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GOVERNMENT OF INDIA

MINISTRY OF CIVIL AVIATION

DRAFT NATIONAL CIVIL AVIATION POLICY 2015

1. Introduction

1.1 India has the potential to be among the global top three nations in terms of domestic and international passenger traffic. It has an ideal geographic location between the eastern and western hemisphere; a 300million strong middle class and a rapidly growing economy. Despite these advantages, the Indian aviation sector has not witnessed the level of growth it should have and at present it is ranked 10th in the world.

1.2 The Government has proposed to promote the growth of Indian aviation sector in a significant manner as the development of this sector has a multiplier effect on the economy. As per an ICAO study, the output multiplier and employment multiplier are 3.25 and 6.10 respectively. The aim of the Government is to provide an eco-system and a level playing field to various aviation sub-sectors, i.e Airlines, Airports, Cargo, Maintenance Repairs and Overhaul services, General Aviation, Aerospace manufacturing, Skill Development, etc.

1.3 The Government has proposed to take flying to the masses by making it affordable. For example, if every Indian in middle class income bracket takes just one flight per annum, it would result in a sale of 300 million tickets, a big jump from the 70 million domestic tickets sold in 2014-15. This will be possible if the air-fare, especially on the regional routes is brought downto an affordable level.The reduction in costs will requireconcessions by the stakeholders, primarily theCentral and State Governments and Airports.

1.4 Systems and processes which affect this sector will need to be simplified and made more transparent with greater use of technology without compromising on safety, and security. The growth in aviation will create a larger multiplier effect in terms of investments, tourism and employment generation, especially for unskilled and semi-skilled worker.

1.5 The draft National Civil Aviation Policy (NCAP 2015) is a step in that direction. It is now being placed in public domain for feedback from all stakeholders. The final NCAP 2015 will be released after incorporating the feedback from stakeholders and obtaining the necessary approvals.

2. NCAP 2015 – Vision, mission and objectives

a) **Vision**: To create an eco-system to enable 30 crore domestic ticketing by 2022 and 50 crore by 2027. Similarly, international ticketing to increase to 20 crore by 2027.

b) **Mission**: Provide safe, secure, affordable and sustainable air travel with access to variousparts of India and the world.

c) **Objectives**

i) Ensure safe, secure and sustainable aviation industry through use of technology and effective monitoring

ii) Enhance regional connectivity through fiscal support and infrastructure development.

iii) Enhance ease of doing business through deregulation, simplified procedures and e-governance

iv) Promote the entire aviation sector chain: cargo, MRO, general aviation, aerospace manufacturing and skill development.

3. The policy

NCAP 2015 covers the following policy issues:

a) Safety
b) Regional connectivity
c) 5/20 Rule
d) Bilateral traffic rights
e) Code-share agreements
f) Maintenance, Repair and Overhaul
g) Route Dispersal Guidelines
h) Fiscal support
i) Helicopters
j) Scheduled Commuter Airlines
k) Airports developed by State Govt, Private sector or in PPP mode
l) Airports Authority of India
m) Air Navigation Services
n) Air-cargo
o) Aeronautical ' Make in India'
p) Ground handling
q) Sustainable aviation
r) Aviation security, Immigration and Customs
s) Ancillary Revenue
t) Essential Services Maintenance Act, 1968
u) Aviation education and skill development
v) Charter operations

4. Safety

a) The government places topmost priority on aviation safety. The focus will be on pre-empting and preventing incidents. Safety violations will be treated with zero-tolerance.

b) DGCA will strive to create a single-window system for all aviation related transactions, queries and complaints. The services rendered by DGCA will be fully automated by 1 April 2016 by implementing eGCA project on priority.

c) DGCA will implement State Safety Programme (SSP) and develop State Safety Plan periodically which addresses the aggregate safety risks at the State level. Under the SSP, it will be ensuredthat relevant service providers implement the Safety Management Systems (SMS), proactively identify operational hazards and apply risk management principle for the mitigation of these hazards. A State Safety database will be developed to act as the basis for identification of safety risks.

