasing demand. The Committee recommends that the Ministry should chalk out a strategy, after due consultation with the State Governments, in order to give significant boost to intra-State air connectivity. The Ministry should also engage with the tourism and industry stakeholders, in this regard.

Aviation Turbine Fuel (ATF) prices and aviation taxes

16.1. Members of the Committee have, repeatedly, been raising serious concerns about the high cost of ATF prevailing in the country and the resultant exorbitant ticket prices existing in various sectors of air travel.

16.2. The representatives of private airlines deposed before the Committee that Indian aviation fuel is taxed in the highest possible slab. No country in the world of equivalent size or equivalent aviation market taxes fuel at our rates. On an average, our fuel taxes range between 35 per cent and 40 per cent of the total cost of operation of an airline, inclusive of excise duty and sales tax. Besides, certain States have very high sales tax rates. The representatives of private airlines also suggested that ATF may be brought under the ambit of GST.

16.3. The Secretary, Ministry of Civil Aviation apprised the Committee that the major component of ATF price is the State tax that is levied on it. He stated that the Ministry has taken up the proposal with the Ministry of Finance to bring ATF under GST and that the matter is pending with the GST Council.

16.4. In the written reply furnished by the Ministry, it has been stated that cost of ATF is a formidable challenge for the financial health of airlines and that the following measures are being taken/are proposed to be taken to resolve this long standing issue:-

- M/o Civil Aviation has requested M/o Finance to bring ATF under the ambit of GST with the following proposals for coherence and simplicity in the tax regime:
 - Applicable GST rate on ATF may be no higher than 12% with full input tax credit

- Output tax on sale of tickets both on business and economy air passenger transport services may be levied at a uniform rate of 12%
- Output tax on other services, namely air cargo transport, and ancillary services such as Catering, Premium Services and Services on Add-ons may be levied at 12%.
- Airlines may be allowed full input tax credit for GST paid on all goods and services.
- The Ministry has also requested various State Governments to provide full support for bringing ATF within the GST's ambit at the earliest during the deliberations on the matter in the GST Council, and in the interregnum to reduce the VAT/Sales Tax on ATF at the airports in their State. VAT/Sales Tax applicable on ATF on non-RCS-UDAN flights have been reduced/ kept low to within 5% by States/UT such as Andhra Pradesh, Assam, Chandigarh, Chhattisgarh, Goa, Gujarat (at some airports), Haryana, Jharkhand, Karnataka, Kerala, Maharashtra, Nagaland, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh (at some airports), and West Bengal.
- Excise Duty on ATF was reduced from 14% to 11% in October, 2018.
- Fuel Throughput (Airport Operator) Charge levied by Airport Operators on ATF has been eliminated vide MoCA's Order dated 8 January 2020 at all airports, airstrips and heliports across India.

16.5. The Committee takes serious note of the high ATF prices prevailing in the country which is further aggravated by high taxes such as customs duty, excise duty, sale/State tax, Value Added Tax (VAT) levied thereon. The Committee has been given to understand that the cost of ATF nearly forms 40% of the total operating cost of airlines and impacts the financial viability of their operations and hurts their competitiveness because Indian carriers are unable to compete against their global counterparts on account of the exorbitantly higher prices of ATF. The Committee is constrained to note that ATF prices in the country are distorted because it is subjected to multiple taxes by different Government entities. The airline industry is capital-intensive and works on very thin profit margins. This is why most Indian carriers are reeling under losses despite tremendous growth in air traffic. Therefore, relief on ATF is crucial for the viability of airline industry and would be a major incentive for airlines to augment their operations.

16.6. The Committee is happy to note the steps taken by State Governments in reducing the VAT on ATF for the flights operated under UDAN Scheme. The Committee observes that ATF prices in India are currently under VAT regime which is under the purview of individual States and the variation in the taxes ranges from 1% to 30%. Since fuel cost

accounts for nearly 40% of the operating cost of the airlines industry, even a small relief in the pricing will be a boon for the industry. However, the Committee is concerned to note that the State Governments have shown reluctance to reduce the VAT on ATF for flights other than those operated under UDAN scheme. The Committee is of the view that reduction in VAT on ATF would be a notional revenue loss for the States, which can be offset by enhanced economic activities, which would be the result of increased air connectivity to the region. The Committee desires that the Ministry may pursue this issue with the State Governments, in order to rationalize and minimize the State level taxes/surcharges on ATF and bring much needed relief and help, to the airline sector.

16.7. The Committee is of the opinion that ATF is a small component of overall petroleum products and hence, deserves to be treated separately. The Committee notes that despite ATF being an input fuel (similar to coal and gas), the issue of inclusion of ATF under GST has been a long standing issue and requires final resolution by the GST Council.

16.8. As regards high aviation taxes, the Committee feels that the Indian aviation industry is laden with very high operating and fixed costs, in view of which there is a need for considering aviation sector for priority sector lending, so that the industry could get access to funds at cheaper rates. The Committee also underlines the need for unbundling of product and pricing to the customer.

Maintenance, Repair and Overhaul (MRO)

17.1. The Committee feels that MRO facilities available in the country is another area of concern. The country has the necessary manpower and resources for undertaking MRO activities. We can easily set up facilities here and be self-reliant in that area and then compete with MRO hubs around the world. The Committee notes that expenditure in MRO accounts for 12-15 per cent of the total revenues *i.e.*, it is the second-highest expense after fuel cost.

17.2. The representatives of private airlines deposed before the Committee that due to the taxation structure in India, our aircrafts are sent overseas for repairs. They opined that since India has the necessary manpower, technology and skills for aircrafts repairing, it is high time that India emerged as a major player in the MRO sector.

17.3. One of the private airlines, in its written reply, has stated that there are two Airframe MROs in private sector, but they cater largely to domestic market and very little work for foreign airlines. There is no worthwhile Component Maintenance Facility, no Landing Gear Overhaul Facility or Jet Engine Overhaul Shop in India.

17.4. In the background note furnished by the Ministry, it has been stated that GST on direct MRO contracts has been reduced from 18% to 5% with full Input Tax Credit from 1 April 2020. Transactions sub-contracted by foreign manufacturers/ MROs to Indian MROs are treated as “exports” with zero-rated GST from 1 April 2020. Collaboration with the Indian armed forces is on to open up more opportunities for civilian MROs.

17.5. In its written reply, the Ministry has stated that for the development of MRO Sector, the following actions were taken by the Ministry:

(a) Tax regime for MRO ecosystem has been rationalized:

Status: The tax regime for MROs has now been substantially rationalized as below:

- i. Import Duty has been exempted on Special Tools and Equipment for MRO
- ii. Customs duty waived that applied to spares only for Airlines extended to MRO
- iii. Aircraft brought into country for MRO allowed to stay from 1 month to 6 months without penalties
- iv. Spares purchased for MRO can be consumed upto 36 months (up from 12 months) from time of landing in India
- v. GST on Domestic MRO reduced from 18% to 5% w.e.f. 01.04.2020
- vi. Sub-contracted transactions to domestic MRO by foreign MRO now treated as “exports” with zero-rated GST w.e.f. 01.04.2020

(b) Aircraft component repairs and airframe maintenance to increase from Rs. 800 crore to Rs. 2,000 crore in three years:

Status: Private sector, including Collins Aerospace, has taken up setting up of Component MROs.

(c) Major engine manufacturers in the world would set up engine repair facilities in India in the coming year:

Status: SAFRAN is expected to start engine repairs in India by 2021 entailing investment of about ~US\$ 150 Million. Towards finalizing the location of the Engine Shop, they have identified some locations and held talks with airport operators and State Governments concerned. Status report conveyed by SAFRAN on 3 July 2020 was as follows: “Due to COVID19 pandemic, the aviation industry suddenly got a huge blow not only in India but worldwide and therefore, SAFRAN is assessing the impact of such pandemic and more particularly on project timelines.”

Pratt & Whitney has started engine repair in association with AIESL.

(d) Convergence between defence sector and the civil MROs will be established to create economies of scale:

Status: A Joint Working Group has been formed to undertake facility mapping and draw up

areas and resources that can be shared for achieving convergence.

Civil MROs in the meetings held have indicated their intention to take up following defence MRO works:

- (i) MI-17: Interior refurbishment/upgrade;
- (ii) Airframe checks on P8I, including avionics;
- (iii) Avionics upgrades/ painting jobs on BBJ aircraft;
- (iv) Heavy maintenance on defence VVIP aircraft;
- (v) Maintenance of Embraer Platforms of CABS;
- (vi) IL76 avionics;
- (vii) Avionics modifications and maintenance on Avro, Mig-1, MI-17.

(e) Maintenance cost for airlines will come down.

In the written reply furnished by the Ministry, it has been stated that regarding the MRO policy, the Ministry is going to reduce the taxes on equipment coming into our country.

The tax regime for MROs has now been substantially rationalized as below:

- Import Duty has been exempted on Special Tools and Equipment for MRO (2016-17).
- Customs duty waived that applied to spares only for Airlines extended to MRO (2016-17).
- Aircraft brought into country for MRO allowed to stay from 1 month to 6 months without penalties (2017-18).
- Spares purchased for MRO can be consumed upto 36 months (up from 12 months) from time of landing in India (2017-18)
- GST on Domestic MRO reduced from 18% to 5% w.e.f. 1st April, 2020.
- Sub-contracted transactions to domestic MRO by foreign MRO now treated as “exports” with zero-rated GST w.e.f. 1st April, 2020.
- Input Tax Credit permitted for discharging GST on inter-state stock transfers of aircraft engines, parts and spares, including for MRO, against economy class fares.
- Proposal for uniform IGST of 5% on all parts, including engine parts, taken up with Ministry of Finance.

Other changes made include the following:

- Customs duty waived on tools and tool-kits for MRO
- Custom duty waiver on imported spares applicable to airlines extended to MROs
- Restriction to consume spares/parts purchased duty-free for MRO within 12 months eased out to 36 months from time of import into India
- Period of stay for foreign aircraft brought to India for MRO work extended from one month to cover the entire period of maintenance or up to 6 months, whichever is lesser, without attracting Customs’ penalties. For stay beyond 6 months, DGCA’s permission is required.

MRO facilities co-located at an airport covered under ‘Harmonized List of Infrastructure’ for attracting fiscal support of infrastructure sector.

