



AVIATION

SUMMARY

The global revenue for commercial airlines in 2019 was estimated at USD 838 Bn.¹

India has 91 international carriers out of which 5 are domestically owned. India has air connectivity with 59 countries through 344 routes.²

With the industry's USD 30 Bn contributions to India's GDP, the domestic aviation market is projected to rank 3rd globally by 2024.³

Air traffic has been growing rapidly in the country as compared to global average. One hundred more airports would be developed by 2024 to support Udaan scheme. It is expected that the air fleet number shall go up from the present 600 to 1200 during this time.⁴

REASONS TO INVEST

Cabinet Committee on Economic Affairs has approved the extension of time and scope for revival and development of unserved and under-served airstrips with USD 643 Mn budgetary support.⁵

Greater focus on infrastructure development such as Open Sky Policy and Airports Authority of India's (AAI) drive for modernization of airports and air navigation systems.

Skill India Mission has a clear focus to leverage India's human capital potential and create job opportunities.

Innovation and Technology –

GPS-Aided Geo Augmented Navigation (GAGAN) is India's first Satellite-based Augmentation System. It provides additional accuracy for safety in civil aviation and has expansion capability for seamless navigation services across geographies.

No Objection Certificate Application System (NOCAS) streamlines the online process of timely NOC for height clearances of buildings around airports.

Airports - 3 AAI airports awarded on PPP Three airports viz. Ahmedabad, Lucknow and Mangalore of Airports Authority of India (AAI) have been awarded to a private concessionaire through Public Private Partnership (PPP) to bring efficiency in delivery, expertise, enterprise and professionalism apart from harnessing the needed investments in the public sector. Action completed.⁶

Tallest ATC tower Delhi Air Traffic Service Complex (DATS Complex) - country's tallest Air Traffic Control tower has been inaugurated on 02.09.2019 at the Indira Gandhi International Airport. This iconic infrastructure will ensure up-scaled services and systems for efficient, smooth and uninterrupted air traffic management. Action completed.

Digital initiatives

eGCA - The function & process of Directorate General of Civil Aviation (DGCA) is being moved to an online platform to provide faster delivery of services & regulation oversight. The e-GCA was initiated on 14th May 2019. The first module on pilot licensing shall be launched in November 2019.

DigiSky - Pursuant to the issuance of CAR by DGCA on 27.08.2018, DigiSky online portal has been launched to meet the requirement laid down by the CAR for flying Civil Drones. The Beta version of DigiSky is available and captures the entire gamut of activities relating to drones viz. registration of drones and pilots, approval of flight path, post flight analysis etc. based on the distinctive features of No Permission No Take off (NPNT).

e-sahaj - 100% of security clearances pertaining to the Ministry have been made online on e-sahaj online portal launched by the Ministry of Civil Aviation. The portal is operational for granting clearances in respect of 24 categories.

DigiYatra - Trial for rollout of DigiYatra initiative has been started at Bangalore and Hyderabad airports. The initiative envisages seamless and hassle free passenger travel using biometric technologies to improve passenger experience, reduce queue waiting time as passengers can walk through e-gates by using advanced security solutions. It will remove redundancies at check points and enhance resource utilization.

Security component of ASF rationalized - Passenger Service Fee (PSF) now called Aviation Security Fee (ASF) charged as part of passenger fare and collected by the airlines which is deposited in the escrow account of respective JVs or AAI account has been rationalized and a National Trust has been created to pool all the ASF collections across airports. The trust is to be managed by AAI. The collection of PSF(SC)/ASF in a single pool account will serve the purpose of cross subsidizing the smaller airports of AAI with low PSF(SC)/ASF collection thus bridging the funding gap.

UDAN - 34 routes have been operationalized, awarded under round 1, 2 and 3 / Tourism RCS. These 34 RCS routes provide connectivity to 4 unserved (Jharsuguda, Mysore, Kolhapur and Jalgaon) and 4 unserved (Gwalior, Belgaum, Durgapur and Shillong) airports connecting 10 served (Raipur, Bhubaneswar, Kolkata, Bangalore, Mumbai, Hyderabad, Goa, Kochi, Rajahmundry and Vizag) airports under the scheme.