d) DGCA will ensure real-time safety tracking and prompt incident reporting.

e) The Aircraft Accident and Incident Investigation Bureau (AAIIB) will be strengthened in order to undertake speedy, professional and effective investigations.

f) MoCA will create a consultative group comprising DGCA and industry experts to meet once every quarter and identify areas of improvement.

g) DGCA will issue separate Civil Aviation Requirements (CAR) wherever possible for the ease of Scheduled Commuter Airlines, Charter operators etc.

h) DGCA will carry out a comprehensive review of all CARs once every 5 years starting from FY 2016-17.

i) DGCA will be authorised to impose fines and penalties depending upon the nature of violations. For this, appropriate amendments, wherever required, will be carried out in Acts, Rules and Regulations.

j) DGCA will be allowed to recruit its personnel directly for posts which are sanctioned as per recruitment rules by exempting them from UPSC for this purpose.

5. Regional Connectivity

a) The Regional Connectivity Scheme (RCS) will come into effect from 1 April 2016.

b) MoCA will target an all-inclusive airfare not exceeding Rs 2500 per passenger, indexed to inflation for a one-hour flight on RCS routes.

c) This will be implemented by way of:

   i) Revival of un-served or under-served aerodromes and airstrips.

   ii) Concessions by different stakeholders:

   iii) Viability Gap Funding (VGF) for scheduled commuter airlines

   iv) Cost-effective security solutions by BCAS and State Governments.

d) Currently around 75 out of 476 airstrips/airports have scheduled operations. Revival of air strips, depending on demand,as No-Frills Airports will be done at a cost not exceeding Rs 50 crore, mostly through AAI. Requirement of 12% project IRR will be relaxed for revival of these airports, wherever the airport is under AAI control.

e) RCS will be made operational only in those States which reduce VAT on ATF at these airports to 1% or less.

f) For Customs Duty SCA will treated at par with scheduled commercial airlines provided they do not undertake any charter carriage.

g) State Government will provide free land and multi-modal hinterland connectivity (road, rail, metro, waterways, etc) as required.

h) For 10 years from the date of commencement of flight operations under RCS:

   i) There will be no airport charges levied on SCA for their operations under RCS.
   ii) Service Tax on tickets under RCS will be exempted.
   iii) State government will provide police and fire services free of cost. Power, water and other utilities will be provided at substantially concessional rates.

   iv) ATF drawn by SCA's from the Regional Connectivity Scheme (RCS) airports shall be exempt from excise duty.

   v) Viability Gap Funding (VGF) indexed to ATF prices and inflation will be provided for a particular route, on a competitive bidding basis if necessary, for a period of 10 years from commencement of operation

i) VGF will be shared between MoCA and the State Government in the ratio of 80:20.

j) MoCA's share of VGF will be provided through the Regional Connectivity Fund (RCF).

k) RCF will be funded by a levy of 2% on all domestic and international tickets from 1st January 2016 onwards under Clause 5(2)(ab) of the Aircraft Act 1934. The RCF levy will be applied on all routes other than Cat IIA routes and RCS routes.

l) Proceeds from auctioning of additional bilateral rights will go to RCF.

m) The RCF will be collected and operated by AAI or any other entity identified by MoCA.

n) SCAs will be provided easy options for entry into and exit from RCS.

6. 5/20 Rule

a) In October 2004, the Union Cabinet stipulated that for Indian carriers to fly abroad, they must fly on domestic routes for 5 years and have a fleet of 20 aircraft. MoCA is proposing to introduce the concept of Domestic Flying Credits (DFC). The government invites suggestions on three possible policy options:

i) 5/20 Rule may continue as it is,

OR

ii) 5/20 Rule will be abolished with immediate effect,

OR

iii) Domestic airlines will need to accumulate 300 DFC before commencing flights to SAARC countries and countries with territory located entirely beyond a 5000 km radius from New Delhi. They will need to accumulate 600 DFC before starting flights to the remaining parts of the world.The DFC earned by an airline will be equal to the Available Seat Kilometer (ASKM) deployed by the airline on domestic routes divided by 1 crore. For aircraft with 100 seats or less, the DFC shall be equal to the ASKMs deployed on Category II, Category IIA and RCS routes using the smaller aircraft, multiplied by the prescribed multiplication factor and divided by 1 crore. DGCA will be the monitoring agency for accounting of DFC.