17.6. The Committee observes that India has the potential to be an MRO hub due to locational advantage, growing aircraft fleet, low labour costs and the natural talent to drive innovation. However, the country has not yet been able to fully exploit the opportunities

available in this sector and a major deterrent for growth of the MRO industry is high taxation of MRO components. Aircraft MRO services are critical in aviation value chain and it would be of a huge loss for the country, if we do not tap the vast technical and skill base available in the country. The Committee takes note of the various steps taken by the Ministry to rationalize the tax regime for MROs and promote MRO activities in the country. The Committee strongly recommends that the Ministry should give requisite focus on the issues presently faced in the MRO sector and remove the remaining policy distortions and address regulatory limitations to ensure that India evolves into a key international player in offering MRO facilities. The Committee recommends that the Ministry should take necessary steps to ensure that MRO workshops are set up in all the metro cities in the country, in order to attract international business. The Committee also emphasizes the need for enhanced collaboration between defence and civil MROs.

17.7 The Committee could understand that whenever any airline enters into an agreement with the airline manufacturers for procurement of new aeroplanes, the manufacturing company insists upon the purchasing company to enter into a contract for maintenance of the aircraft also in their country, even though that facility may be available in the country of the purchasing company. The Committee is of the considered view that this contract clause hampers the growth of local MRO industry in our country. The Committee, therefore, desires that in order to give much desired fillip to the local MRO industry, the Ministry should devise a suitable MRO policy which will help the growth of local MRO industry, whereby, employment opportunities can be created for the local youth.

Global Hubs

18.1. The Committee is of the view that India can evolve to be an aviation hub offering transit and trans-shipment for international movement in passengers and cargo. India urgently needs to create its own global hubs so that people can transit from there to different parts of the world.

18.2. The representatives of private airlines underscored the huge potential for India to be a global aviation hub, keeping in view its strong market and superb geographical location. They highlighted the need to take measures that prioritize the interests of regional airlines over foreign counterparts, much like other countries do.

18.3. The Committee takes note of the immense possibilities which exist in the country, which if properly explored, will enable India to rise up as a global aviation hub. The Committee recommends that the Ministry should give proper thought and deliberation to this aspect and take necessary concrete action to tackle the hurdles posed in this regard.

The Committee highlights the need for change in the policies of traffic flow in such a way that India captures the air space for hub and spoke mechanism.

Encouraging aviation leasing and financing activities in India

19.1. In the background note furnished by the Ministry, it has been stated that even though the share of leased aircraft in India is about 70% of the total fleet, Indian carriers rely solely on overseas leasing companies due to various regulatory and taxation related issues. Aircraft and engine leasing and financing have been recognized as financial activities in the International Financial Services Centres Authority Act, 2019 (IFSC Authority Act, 2019). Releasing of aircraft and engines on expiry or termination of existing lease has been enabled. A number of tax concessions in terms of Corporate Tax, GST and Stamp Duty etc. have been provided.

19.2. The Ministry has stated that there is a need to:-

- a. Engage with the global aviation leasing and financing companies and encourage them to use the various incentives provided under IFSC Authority Act, 2019.
- b. Encourage Indian financial institutions to enter into the aircraft leasing business.
- c. Encourage Indian carriers to gradually shift to leasing players located in India.
- d. Engage with tax authorities to ensure seamless operation of aircraft leasing companies in India.

19.3. The Committee recommends that the Ministry should take proactive steps to encourage Indian financial institutions to enter into the aircraft leasing and financing business. The Committee urges upon the Ministry to examine the regulations existing in the country in this field, identify the bottlenecks and modify the regulations, as per the present and future requirements.

Role of State Governments

20.1. Civil Aviation, being a Central subject, gets little attention from the State Governments. It is evident from the fact that very few States in India have active Civil Aviation Departments. The co-operation of States is a major factor in the growth of the civil aviation sector. The Regional Connectivity Scheme, Ude Desh ka Aam Naagrik (UDAN), has become a game changer, since this flagship programme provides a mechanism to develop the stakes of State Governments in the growth of the aviation sector. The Union and State Governments also provide Viability Gap Funding, which is shared between Ministry of Civil Aviation and the State Government in the ratio of 80:20, whereas for the State in North Eastern region/Union

Territories the ratio in 90:10. The airlines are required to commit around 50 percent of the seats as RCS seats (limited to 40 seats) on RCS flights.

20.2. The Committee is of the view that incentives by State Governments in the form of financial support such as VAT reduction, sharing of viability gap funding with airlines and non-financial incentives such as providing security and fire services free of cost to airport operators are required. The Committee feels that States which are apprehensive of revenue loss, need to think about the enhancement of economic activities which would result due to increased air connectivity to the region, in the long run. States may adapt their relevant schemes relating to tourism, health and insurance for supporting air connectivity, in order to supplement the objectives of regional connectivity.

20.3. Land acquisition is a major problem due to land scarcity and huge capital requirement. The Committee feels that there are many regional airports which can be developed by States on their own or in collaboration with the Airports Authority of India (AAI) and that the State Governments should explore the setting up of ‘no-frill airports’.

20.4. The Committee understands that major airports find it difficult to allocate slots to regional airlines, which mostly fly turboprop aircraft that take longer to land and take off. This forces some of the regional airlines to depend on larger aircraft, which do not have adequate demand. The Committee is of the view that if the States tie up with the tourism boards and other tourism stakeholders and formulate packages in order to market potential tourist destinations under the RCS scheme, it would attract more passengers, thereby, enhancing the demand for air travel.

Krishi Udan

21.1. The Krishi Udan Scheme was approved on 10th September, 2020 to grow domestic and international air freight of agri-produce and to enhance share of Indian carriers in international movement of all types of cargo. It would help improve value realization, especially in North-East and tribal districts through better integration and optimization of agri-harvesting and air transportation and contributing to agri-value chain sustainability and resilience under different and dynamic conditions.

21.2. The Committee recognizes the fact that Krishi Udan has benefitted the local farmers and villagers whose products have higher value outside the region. This would boost the connectivity and thereby, economy in the region. The Committee appreciates this Scheme and hopes that it would contribute to the welfare of the people in remote regions of the country. The Committee recommends that the Ministry should take proactive steps to

remove the existing bottlenecks at airports and in the supply chain. The Committee hopes that this Scheme would provide the much needed quick cargo services to cater to the huge demand in the domestic and international markets, for the farm products of the North-Eastern region and other remote areas of the country. The Committee is happy to note that the Scheme would ensure that perishable products find good markets and market value, in and outside the country, which would otherwise have gone wasted, owing to lack of storage and connectivity.

Connectivity to North East and other remote areas

22.1. The Committee notes that air connectivity would not only bring down travel time, but also is a boon in emergencies. This is true for North East India, the islands and also hilly States. The Committee takes cognizance of the fact that improved air connectivity has changed the economic landscape of remote areas in the country, in a positive way.

22.2. The Committee notes that most of the places in the North Eastern Region are inaccessible due to inadequate road and rail facilities and the only viable means of transportation is by air. The Committee, therefore, recommends that the Ministry should give due attention to air connectivity to North East and other remote areas of the country. The Ministry should engage with State Governments, regulators and air carriers to increase air connectivity to such regions.

Need for greater co-ordination among various stakeholders

23.1. The growth of the civil aviation sector depends on the growth of other sectors such as tourism in the country. Therefore, there is a need for synergy between the aviation sector and other related sectors.

23.2. The Committee recognizes the need for the airlines to work closely with the State Tourism Departments and other stakeholders to ensure that sufficient passengers are available in all the sectors wherein the air carriers are operating. The Committee recommends that the Ministry should ensure greater co-ordination among the various stakeholders in this regard.

Adequate connectivity of airports with roads and railways

24.1. The Committee has, on many occasions, been pointing towards poor connectivity of airports with roads and railways. This inadequacy has proved to be a stumbling block in the connectivity domain of the logistics, created for hassle free and seamless movement of man and materials, across the length and breadth of the country.

24.2. The Committee recommends the Ministry to ensure that requisite synergy is achieved between/amongst the concerned Ministries/Departments, so that airports are well connected with other means of transport and tourists/flyers reach their destinations, from the airports in a smooth and safe manner. The Ministry should collaborate with the State Governments and other stakeholders to ensure that better road and rail connectivity is available from the airports.

Necessary Navigation Aids at all Airports

25.1. The Committee takes note of the issues related to landing/take off of flights during foggy weather and when runway visibility is poor. The Committee recognizes the need for the upgradation of air navigation infrastructure in India and to provide modern technology, to keep pace with the international standards.

25.2. The Committee is dismayed to note that regular delay in flight operations and cancellation of flights occur at various airports, due to non-availability of CAT-II or CAT-III facility. The Committee fails to understand the reason behind non-installation of CAT II/ CAT facilities in such airports, in the present age of technology. The Committee takes serious note of the inconvenience and delays faced by the flyers, international & domestic tourists, due to such deficiencies at the airports. The Committee recommends that the Ministry should ensure that the upgration of air navigation infrastructure in the country is kept in line with international standards.

25.3. The Committee hopes that Modernization of Military Airfields (MAFI) project which is a turn key project, would enhance the operational capability, by facilitating air operations of civilian aircrafts, even in poor visibility and adverse weather conditions, while enhancing aerospace safety. The Committee observes that MAFI project of the Indian Air Force should decide and cull out those activities which are primarily navigational equipment including approach landing systems, PAPI runway lights, threshold lights, instruments and equipment etc., where AAI/ATS have a unique advantage, as they have been handling these systems across the country, for over seven decades. Domestic civil aviation safety is the primary responsibility of the Ministry of Civil Aviation, DGCA and AAI. The utilization of these navigational aids/approach landing systems/equipment etc., which have been installed across the country, is primarily done by the AAI, which has domain knowledge. They are also familiar with the quality procurement processes, maintenance and operational requirements of these instruments which they have been using for Civil operations for over fifty years. The Committee recommends that a High Level Committee may be created with the Indian Air Force to

cull out those activities related to navigation and landing facilities which are, primarily, in the domain knowledge, with the AAI for Civil operations. The Committee recommends that apart from this, the development of the rest of the infrastructure planned under the MAFI scheme may continue as envisaged, for a greater synergy between civil aviation requirements and operational requirements of Indian Air Force.

25.4. The Committee emphasizes the imminent need to employ modern technologically advanced navigation aids and facilities at all airports in the country. The Ministry should urgently chalk out an Action Plan to operate CAT-II/III(B) ILS in all airports, in a fixed time bound period.

Shortage of availability of slots for turboprop aircrafts

26.1. The Committee could understand that at many times, shortage of availability of slots for smaller turboprop aircrafts operations from metros like Delhi and Mumbai has been experienced. The Committee expresses its concern on this issue and desires that the Ministry should take urgent timely action to address this concern.

Shortage of pilots

27.1. The Committee notes that it is a matter of grave concern that the country needs about 1000 pilots a year and that only around 200 to 300 pilots are trained, which leads to shortage of type rated commanders in the country.