Aviation Jobs Portal - Aviation Jobs is a unique web-based portal launched by Ministry of Civil Aviation on 29.08.2019, which seeks to bring together job seekers and prospective employers in the Indian civil aviation sector. It is a common platform for enabling candidates to register their job interests across various sub-sectors. At the same time it facilitates sourcing of information about candidates available in the market by prospective employers with a view to improve prospects for employment or re-employment in the civil aviation ecosystem.

ICAO to present Council President Certificate to India - Recognizing India's progress in resolving its safety oversight deficiencies and improving the Effective Implementation (EI), International Civil Aviation Organization (ICAO) has announced a Council President Certificate to India which would be presented during a special ceremony at ICAO headquarters, Montreal during the 40th Session of the Assembly

Robust growth in Aviation Fleet - Aviation sector has seen a robust growth despite grounding of Jet Airways. The number of aircrafts has risen to 664 operational aircrafts as of 31st August 2019.

The eGCA Project for development of eGCA application/solution: eGCA project is being implemented in four phases. As on date, Phase 1 & Phase 2 services pertaining to Pilot Licensing, Medical Examination and Flight Training Organisation have been made live. Services of phase 3 & 4 related to other DGCA functions are expected to be completed tentatively by this year end.

RECENT ANNOUNCEMENTS

16th November 2020: Ministry of Civil Aviation (MoCA) and Directorate General of Civil Aviation (DGCA) have granted conditional exemption to the International Crops Research Institute for the Semi-Arid Tropics(ICRISAT), Hyderabad, Telangana for the deployment of drones for agricultural research activities.

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6th November 2020: Government of India took the historic decision to implement One Rank One Pension. Due to this scheme, INR 10795.4 cr has been disbursed to 20,60,220 Defence Forces Pensioners/Family Pensioners.

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16th October 2020: Ministry of Defence organized a webinar on “Make In India For The World, India – Kazakhstan Defence Cooperation” on 15/10/2020 under the aegis of Department of Defence Production, through FICCI. Moreover, the webinar was organized to boost defence exports and achieve an export target of \$5bn in the next five years.

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9th October 2020: DRDO successfully completed flight tests of the Indigenously Developed Anti Radiation Missile (RUDRAM). Flight tested today onto a radiation target located on Wheeler Island off the coast of Odisha.

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STATISTICS

Freight traffic on Indian airports is expected to cross 11.4 MT by 2032.⁷

India is the fastest growing aviation market and as per IATA the Country is expected to cater to 520 mn passengers by 2037.⁸

FDI POLICY

Airports

100% FDI allowed under Automatic route for both greenfield as well as brownfield projects.⁹

Air Transport Services¹⁰

Scheduled air transport service/ domestic scheduled passenger airline/ regional air transport service: Up to 49% allowed under the Automatic route beyond which Government approval is required.

Non-scheduled air transport services and helicopter services, seaplane services which require DGCA approval: 100% FDI allowed under the Automatic route.

Other Services Under the Civil Aviation Sector¹¹

Ground handling services, maintenance, repair and overhaul services, flying institutes, technical training institutions: 100% FDI allowed under the Automatic route.

[Read more about Foreign Direct Investment Policy in India >](#)

SECTOR POLICY

Regional connectivity scheme of UDAN (Ude Desh ka Aam Nagrik) 1.0 and 2.0, launched by the Government aims to connect 66 airports and 31 heliports across the Country.

Under UDAN 3.0, proposals for 235 routes were awarded for 16 unserved airports, 17 under-served airports, 50 served airports, and 6 water aerodromes.¹²

UDAN Scheme shortlisted under final round for Prime Minister’s Awards for Excellence in Public Administration 2020.²¹

New 50 Unserved and Under-served airports (including 5 heliports) with 285 routes have been added under UDAN. Being a part of the implementing agency, by 2021 AAI has an ambitious plan to develop at least 100 airports/waterdromes/heliports.¹⁷

NABH Nirman, announced in 2018-19 Union Budget, aims to expand airport capacity by more than five times to handle a billion trips in a year. The expansion is planned to be funded by leveraging the balance sheet of Airports Authority of India.¹³

Secure Application for Internet (SAI) - Indian Army has developed “Secure Application for Internet (SAI)” for a simple and secure messaging application. The application supports end to end secure voice, text and video calling services for Android platforms over the internet. The application has been vetted by CERT-in empaneled auditor and Army Cyber Group.¹⁹

Initiatives for Maintenance Repair and Overhaul (MRO) services:¹⁴

The tools and tool-kits used by the MRO have been exempted from Customs duty. The exemption shall be based on the list of tools and tool kits certified by the Directorate General of Civil Aviation (DGCA) approved Quality Managers of aircraft maintenance organisations.