After examining the suggestions, the government will take a final decision on the 5/20 Rule.

b) Under option (iii) above;

   i) In order to maintain level playing field all domestic airlines will be required to earn atleast 300 DFC per annum after commencing international operations in order to maintain their international flying rights. For a new airline, this requirement shall commence from the financial year immediately following the year in which it accumulates its first 300 DFCs.

   ii) For calculating DFC, higher weightage will be assigned to Scheduled Airlines operating on Cat II routes and to SCA's operating to remote areas, as prescribed by MoCA.

   iii) Airlines with domestic capacity in excess of 300 DFC annually will be free to re-deploy their excess capacity between domestic and foreign operations.

   iv) Airlines will be free to trade DFCs with other airlines under intimation to DGCA.

c) Notwithstanding the above, withdrawal of any existing domestic operations to and within North East Region, island territories and Ladakh will require prior permission.

d) The Route Dispersal Guidelines (RDG) will continue to be applicable to all domestic airlines

7. Bilateral traffic rights

The bilateral rights have their origin in the Chicago Convention 1944. India has Air Service Agreements (ASA) with 109 countries covering aspects relating to the number of flights, seats, landing points and code-share. Utilization of bilateral rights at any point of time differs from country to country and is subject to periodic renegotiation. In this regard, the Policy will be as follows:

a) The government plans to liberalize the regime of bilateral rights leading to greater ease of doing business and wider choice to passengers.

b) The government will enter into an 'Open sky' ASA on a reciprocal basis with SAARC countries and countries with territory located entirely beyond a 5000 km radius from New Delhi. Unlimited flights above the existing bilateral rights will be allowed directly to and from major international airports within the country as notified by MoCA from time to time. However, the landing rights at other airports under the existing ASA will continue to be honoured.

c) For short haul countries partly or fully within 5000 km radius, where domestic airlines have not fully utilised their quota, additional seats above existing bilateral rights would be allotted by bidding out these rights for a three-year period, without requiring reciprocity, the proceeds of which will go to Regional Connectivity Fund (RCF).

d) Whenever domestic carriers come close to utilisation of domestic quota, bilateral rights will not be auctioned and will be renegotiated in the usual manner.

e) Open-skies agreement with countries lying partly or fully within the 5000 km radius from New Delhi will be considered with effect from 1 April 2020 on a reciprocal basis for the major international airports within the country as notified by MoCA from time to time

f) Increase in FDI in airlines from 49% to above 50% will be examined if the Government decides to go in for open skies for countries lying within 5000 km radius

8. Code Share Agreements (CSA)

A Code-Share Agreement between two airlines allows one airline ('Marketing airline') to sell seats on a flight run by another airline ('Administrating airline'), with the airline code and flight number of the marketing airlines. This helps in seamless connectivity for passenger. In this regard, the Policy will be as follows:

a) Indian carriers will be free to enter into code-share agreements with foreign carriers for any destination within India on a reciprocal basis.

b) International codeshare between Indian and foreign carriers will be completely liberalized, subject to the ASA between India and the relevant country.

c) No prior approvals from MoCA will be required. Indian carriers simply need to inform MoCA 30 days prior to starting the code-share flights.

d) A review will be carried out after 5 years to consider the requirement of further liberalization in code-share agreements and to drop the requirement of reciprocity.