27.2. The Committee strongly feels that with the huge manpower potential and skilled workforce available in the country, it is important that these resources are tapped into. The Committee recognizes the fact that the Indian aviation industry is one of the fastest growing markets in the world which has witnessed exponential growth of airline fleets. Though India has a vast talent pool of skilled manpower, it has not been able to match the requirement of pilots. The Committee, therefore, underlines the need for proactive action for skill development/training in the country, to augment the skills of available manpower. The Committee recommends the Ministry to formulate futuristic plans for devising tailor-made technical courses for skill development, training and research, in consultation with the private sector also. The Committee is of the considered opinion that the Ministry should incorporate international best practices, in the area of skill development.

Pilot Training Institutes

28.1. In the written reply of the Ministry, it has been stated that:-

- India has sub-optimal capacity/availability (in terms of simulators), to train required number of pilots.

- Indian FTOs are facing several challenges like sub-optimal fleet size, high rent, old fleet, lack of adequate no of trainers, sub-optimal facilities and weather issues are some of the reasons why students prefer to train outside India. Efforts are being made to address the issues at the earliest.
- CPLs issued during the last 5 years are as under:

Year	No. of CPL issued based on training in Indian FTO	Conversion of foreign CPL to Indian CPL	Total
2016	376	161	537
2017	358	194	552
2018	415	225	640
2019	430	314.	744
(Upto 1 Dec 2020)	303	219	522
Total	1882	1113	2995

- With a view to utilising optimally the infrastructure at AAI airports and also to provide CPL training in the country, to begin with, 6 AAI airports (Lilabari, Khajuraho, Belagavi, Kalaburgi, Jalgaon and Salem) have been permitted to allow the FTOs to operate at their premises.
- The payment of license fee and concession fee by the FTOs has been rationalised to enable them to operate. This initiative will provide the necessary training facilities for commercial pilot licensing within the country.

28.2. Keeping in view the growth in the Indian aviation industry and shortage of pilots faced in India, the Committee recommends that the Ministry should give serious thought to setting up of new Institutes for Pilot Training and to revamp the existing ones by providing modern simulators and also augment the capacity intake of students in the existing Institutes. The Committee recommends that the Ministry should envisage setting up of Pilot Training Institute adjacent to the airport, at least in one airport, in each State. The Ministry should also take necessary steps to ensure that sufficient number of trainers are made available, by offering incentives which would attract them to this field.

Indira Gandhi Rashtriya Uran Akademi (IGRUA)

29.1. The Government set up the Indira Gandhi Rashtriya Uran Akademi at Fursatganj in Rai Bareilly District of Uttar Pradesh in 1986 in order to standardize and improve facilities for flying training in the country. Till February, 2015 the Akademi had trained 1063 commercial pilots and 701 pilots for Multi-Engine endorsement and refresher course etc. It is well equipped school for training for commercial pilots' license. It is managed by a Governing Council. Initially, the Akademi was set up to train 40 pilots a year but with the rapid growth of the Civil Aviation Sector, there is tremendous demand for trained and qualified pilots.

29.2. The Ministry, in its written reply furnished to the Committee, has stated that induction of additional trainer aircraft is under process to meet the increased demand of training and that the

airspace area at base in Fusatganj airfield has also been expanded in the past to accommodate more aircraft at a time, undergoing training flight.

29.3. In its written reply, the Ministry has stated that IGRUA proposes to cater to the huge demand for pilots in India and abroad in the following manner:-

- The existing immovable infrastructure of IGRUA has the capacity to accommodate and train over 250 pilots in a year, which is an advantage to IGRUA for catering to huge demands.
- Induction of additional trainer aircraft is under process to meet the increased demand of training.
- In order to avail more airspace for training operation, IGRUA has already ventured out to utilize a satellite airspace i.e., Gondia. Proposal is also underway to explore more vacant airspace wherever air traffic is less. The airspace area at base in Fursatganj airfield has also been expanded in the past to accommodate more aircraft at a time undergoing training flight.
- IGRUA's Air Traffic Control (ATC) tower has two operating channels, one for Tower and the other for Approach like other busy ATCs of the country handling civil aircraft traffic. Fully equipped Ground Navigation Aids like VOR ILS & DME makes the airfield suitable for carrying out instrument flying.
- The hostel and other infrastructure of Rajiv Gandhi National Aviation University, which is established on IGRUA land adjacent to the airfield, is available for use, in case any such necessity that may arise, so that the infrastructure is utilized to its optimum to cater for increased demands.

29.4. The Committee recommends that the Ministry should take urgent steps to ensure that the facilities available at IGRUA are optimally utilized and that more facilities may be added to cater to the increasing demand.

Flying Training Organizations (FTOs)

30.1. As per the Annual Report (2020-21) of the Ministry, the following steps have been taken, as part of fiscal, monetary and procedural reforms, with a view to leverage the idle capacity in Indian airports and create a congenial atmosphere for Flying Training Organizations (FTOs):-

- To begin with, 6 airports (Lilabari, Khajuraho, Belagavi, Kalaburgi, Jalgaon and Salem) have been permitted to allow the FTOs to operate at their premises on the basis of payment of substantially rationalised concession fee by the FTOs.

- India's largest flying school IGRUA (Amethi, UP), has been permitted to start pilot training in Gondia and Gulbarga.
- IGRUA's operation and management is proposed to be handed over to a private operator on a PPP basis for 30 years.

30.2. The Committee takes note of the steps taken by the Ministry and urges upon the Ministry to take necessary action to ensure that world class facilities are available at the FTOs.

Aero Club of India

31.1. Aero Club of India (ACI), established in 1927 is registered under the Companies Act, 1956. The objectives of Aero Club of India are to encourage, protect and develop the study and practice of Aeronautics and Aviation in India and to provide a Centre of Information and advice on all matters pertaining to Aerospace and flying training. It also provides an all India authority to organize all competitions, sporting events in connection with Aero sports in India. ACI has 22 member flying clubs which are primarily non-profit and non-commercial organizations engaged in the task of basic/ab-initio training of Pilots and Aircraft Maintenance Engineers.

31.2. The Committee is given to understand that training aircrafts and adventure sports equipment which were provided by the Aero Club of India to several State Governments including the State of Rajasthan, Bangalore Flying Club and IIT Kanpur, have been lying unutilized for several years, while the Aero Club of India has been making efforts to retrieve such aircrafts that are under-utilized or un-utilized by the State Governments. **The Committee reiterates its recommendation made in its 291st Report, that ACI should be supported by the Government in retrieval of all such underutilized or unutilized aero sports assets provided by it for FTOs and development of aero sports, since they are Government property.**

31.3. The Committee takes note of the fact that the Aero Club of India has been functioning as an autonomous body under the Ministry of Civil Aviation, figuring in Outcome Budget as well as the Annual Report of the Ministry. The Committee also takes note of the fact that the Aero Club of India (ACI) is audited by the CAG and also the Annual Report of the Aero Club of India is tabled in Parliament. The Committee takes into account the contribution of ACI in Flying Training across the country, producing thousands of Commercial Pilots over the years. It is pertinent to note that the building in the land of Aero Club of India was allotted by the Ministry of Tourism in the past and the building was constructed by the funds raised by Aero Club of India. However, it seems that recovery petition for unauthorized stay was moved against ACI

and penalty was imposed by AAI and thereafter, the ACI building was evicted. It seems that the Government did not take note of the fact that the Aero Club of India is an arm of the Government like Pawan Hans, Airport Authority of India, DGCA, IGRUA etc. The Committee feels that having instituted a rent recovery penalty and thereafter, moving to the Court for eviction was an uncalled initiative by the AAI.

31.4. The Committee, therefore, recommends that the building of Aero Club of India which was used administratively by ACI for promoting Aero Sports and coordinating for Flying Training organizations, including giving infrastructure support to FTOs through the Grants by Government of India should be restored to the Aero Club of India at the earliest for its smooth functioning. The Board of AAI should restore the building through an appropriate resolution, restoring its original status.

Maintenance Engineering Training School

32.1. The Committee recommends in this regard that the Ministry should undertake suitable policy initiatives for Pilot Training Institutes, Flying Training Organizations and Maintenance Engineering Training Schools in the country. The Committee desires that these initiatives should positively address the noticeable shortage of pilots and type rated commanders; and other technical personnel for the civil aviation sector in the country. The Committee exhorts the Ministry to facilitate the Pilot Training Institutes, Flying Training Organizations and Maintenance Engineering Training Schools, in tapping the manpower potential and skilled workforce available in the country.

Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)

33.1. The Committee feels that this scheme is likely to pose a huge challenge to the airlines in countries like India where the aviation market is still growing and the resources as well as options for national actions are limited. In view of serious implications of CORSIA for the Indian airlines in the long term, it is useful to evaluate the impact of the scheme and analyse possible options, including administrative and economic measures, that the Indian aviation industry and the Indian airline authorities should adopt to cope with the challenge of CORSIA.

33.2. The Committee reiterates its recommendation made in its 291st Report that urgent, substantive steps should be taken to allay the widespread concern/fear regarding serious adverse implications of CORSIA on the airlines in India. The Committee recommends the Ministry to ensure that India's interests are protected at any cost, keeping in view the vital role played by the civil aviation sector in the development and growth of our economy. The

Committee desires that the concerns of India in this regard, should be raised at the diplomatic level, effectively.

Biojet fuel

34.1. The Committee understands that using Biojet fuel in aviation would reduce carbon emissions and reduce oil imports. This would also increase the income of farmers who grow the feedstock for this fuel.

34.2. The Committee recommends that the Government should encourage the use of Biojet fuel and envisage a policy in this regard. The Ministry should also engage necessary technological innovations to ensure that the use of Biojet fuel in aviation sector is promoted, wherever possible.

Optimal utilization of the Indian airspace

35.1. As per the Annual Report (2020-21) of the Ministry, in the past, about 40% of the airspace was not available for civilian use. This resulted in aircraft taking circuitous routes to reach their destinations. As per the background note furnished by the Ministry, route rationalization is now being carried out in collaboration with the Indian Air Force (IAF) and parts of the defence airspace are being released for civilian use. The potential savings to the airlines will be to the tune of INR 1000 crores per annum. The overall benefit to the aviation ecosystem will be potentially much higher.

35.2. In its written reply, Ministry has stated that the possible solutions to losing the air space are as follows:-

- Airspace in India has been traditionally having large areas reserved for military use, which resulted in civilian aircraft taking circuitous and longer routes resulting in more fuel burn and carbon emissions.
- Upon directive of Govt. of India, MoCA, IAF and AAI had a series of meetings which resulted in IAF/Navy releasing airspace for civilian use above 33,000 feet in the Northern part of the country and above 25,000 feet in the Southern part of the country.
- This released airspace is managed jointly by IAF/Navy and AAI with the establishment of National Airspace Management Cell (NAMC) w.e.f 1st August, 2020, wherein special conditional routes through these parts of released airspace are authorized 24 hours in advance to enable the civil flights to plan accordingly.
- These shortened routes have resulted in good savings for airlines arriving out of less fuel usage, also reduced carbon emissions.

