

# Standing Committee Report Summary

## Status of Aviation Connectivity in the country

- The Standing Committee on Transport, Tourism and Culture (Chair: Mr. T.G. Venkatesh) submitted its report on the Status of Aviation Connectivity in the country on July 23, 2021. Key observations and recommendations of the Committee include:
  - **Post-COVID scenario:** The Committee took note of the severe impact of the COVID-19 pandemic on the aviation sector. It recommended that the Ministry of Civil Aviation (MoCA) should: (i) suspend all aviation dues and charges in the short term, (ii) make the aviation sector eligible for priority sector lending, and (iii) establish a professionally managed sectoral fund for providing structured debt to the airlines industry.
  - **Air fares and cancellation fee:** The Committee took note of the exorbitant air fares, particularly during the festive season, and the high cancellation charges levied by airlines. It recommended that MoCA should fix the upper limit for economy class fares in every sector, and mandate airlines to: (i) limit the cancellation charge collected from passengers to a maximum of 50% of the base fare, and (ii) refund the collected tax and fuel surcharge upon cancellation.
  - **Regional Connectivity Scheme (RCS):** RCS-UDAN is a scheme launched by the central government in 2016 to enhance regional air connectivity. The Committee noted that though RCS has led to an increase in passenger traffic, air connectivity remains largely restricted to routes connecting major cities. It also noted that less than 40% of the routes awarded under RCS-UDAN have been operationalised so far. Currently, benefits under RCS such as financial support provided to airlines operating flights on RCS routes are available for a period of three years. The Committee recommended extending the benefit period by two years to allow airlines to transform less profitable routes into revenue-generating ones. It also recommended operationalising the existing inactive airstrips and airports owned by the Airport Authority of India (AAI) and state governments to promote connectivity under RCS.
  - **Airport infrastructure:** The Committee observed that India's civil aviation sector was growing at a rate of 14% annually prior to the COVID-19 pandemic. It noted that this fast growth of the sector has led to airports facing capacity constraints, traffic congestion and delays. The Committee recommended establishing single-window clearance mechanisms and formulating attractive investment policies for airport projects. It also recommended that state governments, either on their own or in collaboration with AAI, should set up 'no-frill' regional airports at low cost. 'No-frill' airports limit the cost of services that are not crucial for flight operations such as parking fees, commercial shops and air-conditioned lounges.
- **Air cargo:** The Committee noted that India's low air cargo volumes are due to inadequate infrastructure. It recommended establishing dedicated cargo airports and developing new cargo hubs. India has in place an Open Sky Policy for cargo, which enables foreign cargo carriers to freely operate cargo services to and from any airports in India having customs/immigration facilities. The Committee noted that while 90 to 95% of the total international cargo to and from India is carried by foreign carriers as a result of the Open Sky Policy, Indian cargo operators face many barriers when carrying cargo in and out of other countries. It recommended amending the Open Sky Policy for cargo to ensure a level playing field for Indian and foreign air cargo operators.
- **Training/skill development:** The Committee noted that India is unable to meet its requirement for pilots owing to factors such as sub-optimal fleet size, old fleet, shortage of simulators for training, and a lack of sufficient number of trainers. It recommended: (i) revamping the existing Pilot Training Institutes (PTIs) by providing modern simulators and increasing the student intake capacity, (ii) setting up new PTIs adjacent to airports in at least one airport per state, and (iii) ensuring the availability of adequate number of trainers by offering incentives. The Committee also recommended that MoCA should undertake policy initiatives for Flying Training Organisations and Maintenance Engineering Training Schools to train technical personnel for the civil aviation sector. It also recommended undertaking skill development through technical courses devised in consultation with the private sector.
- **Newer means of air transport:** The Committee recommended enhancing low-cost regional air connectivity by promoting helicopter operations in the country. It also recommended formulating a 'Seaplane Policy' and setting up the required infrastructure for seaplane operations.

DISCLAIMER: This document is being furnished to you for your information. You may choose to reproduce or redistribute this report for non-commercial purposes in part or in full to any other person with due acknowledgement of PRS Legislative Research ("PRS"). The opinions expressed herein are entirely those of the author(s). PRS makes every effort to use reliable and comprehensive information, but PRS does not represent that the contents of the report are accurate or complete. PRS is an independent, not-for-profit group. This document has been prepared without regard to the objectives or opinions of those who may receive it.