9. Maintenance, Repair and Overhaul (MRO)

The MRO business of Indian carriers is alone around Rs 5000 crore, 90% of which is currently spent outside India – in Sri Lanka, Singapore, Malaysia, UAE etc. Given our technology base, the government is keen to develop India as an MRO hub in Asia, attracting business from foreign airlines. Accordingly, the following steps will be taken:

a) Service Tax on output services of MRO will be zero-rated.

b) The tools and tool-kits used by the MRO are specific to aircraft industry. Aircraft maintenance tools and tool-kits will be exempt from Customs duty.The exemption shall be given on the basis of list the tools and tool kits notified by the Directorate General of Civil Aviation from time to time.

c) MROs are at present required to provide proof of their requirements of parts, or orders from their client airlines. However, aircraft parts are used exclusively in the aircraft and are designated by Part Numbers as given by aircraft and related Original Equipment Manufacturers. Therefore, the process for the clearance of the parts shall be simplified by allowing for self -attestation by the MROs.

d) To enable economies of scale, the period for which the spare parts imported by MROs can be stored tax-free shall be extended to 3 years.

e) To allow import of unserviceable parts by MROs for providing exchange / advance exchange, the concerned notification shall be reviewed and revised to also enable advance export of serviceable parts.

f) Foreign aircraft brought to India for MRO work will be allowed to stay for the entire period of maintenance or up to 6 months, whichever is lesser, provided it undertakes no commercial flights during the stay period. The aircraft may, however, carry passengers in the flights at the beginning and end of the stay period in India. For stay beyond 6 months, DGCA’s permission will be required.

g) Foreign MRO experts will be provided visas promptly, especially in cases of an Aircraft on Ground (AOG) situation.

h) Foreign pilots operating an aircraft to and from India for the purpose of servicing at an Indian MRO entity will be issued Temporary Landing Permits.

i) The provision under AIC 3 of 2010 of DGCA shall be reviewed to declare MRO (Aircraft servicing) as a separate category instead of clubbing with Ground Handling (GHA) for security procedures and remove restrictions on foreign registered aircraft for MRO work.

j) MoCA will persuade State Governments to make VAT zero-rated on MRO services.

k) Provision for adequate land for MRO service providers will be made in all future airport projects.

l) Airport royalty and additional levies on MRO service providers will be rationalised in consultation with Airport Operators.

10. Route Dispersal Guidelines (RDG)

RDG was introduced in 1994 to provide air connectivity to J&K, NE, island territories, tier-2 and tier-3 cities, by way of internal cross-subsidy by airlines, using their profits on the trunk routes (12 in number). RDG has succeeded in creating connectivity to remote locations. Capacity actually deployed on Cat II and III is in excess of the RDG threshold, highlighting the business potential in these regions. The following action will be taken to rationalise the RDG scheme:

a) Category I routes will be rationalized by adding more routes based on a transparent criteria. The criteria proposed for a Cat I route is a flying distance of 700 km, average seat factor of 70% and annual traffic of 5 lakh passengers based on information available with DGCA. MoCA will endeavour that the rationalization of Cat I routes does not cause undue financial and operational burden on airlines.

b) The traffic to be deployed on Cat II, IIA and III expressed in terms of a percentage of CAT I traffic will remain the same.

c) Revised categorisation will apply 12 months after the date of notification in order to allow sufficient time to airlines to plan their operations. The review of routes under different categories will be done by MoCA once every 5 years.

d) Airlines may change routes within Cat II and III with a 30-day prior intimation to MoCA and DGCA.

e) However, withdrawal of any existing domestic operation to and within North East Region, Islands and Ladakh will require prior permission from MoCA.

11. Fiscal support

a) It will be clarified that MRO, ground handling, cargo and ATF infrastructure co-located at an airport will also get the benefit of 'infrastructure' sector, with benefits under Section 80-IA of Income Tax Act.