- One of the domestic airlines (Indigo) has indicated a saving of 6.52 crores and a cumulative reduction of CO₂ [carbon-di-oxide] emissions of 3532.06 tonnes since the National Airspace Management Cell (NAMC) commenced issuance of airspace use plan for the period 1st August to 15th December, 2020.
- International Airport Transport Association (IATA) has also indicated the usage of a particular conditional route by upto 70 international flights a day significantly reducing the flying time and thereby costs.
- Other domestic airlines and IATA have been requested to quantify the benefits for compilation.
- In near future more such conditional routes are planned for use by civilian aircraft.

35.3. The Committee hopes that the optimal utilization of Indian airspace will lead to reduction in flight time, fuel consumption and carbon emission. The Committee desires that the Ministry should explore more steps in this direction and implement the same.

Air Sewa

36.1. Air Sewa is an initiative of Ministry of Civil Aviation, launched in 2016, to offer passengers a convenient and hassle-free air travel experience. Air Sewa platform brings various aviation stakeholders, like airports, airlines, DGCA, BCAS etc., on a common platform for redressal of air traveller's grievances. It works through an interactive web portal (airsewa.gov.in) and mobile app for both Android and iOS platforms that include a mechanism for grievance redressal, checking flight status/schedule information, airport Information and FAQs. Air Sewa is planned to have additional features like escalation of the grievances, transfer of the grievances amongst stakeholders, mobile app for the nodal officer, maps for select airports and dashboards in future release.

36.2. The Committee recommends that the grievances of passengers should be addressed effectively in a time-bound manner. The Committee desires that the Air Sewa Platform should be upgraded periodically, so that it fulfills the dynamic requirements of the air passengers.

Air Travel Safety Concerns

37.1. A number of incidents were reported in the media, raising serious concerns about flight safety. The incidents related to landing without deploying gear, aircraft veering off runways, tail strikes etc.

37.2. The Committee strongly feels that the Ministry should accord due priority to the safety and security of air travelers, in the light of such incidents and examine the reasons behind such incidents and take necessary remedial action.

Exorbitant air fares

38.1. The Committee takes serious note of high air fares, especially during festive season and calamities, and high charges levied by airlines and airports operators, making it very expensive for the air travelers.

38.2. The Committee desires that the Ministry should consider fixing an upper limit for every sector, especially in the economy class of air fares. The Committee also notes that even after reduction of the ATF prices over a period of time, the airlines have not passed on the benefit of reduction in ATF prices to the consumers. The Committee recommends that the Ministry should take effective steps to ensure that the airlines pass on the benefit to the travelers by reducing the air fares and inform the Committee about the specific steps taken in this regard and the outcome thereof.

Cancellation charges

39.1. The Committee takes serious note of the high cancellation charges levied by the airlines operating in the country.

39.2. The Committee expresses its deep concern that there is no uniformity in the cancellation charges levied by the airlines. The Committee emphasizes the need for rationalizing the cancellation charges and prescribing an upper limit of cancellation charges that can be collected from the passengers. The Committee reiterates its recommendation in this regard, made in its 276th and 291st Reports, requiring the airlines to restrict not more than 50% of the base fare as cancellation charges. The tax and fuel surcharge collected should be refunded to the passengers on cancellation of tickets. The Committee hopes that the Ministry would be able to persuade the airlines for such rationalization in the interest of the passengers.

Cancellation or delaying of flights

40.1. In the written reply furnished by the Ministry, it has been stated that Directorate General of Civil Aviation (DGCA) has issued Civil Aviation Requirements (CAR) Section 3, Series M, Part IV on “Facilities to be provided to passengers by airlines due to denied boarding, cancellation of flights and delays in flights”. Copy of the CAR is enclosed herewith. However, in view of the observation of the Department related Parliamentary Standing Committee on Transport, Tourism And Culture, a meeting was held on 04.12.2020 with airlines and airport

operators, wherein airlines were sensitized to adequately facilitate the passengers in case of cancellation or delaying of flights and they should have pre-planned arrangements to assist passengers in such eventualities. All the participating airlines stated that they are strictly following the provisions of above-mentioned CAR and even go beyond it to assist passenger, wherever required. Airport operators also assured to extend necessary support to airlines in taking adequate care of the passengers.

Moreover, a meeting was held under the chairmanship of Secretary (Civil Aviation) on 04.12.2020, where Chairman, Airports Authority of India, Director General, DGCA and other senior officers were present. DGCA has been directed to communicate to all the airlines/airports for extending necessary facilitation as per CAR. In cases, where airlines are unable to provide such facilities, the airports should extend the necessary facilities as per CAR and collect the expenditure incurred in this regard from the airlines. A copy of the Letter dated 07.12.2020 issued to DG, DGCA and copy to Chairman, AAI to communicate it to all the airlines/airports for extending necessary facilitation in such eventualities is attached.

40.2. The Committee recommends that the Ministry should ensure that designated holding area should be made available at all airports to accommodate passengers who are stranded at the airport due to cancellation or rescheduling of flights. The Committee impresses upon the Ministry to urge upon the airlines to make sure that facilities such as food, water, medical help and accommodation are available to stranded passengers.

Making Airports Accessible to all under the ‘Accessible India Campaign’

41.1. According to the Ministry, the general guidelines, formulated by Ministry of Social Justice and Empowerment, on the 10 features of accessibility, have been shared with all AAI airports for making the airports accessible, which include:-

1. Accessible Route/Approach
2. Accessible Parking
3. Accessible Entrance to the Building
4. Accessible Reception (Helpdesk)
5. Accessible Corridor/Tactile Flooring
6. Accessible lift
7. Staircase with Handrails (Main passenger movement zone)
8. Accessible toilets
9. Accessible Drinking Water Facility

10. Signage

- Accessibility features are being incorporated in all the AAI airports
- Data for 54 airports has already been uploaded on the MIS portal of AIC and data of other airports is being uploaded.
- Presently 07 AAI Airports namely Ahmedabad, Jaipur, Calicut, Kolkata, Trivandrum, Trichy and Chennai are having Ambulift facility through Ground Handling agencies. 35 Airports of AAI already have aerobridge facility.
- AAI has initiated the procurement process of Ambulifts at 20 Airports having Code C or above Aircraft Operation and doesn't have aerobridge facility to ensure seamless transfer of Divyang passengers. Tender has been invited for procurement of 20 Nos Ambulift and the technical bid was opened on 10th Nov, 2020. Tender shall be finalized by January, 2021 and expected date of completion of project in December 2021.
- AAI is conducting regular sensitization workshops with Airport Directors and other staff of AAI explaining the 10 points guidelines and standards requirements.
- AAI also trains employees at Indian Aviation Academy on the special standardized training package created under ICAO Trainair Plus program on ICAO STP: Passengers with reduced mobility.
- Personnel on help desk are being given training to communicate efficiently with all Divyangjans including training on sign language for hearing impaired and mute (deaf and dumb) persons.
- As per RPwD act 2016, accessibility standards/guidelines are required to be notified by Ministry of Civil Aviation. In this regard, 'Guidelines for Accessible Airports in India' containing all the details on Accessible Airport Infrastructure including the above 10 features of accessibility has been prepared by AAI and forwarded to MoCA. Further, MoCA advised that the points related to airlines and BCAS to also be incorporated to make comprehensive guidelines of Ministry of Civil Aviation.
- This comprehensive handbook incorporating all the accessibility features of infrastructure, security services and airlines would be forwarded by MOCA to DEPwD for vetting, post which it will be published.

41.2. The Committee appreciates the sensitivity and empathy shown by the Ministry, towards the genuine needs and concerns of the differently abled people. The Committee hopes that the Ministry will be able to fulfill the objective of the campaign to ensure a

barrier free and conducive travel environment for differently abled people.

Challenges being faced by AAI

42.1. In its written reply, the Ministry has stated that in AAI is providing Air Navigation Services throughout the entire Indian Air Space and adjoining oceanic areas except Defence airspace as per the regulations of ICAO & DGCA. With Regional Connectivity Scheme many unserved/underserved airports have been operationalised boosting air connectivity within the country.

AAI has been providing uninterrupted air traffic services with safety and efficiency even during these critical times despite certain constraints which include:

- Only 60% (approx.) airspace is available for civilian operations. The Government constituted an Airspace Review Committee for optimizing use the of defence airspace. AAI together with IAF is working towards optimization of airspace.
- Land is a major issue for infrastructure development at airports. Being the State Subject, land is provided by the State Government to AAI free of all encumbrances for development of an airport. The process often is very time consuming.
- The severe load on the drainage systems around airports due to unauthorized inhabitation has been a hindrance in development of airports in some cities.

42.2. The Committee desires that the Ministry should carefully examine the above mentioned challenges faced by AAI. AAI, being a very vital organization in the civil aviation sector, should be provided all support and avenues to function effectively as per its mandate. Therefore, the Committee emphasizes the urgent need for removal of bottlenecks which exist in the functioning of AAI.

Role of BCAS in ensuring that international security standards are adhered to

43.1. In its written reply, the Ministry has stated that Bureau of Civil Aviation Security (BCAS) adopted the following measures in order to ensure international security standards in the aviation industry in the country:

- BCAS follows the guiding principles and documents in the matter of aviation security at the airports in line with Annex 17 (Security) of Chicago Convention on International Civil Aviation. ICAO's Standard and Recommended Practices (SARPs) prescribed in Annex-17 (Security) are the foundation of a written national document on aviation security termed as "National Civil Aviation Security Programme (NCASP)".
- As a Contracting State to the ICAO Convention and being the National Aviation Security Regulator and Appropriate Authority, Director General, BCAS ensures promulgation of

aviation security measures under the National Civil Aviation Security Programme and Annex-17 of the ICAO Convention.