MROs were required to provide proof of their requirements of parts or orders from their client airlines. The process for the clearance of the parts has been brought in line with that of the tool kits for one-time certification by DGCA approved Quality Managers in MROs.

Restriction of one year for utilization of duty-free parts has been extended to three years to enable economies of scale.

To allow the import of unserviceable parts by MROs for providing exchange/ advance exchange, the concerned notification has been revised to enable advance export of serviceable parts.

Foreign aircraft brought to India for MRO work will be allowed to stay for the entire period of maintenance or up to 6 months. For stay beyond 6 months, DGCA’s permission will be required.

India to become hub for MRO Airframe. There is an investment of 2 hanger base/heavy maintenance facility for narrow bodies aircraft tied up at Kochi Airport by private MRO.²³

FINANCIAL SUPPORT

MRO, ground handling, cargo and Aviation Turbine Fuel (ATF) infrastructure facilities collocated at an airport, including heliport licensed by DGCA, are covered under the 'harmonised list of infrastructure' in the National Civil Aviation Policy 2016. This makes them eligible to get the benefits offered for infrastructure sector under the Policy. The Regional Connectivity Scheme under the Policy provides for following financial support:¹⁵

- Revival of airstrips/ airports as No-Frills Airports at an indicative cost of USD 7.1 Mn to USD 14.3 Mn.
- Demand-driven selection of airports/ airstrips for revival in consultation with State Governments and airlines
- Viability Gap Funding (VGF) to airline operators
- Reduced Service Tax on tickets (on 10% of the taxable value) for 1 year initially
- Reduced Excise Duty at 2% on ATF picked at RCS airports.

INVESTMENT OPPORTUNITIES

- Indian carriers are projected to increase their fleet size to 1,100 aircraft by 2027.¹⁸
- Demand for MRO facilities is increasing in India due to consistent double-digit growth in the aviation sector.
- Investment opportunities worth USD 3 Bn in greenfield airports under PPP mode at Navi Mumbai (Maharashtra) and Mopa (Goa).
- Development of greenfield airports – Government agencies project development of about 250 airports across the Country by 2020.¹⁶
- For the development of the aviation industry in the North-East States, AAI plans to develop Guwahati as an inter-regional hub. It also plans to develop Agartala, Imphal and Dibrugarh as intra-regional hubs.
- Indian airports are emulating the Special Economic Zone (SEZ) Aerotropolis model to enhance revenues. The model focuses on revenues from retail, advertising, vehicle parking, security equipment and services.

FOREIGN INVESTORS

- Airbus (France)
- Boeing International Corporation (US)
- AirAsia (Malaysia)
- Rolls Royce (UK)
- Frankfurt Airport Services Worldwide (Germany)
- Honeywell Aerospace (US)
- Malaysia Airports Holdings Berhad (Malaysia)
- GE Aviation (US)
- Airports Company South Africa Global (South Africa)
- Alcoa Fastening Systems Aerospace (US)
- Singapore Airlines (Singapore)
- Etihad Airways (UAE)
- Fairfax (London)

AGENCIES

- Airports Economic Regulatory Authority of India
- Airports Authority of India
- Bureau of Civil Aviation Security
- Directorate General of Civil Aviation
- Ministry of Civil Aviation

KEY ACHIEVEMENTS

'Mission Shakti' was the country's first ever Anti-Satellite (ASAT) Missile Test. On 9th November 2020, a model of Anti Satellite (A-SAT) Missile was installed inside the DRDO Bhawan premises by Hon'ble Raksha Mantri Shri Rajnath Singh.²²

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