- The threat and risk assessment in aviation sector is carried out in accordance with Methodology provided in Appendix 37 to ICAO's- Aviation Security Manual, Doc. 8973 in respect to which, the IB (MHA) recommends the categorization of Airports, into Normal/Sensitive/Hyper Sensitive airports. Based on the categorization of Airports, appropriate aviation security measures are developed and implemented by BCAS, by promulgating suitable instructions to all stakeholders.
- BCAS conducts regular Security Audit /Inspection/ Surprise Checks on Aviation Security (AVSEC) stakeholders responsible for applying appropriate security controls, as per ICAO norms and procedures prescribed through Quality Control Programmes. This pertains to security measures by airport operators, cargo operators and Aviation Security Group which have an impact on aircraft security. Further, being a signatory of ICAO, India presents itself for aviation security audit under Universal Security Audit Programme - Continuous Monitoring Approach (USAP-CMA) to the auditors of ICAO, on a regular interval.
- Regulations are enforced through AVSEC orders and AVSEC circulars pertaining to different aspects of aviation security.
- Also, for strengthening e-governance in aviation security, following two proposals for simplifying access to airports are in advanced stages of implementation:
 - ✓ Biometric Access Control System (BACS) has been launched for issuance of biometric enabled smart card based Aerodrome Entry Permit (AEP) for secured and regulated access by employees/staff to restricted areas at all aerodromes across the country.
 - ✓ DigiYatra policy has been launched for providing seamless and hassle-free passenger experience at Indian airports during entry, without the need for verification of ticket and ID at multiple touch points. The objective of the policy is to digitize current manual processes and to bring better efficiencies, enhance security standards and achieve better throughput through existing infrastructure using "Digital Framework". Passengers are to enrol themselves in this programme for a seamless travel experience. Identification & validation of his/her ticket is to be done by a biometric system. DigiYatra aims to simplify the passenger processes at various check points in the airport right from the terminal entry gate, check-in/bag drop, security check upto

boarding gates. In the first phase the project is being implemented at 4 airports of AAI namely Kolkata, Varanasi, Pune, Vijayawada and 2 JVC Airports namely Bangalore International Airport and Hyderabad International Airport.

43.2. The Committee takes note of the steps taken by BCAS to ensure that international security standards are adopted in the country. The Committee recommends that BCAS should take periodic steps to ensure that the international best practices with respect to air safety standards, are followed in the country. The Committee recommends that proper mechanisms to ensure individual's privacy be laid down in the DigiYatri Policy and such measures should be disclosed to the public at large.

New Normal -Public Health Safety Measures in Aviation Sector

44.1. In the background note furnished by the Ministry, it has been stated that Air operations have recommenced, after the COVID pandemic scare, with adoption of following procedures/SoPs/guidelines like:-

- Contactless, seamless and paperless movement of passengers-
 - 100% web-check in
 - contactless baggage deposition
 - Minimum contact security check
- Frequent Sanitization
- Wide publicity of new normal for safest mode of transportation to boost public confidence
- Ensuring following of social distancing norms
- Thermal screening of passengers at entry
- Passengers wearing masks with green status on Aarogya Setu app allowed to enter the terminal building
- RT-PCR Testing facilities at airports for international arriving passengers

44.2. The Committee appreciates the public safety measures adopted in the civil aviation sector. The Committee desires that the Ministry should ensure that such measures are periodically updated in tune with international best practices in this regard.

Post-COVID scenario

45.1. The aviation industry, primarily being the major driver of connectivity, is one of the worst affected industries in the COVID crisis. The air transport industry, including airlines and its supply chain, contributes directly or indirectly, to the GDP of India. The lockdown has eroded the capital of most airlines. The cost of maintaining Aircraft on Ground is extremely high and with nil revenues, the revenue of airlines has been badly hit.

45.2. In April 2020, the Government introduced 'Lifeline Udan' flights to transport essential medical cargo to remote parts of the country to support India's war against COVID-19. Under

this scheme, 465 flights were operated by Air India, Alliance Air, IAF and private carriers as of May 05, 2020.

45.3. The Secretary, Ministry of Civil Aviation while deposing before the Committee, stated that Indian Aviation sector was growing at 14% cumulative growth rate per year and that the impact of COVID has been very severe on the aviation sector. He stated that during the COVID pandemic, the revenue streams of airlines dried up because they could not fly and that airport revenues became zero.

45.4. In the written reply furnished by the Ministry, it has been stated that in pursuance of Covid-19 pandemic, following effect on aviation sector have been noted:

- There have been regulatory restrictions on flight operations in domestic and international sectors leading to a severe curtailment in operations and sub-optimal aircraft utilization.
- The domestic traffic reduced from 9,40,55,089 during March-October 2019 to 2,41,21,817 during March-October 2020.
- The international traffic reduced from 1,51,94,651 during March-October in 2019 to 15,00,148 during March-October 2020.
- The revenue of Indian carriers reduced from INR 25,517 crore during April-June 2019 to INR 3,651 crore during April-June 2020.
- The revenue of airport operators reduced from INR 5,745 crore during April-June 2019 to INR 894 crore during April-June 2020.
- In respect of Air India, the total revenue reduced from INR 7,066 crore during April-June 2019 to INR 1,531 crore during April-June 2020.
- The employment at airlines reduced from 74,667 as on 31st March 2020 to 67,906 as on 30th Sep 2020.
- The employment at airports reduced from 67,760 as on 31st March 2020 to 64,514 as on 31st July 2020.
- The employment at ground handling agencies has reduced from 37,720 as on 31st March 2020 to 29,254 as on 31st July, 2020.
- The employment at cargo operators reduced from 9,555 as on 31st March, 2020 to 8,538 as on 31st July, 2020.

All efforts have been made to reduce the impact of the pandemic on the aviation sector. Some of the measures taken to support the aviation sector includes:

- Domestic air services have been restarted in a calibrated manner. Initially only one third (33%) of the summer schedule 2020 was allowed to be operated which was subsequently increased to 45% on 26 Jun 2020 and then to 80% on 30 Nov 2020.
- Operation of Regional Connectivity Scheme (RCS) - UDAN (UdeDeshKaAamNagrik) flights were allowed without the above-mentioned restrictions.
- As on 15 Dec 2020, exclusive air-links or Air Bubbles have been established with 23 countries (Afghanistan, Bahrain, Bangladesh, Bhutan, Canada, Ethiopia, France, Germany, Iraq, Japan, Kenya, Maldives, Nepal, Netherlands, Nigeria, Oman, Qatar, Rwanda, Tanzania, Ukraine, United Arab Emirates (UAE), United Kingdom (UK), and United States of America (USA). These are temporary arrangements aimed at restarting international passenger services while regular international flights remain suspended due to COVID-19.
- Promoted private investments in existing and new airports through the PPP route.
- Adequate care taken to ensure that cargo terminals at all major airports were operational, whenever required.
- GST rate reduced to 5% for domestic Maintenance, Repair and Overhaul (MRO) services.
- Encouraging Indian carriers to increase their share in international air cargo traffic.
- Route rationalization in the Indian airspace in coordination with Indian Air Force (IAF) for efficient airspace management, shorter routes and reduced fuel consumption.

45.5. In its written reply, the Ministry has stated that in the wake of the pandemic and its adverse fall-out on the airline industry, proposed relief plans suggested by the airlines are as follows:

- Credit vouchers should be given to customers as a valid means of compensating customers for flight cancellation/charges.
- Govt. sector LTC to be opened for private airlines.
- All aviation stakeholders including airports, DCS operators, ground handling companies, catering companies, etc. do not hold up the resumption of airline operations on account of past dues of any airlines.
- All statutory dues be deferred for 6 months post the suspension of flights being lifted.
- Integrated Goods and Service Tax (IGST) should not be charged on re-import of repaired engine and parts.

- ATF should be placed under GST, until then VAT should be capped at 5% and the 11% excise should be eliminated.
- Tax relief should be given to the airlines

45.6. In the written reply furnished by the Ministry, it has been stated that the employment at airlines has reduced from 74,667 as on 31st March, 2020 to 67,906 as on 30th September, 2020. Total retrenchment of the airline employees is 6,761

45.7. The Committee is aware of the grim fact that the aviation sector has been hit hard by global economic slowdown and the COVID-19 pandemic. The Committee understands that the adverse effect of the COVID-19 pandemic, on the airlines operating in the country, which were already reeling under heavy losses, was unprecedented. The Committee takes note of the steps taken by the Ministry to tackle the pandemic. While acknowledging the resilience shown by the civil aviation sector in the country during such trying times, the Committee recommends that the Ministry should envisage immediate and long term measures, to strengthen the civil aviation sector in the country and to enable its resurgence.

46.1. In the reply furnished by private airlines, it has been stated that the aviation sector is non-priority sector for the banks in India and that even though Reserve Bank of India issued circular providing guidelines to banks to relax the norms for lending and restructuring the debt of airlines, no support was provided by the banks to airlines even during post COVID period.

46.2. The Committee desires that the Ministry should take necessary steps to ensure short term waiver or short term put off, in terms of aviation charges, for sustaining a viable aviation industry. The Committee is of the view that all airlines and aviation-related business must be treated as priority sector lending. The Committee recommends that the Ministry should provide a sectoral fund, which is professionally managed and which can provide structured debt to the airlines industry.

‘WINGS 2017’ “Sab Uden, Sab Juden”

47.1. In the written reply furnished by the Ministry, it has been stated that the Ministry of Civil Aviation and Federation of Indian Chambers of Commerce and Industry (FICCI) had jointly organized the first edition of the event WINGS 2017- Sab Uden Sab Juden in the month of July 2017 in Delhi. Second edition WINGS 2018 was organized at Hyderabad at large scale wherein almost all stakeholders were taken on board. The third edition WINGS 2019 was organized again in the month of February 2019 at Delhi. The Fourth edition of WINGS 2020 was organized in the month of March 2020 at Hyderabad.

47.2. In its written reply, the Ministry has stated that WINGS is a unique platform for Indian

Industry, States and other stakeholders. The Ministry and FICCI has jointly organized the four editions of event WINGS for expanding Regional Connectivity and received tremendous & achievable responses from Airlines, States and other industry players. The event drew hundreds of delegates from Government and Industry including many States/Union Territories (UTs). Numerous meetings were organized between the States/UTs and Airlines operators.

This event has been the stage for the State officials, leading industry from International & domestic Airlines, MROs, Aircraft & engine Manufacturers, Airport infrastructures and other industry representatives and entire value chain to share their thoughts and ideas on how the Aviation industry can collaborate for partnership, Investment, Policies formation and to forge new connections for new business initiatives.

47.3. The Committee appreciates this initiative of the Ministry. The Committee hopes that will encourage collaboration among the various stakeholders of the civil aviation sector and that the aviation industry will reap the benefits of this initiative in the future.

Insufficiency of hangars

48. The Committee could understand that sufficient hangars are not available in the country, especially in non-metro cities.

48.1. The Committee is of the considered view that since the Ministry is taking commendable steps to ensure air connectivity to remote areas also, it is an essential corollary that well equipped hangars are also built in such places, in order to ensure proper and time efficient maintenance of aircrafts and helicopters.

Unmanned Aircraft System (Drone)

49. In the Annual Report (2020-21) of the Ministry, it has been stated that to regulate the operations of Drones and to facilitate training of Drone operators following steps have been taken by Ministry of Civil Aviation:

- a) Draft Unmanned Aircraft System (UAS) Rules prepared.
- b) Draft Unmanned Aircraft System Traffic Management (UTM) Policy prepared.
- c) Digital Sky Platform (DSP) initiated to cover the entire range of activities like online registration, approval of flight path, post flight analysis etc
- d) With a view to broadbase the training structure, permissions granted to various organisations such as Central/ State Governments, Universities, manufacturers, FTOs, Non- Scheduled Operators Permit holders (NSOPs), Scheduled Operators Permit holders (SOPs), Maintenance Training Organisations (MTOs) to undertake drone training.

- e) 15 DGCA approved FTOs have been permitted to undertake drone training.
- f) Online enlisting of Drone operating in India started in January, 2020. Till 31st December, 2020, 22,863 Drone Acknowledgement Number (DAN) have been issued.

49.1. The Committee takes note of the steps taken to establish an UTM Ecosystem in India and hopes that the formulation of UTM Policy would facilitate Drone Traffic Management Services for operation of Drones within the air traffic environment, in our air space, and that the UAS Rules would provide the requisite regulatory framework Beyond Visual Line of Sight (BVLOS) operations, in the country.

Drone Directorate

50. According to the Annual Report (2020-21) of the Ministry of Civil Aviation, SVAMITVA Scheme, a Central Sector Scheme has been launched by Hon'ble Prime Minister of India on National Panchayat Day, *i.e.*, 24th April, 2020 with the Ministry of Panchayati Raj (MoPR) as the nodal Ministry for implementation of the scheme. In the States, the Revenue Department/ Land Records Department will be the Nodal Department and shall carry out the scheme with the support of State Panchayati Raj Department. Survey of India shall work as the technology partner for implementation SOI-Survey of India (Technology Partner of SVAMITVA Scheme) who is responsible for mapping using Drone Technology. Joint Inspection team of DGCA headed by Drone Directorate submitted its report on 25.11.2020 to remove roadblock in the SVAMITVA Scheme, using drone Technology for mapping land records (Village abadi) and issuing property card under SVAMITVA Scheme of Government of India.

50.1. The Committee feels that the setting up of Drone Directorate is a step forward in strengthening the Drone ecosystem of India, by way of addressing the delays in rolling out permission, managing Drone Training Schools and fast tracking Drone certifications. The Committee recommends that the Ministry should take requisite steps for the proper functioning of the Drone Directorate.

RECOMMENDATIONS/ OBSERVATIONS – AT A GLANCE

Airport infrastructure

The Committee notes that the aviation industry in India has witnessed tremendous amount of growth over the last decade as is evident from the fact that India's domestic passenger throughput has reached around 137 million in FY 2019-20 from 61 million in FY 2013-14 and international passenger traffic has reached 67 million in FY 2019-20 from 47 million in FY 2013-14. Prior to the outbreak of COVID-19 pandemic, the Indian civil aviation sector was growing at a CAGR of 14% and was among the fastest growing civil aviation sector in the world. Despite India being the world's fastest growing aviation market, its airports are grappling with serious capacity constraints because such a pace of growth has resulted in a strain on the aviation infrastructure, resulting in traffic congestions and delays at majority of the airports. If a high growth in civil aviation sector is to be sustained, it is imperative to augment and modernize India's aviation infrastructure. The Committee notes with satisfaction that the AAI and private airport operators have envisaged a modernization and development plan with an estimated cost of Rs. 89,000 crore by 2024. The Committee urges the Ministry to make privacy a focus of the regulatory framework for the Ecosystem of Drones.

(Para 7.5)

The Committee urges upon the Ministry to develop a comprehensive, strategic and futuristic Master Plan for implementation of projects to provide world class airport infrastructure, by bringing in cutting edge technology and the global best practices of the aviation industry, so as to encourage growth in passenger and cargo traffic and catapult India into the league of top aviation markets within a period of 5 years. The Committee would like the Ministry to address not only the existing capacity constraints in various airports, but also address infrastructural requirements in the context of growth scenario forecast for the coming years. It should be strictly ensured that the development/upgradation of airport projects are completed as per the prescribed timelines.

(Para 7.6)

The Committee also urges the Ministry to ensure that adequate parking space and slots are available at the airports. The Committee notes that potential growth in the passenger and cargo traffic would require enormous investments in terms of construction of new airports

and expansion and modernization of existing airports. Given the risks, lenders are cautious about issuing long-term debt to airport operators. The Committee, therefore, would like the Ministry to formulate necessary policies, schemes and guidelines, to attract much needed investment for airport projects so that the way for raising resources towards funding the development, modernization and upgradation plans of airports could be paved and multiple funding option including external commercial borrowing, capital markets long-term borrowing etc. could be explored.

(Para 7.7)

The Committee desires that the Ministry should ensure that basic amenities are available at all the airports and that periodic maintenance is carried out efficiently. The Committee recommends that the Ministry should ensure sufficient space for commercial shops, while granting approval for new airports. The Committee recommends that the Ministry should consider mandatorily earmarking minimum 100 acres of land, while making plans for future airports. Further, 5 Star/3 Star hotels and multiplexes should be constructed near the new airports. The Committee also desires that extra land, if any, should not be sold and should be kept for future aviation developmental activities.

(Para 7.8)

The Committee has been given to understand that there is a need to look at the entire structure of airports and the way the airport concessions are given. At present, the rights to operate airports are given to individuals or entities who bid the highest with the Airports Authority of India. When those services are given to the highest bidder, the highest bidder charges the highest amount of money from the airlines, which has little or no bearing on the actual cost of the service. The Committee, therefore, recommends that the Ministry should look into these issues and take urgent steps to ensure that such anomalies and structural problems are rectified in the interest of the aviation sector.

(Para 8)

The Committee has been given to understand that large numbers of institutional clearances are required for airport projects, which lead to delays and cost escalation. The Committee, therefore, recommends that the Ministry should set up a single-window clearance mechanism to facilitate institutional clearances for airport projects and ensure timely completion of such projects.

(Para 8.1)

Regional Connectivity Scheme

The Committee notes that although the airlines industry got a huge fillip with the launch of RCS, which is aimed at making flying affordable for the masses and facilitating/stimulating regional air connectivity and the passenger traffic has shown a rising trend due to low cost aviation, air connectivity is largely confined to routes connecting State capitals and large towns and some parts of the country still remain unconnected by air services. Therefore, the Committee recommends that the Ministry of Civil Aviation should take urgent effective steps to ensure balanced growth of connectivity in different parts of the country under RCS. The Committee also desires that the benefits under the Regional Connectivity Scheme, currently restricted to three years, should be extended by another two years, to give airlines an opportunity to transform a fledgling route into a strong and revenue-generating one.

(Para 9.6)

The Committee urges upon the Ministry to closely and meticulously, monitor the implementation and impact of the UDAN Scheme and formulate plans and guidelines to ensure that the benefits of the Scheme actually reach the passengers, as per the spirit of the Scheme.

(Para 9.7)

The Committee observes that direct air connections to tourist destinations and cultural sites can massively promote the tourism industry which will lead to employment opportunities and faster economic growth. There is, therefore, an imperative need for close co-ordination between the Ministry of Civil Aviation, and the Ministries of Tourism and Culture, in matters regarding air connectivity to important tourist destinations and cultural sites in the country. Hence, the Committee recommends the Ministry of Civil Aviation, to work in tandem with the Ministries of Culture and Tourism, in order to open up India's vast tourism potential and ensure greater harmony among the concerned Ministries, who are vital stakeholders in this regard.

(Para 9.8)

The Committee takes note of the fact that out of the 778 routes awarded under RCS, only 315 have been operationalised so far. The Committee desires that the Ministry should examine the reasons for non-commencement of routes that have already been awarded under the UDAN Scheme; identify the bottlenecks in this regard; and chalk out strategic steps to address the issues involved.

(Para 10.1)

The Committee notes that there are a number of non-operational airstrips/airports owned by AAI and State Governments. Since provision of airport infrastructure is Capital intensive, the Ministry should focus on optimally utilizing existing airport infrastructure and operationalizing unused airstrips and dormant airports for promoting regional/remote area air connectivity under RCS. The Committee is of the view that operationalizing these inactive AAI and State Government airstrips will not only release significant untapped infrastructure capacity in the aviation industry but also contribute to reducing the airport charge airline cost structure.

(Para 10.2)

The Committee feels that at this juncture, the issues that need to be addressed are lack of infrastructure of civil airports due to non-availability of land, delay related to compliance of the regulations by the airport operators and lack of road connectivity to the airports etc. The Committee takes note of the steps taken by the Ministry to address the issues faced under RCS. The Committee recommends that the Ministry should take urgent remedial steps to address these concerns. The Committee also notes that the promotion of regional air connectivity under RCS critically hinges on the support from the State Governments in the shape of multimodal connectivity, utilities, land availability, security etc. The Committee would, therefore, like the Ministry of Civil Aviation to impress upon the State Governments to form a dedicated mechanism mandated to offer one-stop solutions to airline and airport operators with the objective of promoting regional air connectivity under RCS.

(Para 11.2)

Air Cargo

The Committee notes that besides geographical location, India's cargo industry has the advantage of a growing economy along with a population of 1.3 billion plus India's impressive growth in international and domestic trade in the last decade. However, despite tremendous potential, India's total annual freight volumes stood at 3.33 MMT in fiscal 2019-20 and has not reached close to any one the top three world-class airports, viz., Hong Kong, Memphis and Shanghai. The Committee is constrained to note that the total air cargo throughput handled by all Indian airports put together is less than that handled by individual airports like Hong Kong, Memphis and Shanghai. It is, therefore, evidently clear that despite having all the ingredients to be one of the world's air cargo hubs, India has not

fully realized its potential in terms of air cargo. The Committee is of the view that inadequate infrastructure is a major bottleneck in developing the country's air cargo sector. The Committee, therefore, recommends that the Ministry should take effective steps to address the crippling infrastructure constraints by way of establishing dedicated cargo airports in the country and developing new airports with a focus on making them cargo hubs so that the Ministry's ambitious cargo throughput target of 10 MMT by 2027 could be realized.

(Para 12.6)

The Committee is aware that the air cargo industry is hamstrung by paper-driven legacy systems and procedures. Since automation is critical for air freight to maintain its competitiveness, the Committee recommends that the Ministry, in tandem with the stakeholders, should take effective measures to automate information systems as well as streamline or simplify redundant processes and regulations for faster, transparent and seamless movement of air cargo.

(Para 12.7)

The Committee has been given to understand that due to the Open Sky Policy for cargo in India, foreign carriers carry 90 to 95 percent of the total international cargo to and from India, while Indian air cargo operators face all sorts of barriers when they go into other countries. The Committee, therefore, recommends that for providing a level playing field for Indian air cargo operators, the Ministry should make appropriate changes in the Open Sky Policy for cargo. The Committee also recommends that Ministry/DGCA should take note of Indian cargo operators facing discriminatory and restrictive practices or regulatory impediments in operating international cargo flights in any of the foreign countries and take urgent steps to address/resolve them. The Committee desires to be kept apprised of the action taken and the outcome achieved in this regard.

(Para 12.8)

The Committee is aware that in September, 2020, the Ministry of Civil Aviation restricted non-scheduled freighter flights by international carriers to six Indian airports, viz., Delhi, Mumbai, Kolkata, Chennai, Bengaluru and Hyderabad, with the objective of providing a level playing field for Indian air cargo operators. The Committee desires to know, as to what extent this action has been able to ensure equal opportunities for Indian carriers.

(Para 12.9)

The Committee recommends that the Ministry should take timely action to address the issues of congestion at the entry of terminal, inadequate screening, inadequate storage space, lack of temperature facility etc. at the cargo terminals. The Committee also recommends that the Ministry should take steps to ensure that attractive and uniform transit handling costs and procedures are implemented across all airports in the country.

(Para 12.10)

Helicopter operations

The Committee is of the considered view that much more attention needs to be given to helicopter operations in the country. The Committee recommends that the Ministry should address the issues of proper maintenance of helicopters, replacement of aged helicopters and training of the crew, on priority basis. The Committee emphasizes the need for simulator module training for helicopter pilots for offshore landing. The Committee recommends that the Ministry should take urgent steps to ensure a network of heliports, in order to give necessary boost to the helicopter operations in the country. The Committee underlines the need for greater co-operation between the Ministry and State Governments for building heliports in the country.

(Para 13.3)

Seaplanes

There is immense potential for seaplanes operations in the country. However, such potential has not yet been exploited fully. The seaplane services will revolutionize the nation's regional connectivity. The Committee takes note of the steps taken by the Ministry to encourage seaplane operations. The Committee recommends that the Government should put in place, requisite policies and infrastructure to enable seaplane operations in India. The Committee desires that the Ministry should ensure that the necessary amenities matching up to international standards for seaplane operations, such as terminal buildings, facilitation counters, check-in counters, modern ticketing methods, food counters, motels, shopping facilities etc. are provided, for the smooth operation of seaplanes. The Committee also underlines the urgent need to formulate a 'Seaplane Policy'.

(Para 14.4)

Intra State connectivity

The Committee feels that much more needs to be done to improve intra-State air connectivity and to cater to the ever increasing demand. The Committee recommends that

the Ministry should chalk out a strategy, after due consultation with the State Governments, in order to give significant boost to intra-State air connectivity. The Ministry should also engage with the tourism and industry stakeholders, in this regard.

(Para 15.2)

Aviation Turbine Fuel (ATF) prices and aviation taxes

The Committee takes serious note of the high ATF prices prevailing in the country which is further aggravated by high taxes such as customs duty, excise duty, sale/State tax, Value Added Tax (VAT) levied thereon. The Committee has been given to understand that the cost of ATF nearly forms 40% of the total operating cost of airlines and impacts the financial viability of their operations and hurts their competitiveness because Indian carriers are unable to compete against their global counterparts on account of the exorbitantly higher prices of ATF. The Committee is constrained to note that ATF prices in the country are distorted because it is subjected to multiple taxes by different Government entities. The airline industry is capital-intensive and works on very thin profit margins. This is why most Indian carriers are reeling under losses despite tremendous growth in air traffic. Therefore, relief on ATF is crucial for the viability of airline industry and would be a major incentive for airlines to augment their operations.

(Para 16.5)

The Committee is happy to note the steps taken by State Governments in reducing the VAT on ATF for the flights operated under UDAN Scheme. The Committee observes that ATF prices in India are currently under VAT regime which is under the purview of individual States and the variation in the taxes ranges from 1% to 30%. Since fuel cost accounts for nearly 40% of the operating cost of the airlines industry, even a small relief in the pricing will be a boon for the industry. However, the Committee is concerned to note that the State Governments have shown reluctance to reduce the VAT on ATF for flights other than those operated under UDAN scheme. The Committee is of the view that reduction in VAT on ATF would be a notional revenue loss for the States, which can be offset by enhanced economic activities, which would be the result of increased air connectivity to the region. The Committee desires that the Ministry may pursue this issue with the State Governments, in order to rationalize and minimize the State level taxes/surcharges on ATF and bring much needed relief and help, to the airline sector.

(Para 16.6)

The Committee is of the opinion that ATF is a small component of overall petroleum products and hence, deserves to be treated separately. The Committee notes that despite ATF being an input fuel (similar to coal and gas), the issue of inclusion of ATF under GST has been a long standing issue and requires final resolution by the GST Council.

(Para 16.7)

As regards high aviation taxes, the Committee feels that the Indian aviation industry is laden with very high operating and fixed costs, in view of which there is a need for considering aviation sector for priority sector lending, so that the industry could get access to funds at cheaper rates. The Committee also underlines the need for unbundling of product and pricing to the customer.

(Para 16.8)

Maintenance, Repair and Overhaul (MRO)

The Committee observes that India has the potential to be an MRO hub due to locational advantage, growing aircraft fleet, low labour costs and the natural talent to drive innovation. However, the country has not yet been able to fully exploit the opportunities available in this sector and a major deterrent for growth of the MRO industry is high taxation of MRO components. Aircraft MRO services are critical in aviation value chain and it would be of a huge loss for the country, if we do not tap the vast technical and skill base available in the country. The Committee takes note of the various steps taken by the Ministry to rationalize the tax regime for MROs and promote MRO activities in the country. The Committee strongly recommends that the Ministry should give requisite focus on the issues presently faced in the MRO sector and remove the remaining policy distortions and address regulatory limitations to ensure that India evolves into a key international player in offering MRO facilities. The Committee recommends that the Ministry should take necessary steps to ensure that MRO workshops are set up in all the metro cities in the country, in order to attract international business. The Committee also emphasizes the need for enhanced collaboration between defence and civil MROs.

(Para 17.6)

The Committee is of the considered view that this contract clause hampers the growth of local MRO industry in our country. The Committee, therefore, desires that in order to give much desired fillip to the local MRO industry, the Ministry should devise a suitable MRO policy which will help the growth of local MRO industry, whereby, employment opportunities can be created for the local youth.

(Para 17.7)

Global Hubs

The Committee takes note of the immense possibilities which exist in the country, which if properly explored, will enable India to rise up as a global aviation hub. The Committee recommends that the Ministry should give proper thought and deliberation to this aspect and take necessary concrete action to tackle the hurdles posed in this regard. The Committee highlights the need for change in the policies of traffic flow in such a way that India captures the air space for hub and spoke mechanism.

(Para 18.3)

Encouraging aviation leasing and financing activities in India

The Committee recommends that the Ministry should take proactive steps to encourage Indian financial institutions to enter into the aircraft leasing and financing business. The Committee urges upon the Ministry to examine the regulations existing in the country in this field, identify the bottlenecks and modify the regulations, as per the present and future requirements.

(Para 19.3)

Role of State Governments

The Committee is of the view that incentives by State Governments in the form of financial support such as VAT reduction, sharing of viability gap funding with airlines and non-financial incentives such as providing security and fire services free of cost to airport operators are required. The Committee feels that States which are apprehensive of revenue loss, need to think about the enhancement of economic activities which would result due to increased air connectivity to the region, in the long run. States may adapt their relevant schemes relating to tourism, health and insurance for supporting air connectivity, in order to supplement the objectives of regional connectivity.

(Para 20.2)

Land acquisition is a major problem due to land scarcity and huge capital requirement. The Committee feels that there are many regional airports which can be developed by States on their own or in collaboration with the Airports Authority of India (AAI) and that the State Governments should explore the setting up of 'no-frill airports'.

(Para 20.3)

The Committee understands that major airports find it difficult to allocate slots to regional airlines, which mostly fly turboprop aircraft that take longer to land and take off. This forces some of the regional airlines to depend on larger aircraft, which do not have

adequate demand. The Committee is of the view that if the States tie up with the tourism boards and other tourism stakeholders and formulate packages in order to market potential tourist destinations under the RCS scheme, it would attract more passengers, thereby, enhancing the demand for air travel.

(Para 20.4)

Krishi Udan

The Committee recognizes the fact that Krishi Udan has benefitted the local farmers and villagers whose products have higher value outside the region. This would boost the connectivity and thereby, economy in the region. The Committee appreciates this Scheme and hopes that it would contribute to the welfare of the people in remote regions of the country. The Committee recommends that the Ministry should take proactive steps to remove the existing bottlenecks at airports and in the supply chain. The Committee hopes that this Scheme would provide the much needed quick cargo services to cater to the huge demand in the domestic and international markets, for the farm products of the North-Eastern region and other remote areas of the country. The Committee is happy to note that the Scheme would ensure that perishable products find good markets and market value, in and outside the country, which would otherwise have gone wasted, owing to lack of storage and connectivity.

(Para 21.2)

Connectivity to North East and other remote areas

The Committee notes that most of the places in the North Eastern Region are inaccessible due to inadequate road and rail facilities and the only viable means of transportation is by air. The Committee, therefore, recommends that the Ministry should give due attention to air connectivity to North East and other remote areas of the country. The Ministry should engage with State Governments, regulators and air carriers to increase air connectivity to such regions.

(Para 22.2)

Need for greater co-ordination among various stakeholders

The Committee recognizes the need for the airlines to work closely with the State Tourism Departments and other stakeholders to ensure that sufficient passengers are available in all the sectors wherein the air carriers are operating. The Committee recommends that the Ministry should ensure greater co-ordination among the various stakeholders in this regard.

(Para 23.2)

Adequate connectivity of airports with roads and railways

The Committee recommends the Ministry to ensure that requisite synergy is achieved between/amongst the concerned Ministries/Departments, so that airports are well connected with other means of transport and tourists/flyers reach their destinations, from the airports in a smooth and safe manner. The Ministry should collaborate with the State Governments and other stakeholders to ensure that better road and rail connectivity is available from the airports.

(Para 24.2)

Necessary Navigation Aids at all Airports

The Committee is dismayed to note that regular delay in flight operations and cancellation of flights occur at various airports, due to non-availability of CAT-II or CAT-III facility. The Committee fails to understand the reason behind non-installation of CAT II/ CAT facilities in such airports, in the present age of technology. The Committee takes serious note of the inconvenience and delays faced by the flyers, international & domestic tourists, due to such deficiencies at the airports. The Committee recommends that the Ministry should ensure that the upgradation of air navigation infrastructure in the country is kept in line with international standards.

(Para 25.2)

The Committee hopes that Modernization of Military Airfields (MAFI) project which is a turn key project, would enhance the operational capability, by facilitating air operations of civilian aircrafts, even in poor visibility and adverse weather conditions, while enhancing aerospace safety. The Committee observes that MAFI project of the Indian Air Force should decide and cull out those activities which are primarily navigational equipment including approach landing systems, PAPI runway lights, threshold lights, instruments and equipment etc., where AAI/ATS have a unique advantage, as they have been handling these systems across the country, for over seven decades. Domestic civil aviation safety is the primary responsibility of the Ministry of Civil Aviation, DGCA and AAI. The utilization of these navigational aids/approach landing systems/equipment etc., which have been installed across the country, is primarily done by the AAI, which has domain knowledge. They are also familiar with the quality procurement processes, maintenance and operational requirements of these instruments which they have been using for Civil operations for over fifty years. The Committee recommends that a High Level Committee

may be created with the Indian Air Force to cull out those activities related to navigation and landing facilities which are, primarily, in the domain knowledge, with the AAI for Civil operations. The Committee recommends that apart from this, the development of the rest of the infrastructure planned under the MAFI scheme may continue as envisaged, for a greater synergy between civil aviation requirements and operational requirements of Indian Air Force.

(Para 25.3)

The Committee emphasizes the imminent need to employ modern technologically advanced navigation aids and facilities at all airports in the country. The Ministry should urgently chalk out an Action Plan to operate CAT-II/III(B) ILS in all airports, in a fixed time bound period.

(Para 25.4)

Shortage of availability of slots for turboprop aircrafts

The Committee expresses its concern on this issue and desires that the Ministry should take urgent timely action to address this concern.

(Para 26.1)

Shortage of pilots

The Committee strongly feels that with the huge manpower potential and skilled workforce available in the country, it is important that these resources are tapped into. The Committee recognizes the fact that the Indian aviation industry is one of the fastest growing markets in the world which has witnessed exponential growth of airline fleets. Though India has a vast talent pool of skilled manpower, it has not been able to match the requirement of pilots. The Committee, therefore, underlines the need for proactive action for skill development/training in the country, to augment the skills of available manpower. The Committee recommends the Ministry to formulate futuristic plans for devising tailor-made technical courses for skill development, training and research, in consultation with the private sector also. The Committee is of the considered opinion that the Ministry should incorporate international best practices, in the area of skill development.

(Para 27.2)

Pilot Training Institutes

Keeping in view the growth in the Indian aviation industry and shortage of pilots faced in India, the Committee recommends that the Ministry should give serious thought to setting up of new Institutes for Pilot Training and to revamp the existing ones by providing

modern simulators and also augment the capacity intake of students in the existing Institutes. The Committee recommends that the Ministry should envisage setting up of Pilot Training Institute adjacent to the airport, at least in one airport, in each State. The Ministry should also take necessary steps to ensure that sufficient number of trainers are made available, by offering incentives which would attract them to this field.

(Para 28.2)

Indira Gandhi Rashtriya Uran Akademi (IGRUA)

The Committee recommends that the Ministry should take urgent steps to ensure that the facilities available at IGRUA are optimally utilized and that more facilities may be added to cater to the increasing demand.

(Para 29.4)

Flying Training Organizations (FTOs)

The Committee takes note of the steps taken by the Ministry and urges upon the Ministry to take necessary action to ensure that world class facilities are available at the FTOs.

(Para 30.2)

Aero Club of India

The Committee reiterates its recommendation made in its 291st Report, that ACI should be supported by the Government in retrieval of all such underutilized or unutilized aero sports assets provided by it for FTOs and development of aero sports, since they are Government property.

(Para 31.2)

The Committee, therefore, recommends that the building of Aero Club of India which was used administratively by ACI for promoting Aero Sports and coordinating for Flying Training organizations, including giving infrastructure support to FTOs through the Grants by Government of India should be restored to the Aero Club of India at the earliest for its smooth functioning. The Board of AAI should restore the building through an appropriate resolution, restoring its original status.

(Para 31.4)

Maintenance Engineering Training School

The Committee recommends in this regard that the Ministry should undertake suitable policy initiatives for Pilot Training Institutes, Flying Training Organizations and Maintenance Engineering Training Schools in the country. The Committee desires that these initiatives should positively address the noticeable shortage of pilots and type rated

commanders; and other technical personnel for the civil aviation sector in the country. The Committee exhorts the Ministry to facilitate the Pilot Training Institutes, Flying Training Organizations and Maintenance Engineering Training Schools, in tapping the manpower potential and skilled workforce available in the country.

(Para 32.1)

Carbon Offsetting and Reduction Scheme for International Aviation (CORSA)

The Committee reiterates its recommendation made in its 291st Report that urgent, substantive steps should be taken to allay the widespread concern/fear regarding serious adverse implications of CORSIA on the airlines in India. The Committee recommends the Ministry to ensure that India's interests are protected at any cost, keeping in view the vital role played by the civil aviation sector in the development and growth of our economy. The Committee desires that the concerns of India in this regard, should be raised at the diplomatic level, effectively.

(Para 33.2)

Biojet fuel

The Committee recommends that the Government should encourage the use of Biojet fuel and envisage a policy in this regard. The Ministry should also engage necessary technological innovations to ensure that the use of Biojet fuel in aviation sector is promoted, wherever possible.

(Para 34.2)

Optimal utilization of the Indian airspace

The Committee hopes that the optimal utilization of Indian airspace will lead to reduction in flight time, fuel consumption and carbon emission. The Committee desires that the Ministry should explore more steps in this direction and implement the same.

(Para 35.3)

Air Sewa

The Committee recommends that the grievances of passengers should be addressed effectively in a time-bound manner. The Committee desires that the Air Sewa Platform should be upgraded periodically, so that it fulfills the dynamic requirements of the air passengers.

(Para 36.2)

Air Travel Safety Concerns

The Committee strongly feels that the Ministry should accord due priority to the safety and security of air travelers, in the light of such incidents and examine the reasons behind such incidents and take necessary remedial action.

(Para 37.2)

Exorbitant air fares

The Committee desires that the Ministry should consider fixing an upper limit for every sector, especially in the economy class of air fares. The Committee also notes that even after reduction of the ATF prices over a period of time, the airlines have not passed on the benefit of reduction in ATF prices to the consumers. The Committee recommends that the Ministry should take effective steps to ensure that the airlines pass on the benefit to the travelers by reducing the air fares and inform the Committee about the specific steps taken in this regard and the outcome thereof.

(Para 38.2)

Cancellation charges

The Committee expresses its deep concern that there is no uniformity in the cancellation charges levied by the airlines. The Committee emphasizes the need for rationalizing the cancellation charges and prescribing an upper limit of cancellation charges that can be collected from the passengers. The Committee reiterates its recommendation in this regard, made in its 276th and 291st Reports, requiring the airlines to restrict not more than 50% of the base fare as cancellation charges. The tax and fuel surcharge collected should be refunded to the passengers on cancellation of tickets. The Committee hopes that the Ministry would be able to persuade the airlines for such rationalization in the interest of the passengers.

(Para 39.2)

Cancellation or delaying of flights

The Committee recommends that the Ministry should ensure that designated holding area should be made available at all airports to accommodate passengers who are stranded at the airport due to cancellation or rescheduling of flights. The Committee impresses upon the Ministry to urge upon the airlines to make sure that facilities such as food, water, medical help and accommodation are available to stranded passengers.

(Para 40.2)

Making Airports Accessible to all under the 'Accessible India Campaign'

The Committee appreciates the sensitivity and empathy shown by the Ministry, towards the genuine needs and concerns of the differently abled people. The Committee hopes that the Ministry will be able to fulfill the objective of the campaign to ensure a barrier free and conducive travel environment for differently abled people.

(Para 41.2)

Challenges being faced by AAI

The Committee desires that the Ministry should carefully examine the above mentioned challenges faced by AAI. AAI, being a very vital organization in the civil aviation sector, should be provided all support and avenues to function effectively as per its mandate. Therefore, the Committee emphasizes the urgent need for removal of bottlenecks which exist in the functioning of AAI.

(Para 42.2)

Role of BCAS in ensuring that international security standards are adhered to

The Committee takes note of the steps taken by BCAS to ensure that international security standards are adopted in the country. The Committee recommends that BCAS should take periodic steps to ensure that the international best practices with respect to air safety standards, are followed in the country. The Committee recommends that proper mechanisms to ensure individual's privacy be laid down in the DigiYatri Policy and such measures should be disclosed to the public at large.

(Para 43.2)

New Normal -Public Health Safety Measures in Aviation Sector

The Committee appreciates the public safety measures adopted in the civil aviation sector. The Committee desires that the Ministry should ensure that such measures are periodically updated in tune with international best practices in this regard.

(Para 44.2)

Post-COVID scenario

The Committee is aware of the grim fact that the aviation sector has been hit hard by global economic slowdown and the COVID-19 pandemic. The Committee understands that the adverse effect of the COVID-19 pandemic, on the airlines operating in the country, which were already reeling under heavy losses, was unprecedented. The Committee takes note of the steps taken by the Ministry to tackle the pandemic. While acknowledging the resilience shown by the civil aviation sector in the country during such trying times, the

Committee recommends that the Ministry should envisage immediate and long term measures, to strengthen the civil aviation sector in the country and to enable its resurgence.

(Para 45.7)

The Committee desires that the Ministry should take necessary steps to ensure short term waiver or short term put off, in terms of aviation charges, for sustaining a viable aviation industry. The Committee is of the view that all airlines and aviation-related business must be treated as priority sector lending. The Committee recommends that the Ministry should provide a sectoral fund, which is professionally managed and which can provide structured debt to the airlines industry.

(Para 46.2)

‘WINGS 2017’ “Sab Uden, Sab Juden”

The Committee appreciates this initiative of the Ministry. The Committee hopes that will encourage collaboration among the various stakeholders of the civil aviation sector and that the aviation industry will reap the benefits of this initiative in the future.

(Para 47.3)

Insufficiency of hangars

48.1. The Committee is of the considered view that since the Ministry is taking commendable steps to ensure air connectivity to remote areas also, it is an essential corollary that well equipped hangars are also built in such places, in order to ensure proper and time efficient maintenance of aircrafts and helicopters.

(Para 48.1)

Unmanned Aircraft System (Drone)

The Committee takes note of the steps taken to establish an UTM Ecosystem in India and hopes that the formulation of UTM Policy would facilitate Drone Traffic Management Services for operation of Drones within the air traffic environment, in our air space, and that the UAS Rules would provide the requisite regulatory framework Beyond Visual Line of Sight (BVLOS) operations, in the country.

(Para 49.1.)

Drone Directorate

The Committee feels that the setting up of Drone Directorate is a step forward in strengthening the Drone ecosystem of India, by way of addressing the delays in rolling out permission, managing Drone Training Schools and fast tracking Drone certifications. The

Committee recommends that the Ministry should take requisite steps for the proper functioning of the Drone Directorate.

(Para 50.1.)