12. Helicopters

Helicopters play a key role in remote area connectivity, intra-city movement, tourism, law enforcement, disaster relief, search and rescue, emergency medical evacuation, etc. India currently has less than 300 civilian helicopters, as compared to Brazil, for example, that has over 1300. The Policy will promote helicopter usage in the following manner:

a) Separate regulations for helicopters will be notified by DGCA by 1 April 2016, after due stakeholder consultation.

b) The government will facilitate the development of four heli-hubs initially, across the country to promote regional connectivity.

c) Scheduled helicopter operators will be allowed to trade their DFC.

d) MoCA will coordinate with MoF, MHA, NHAI, Indian Railways, insurance companies, hospitals, Pawan Hans and helicopter operators to facilitate rapid medical evacuation.

e) Helicopters will be free to fly from point to point without prior ATC clearance in airspace below 5000 feet and areas other than prohibited and restricted ones, after filing the flight plan with the nearest ATC office.

f) The government will promote the use of seaplanes for growth of tourism and regional connectivity, along India's 7500 km coastline.

13. Scheduled Commuter Airlines (SCA)

a) The government will promote the growth of SCA for efficient regional connectivity. The eligibility criteria for SCA in terms of paid-up capitalwill be kept at Rs 2 crore to facilitate easy entry of new players.

b) SCA shall have aircraft with capacity of 100 seats or less. There will be no restrictions on number of aircraft for an SCA. SCA would need to operate a minimum number of movements per week to RCS destinations as prescribed. However, RDG will not be applicable to SCA

c) SCA operating on RCS routes will be eligible for VGF

d) SCA would be allowed to enter into code-shares with Indian and foreign airlines. They would be free to sell their DFC to other Indian carriers.

e) MoCA will endeavour to rationalise landing, parking, navigation and other airport charges at non- RCS airports for SCA aircraft with 100 seats or less. This will be for a period of 10 years for a particular route.

f) SCA will be allowed self-handling of their aircraft.

g) MoCA will coordinate with the airport operators and AAI to ensure adequate space allocation at Indian airports for SCA.

h) SCA's operating to Srinagar and the States in North East, may be considered for further subsidy from other Central Government schemes like tourism promotion etc or by State Governments in the form of seat guarantees etc.

14. Airports developed by State Govts, Private sector or in PPP mode

MoCA will continue to encourage development of airports by the State Government or the private sector or in PPP mode. Wherever so required, MoCA will endeavour to provide regulatory certainty with the following framework:

a) MoCA will coordinate with AERA, AAI, airlines, airport operators and stakeholders like cargo, MRO, ground handling, etc to identify ways to bring down airport charges, while abiding with existing concession agreements and contracts.

b) MoCA will endeavour that the future airport projects in India, both greenfield and brownfield have cost efficient functionality with no compromise on safety, security and efficiency.

c) Operators of future airport projects will not levy airport charges, concession fee and royalties etc on MRO, cargo, ground handling, ATF infrastructureother than a reasonable lease rental.

d) The capital expenditure of all future greenfield and brownfield airport projects promoted by AAI in PPP mode will be monitored closely by AAI. Due stakeholder consultation will be carried out before the project cost is finalised.

e) Tariff at all future airports will be calculated on a ‘hybrid till’ basis. 30% of non-aeronautical revenue will be used to cross-subsidise aeronautical charges. In case the tariff in one particular year comes out to be excessive, the airport operator and regulator will explore ways to keep the tariff reasonable, and spread the excess amount over the future.

f) Inadequate tenure of long term project loans in India is another reason for high airport tariffs. RBI has allowed recently permitted refinancing of existing long term project loans every 5-7 years so that the loan tenure can be extended to 85% of the concession period. MoCA and AERA will encourage all airport operators to make use of this facility to extend the loan repayment schedule. The revised schedule will be taken into consideration during tariff calculation.

g) There are restrictions on the use of land allocated for commercial use of airport. MoCA will explore ways to unlock the potential of the same by liberalising the end-use restrictions for existing (excluding PPP) and future airports of AAI and future airport projects under PPP.

h) MoCA will coordinate with respective ministries and state governments to provide multi-modal hinterland connectivity (road, rail, metro, waterways, etc as relevant).

15. Airports Authority of India (AAI)

Out of 125 airports of AAI, about 95 are operational and 71 have scheduled operations as of July 2015. AAI will take up development of airports as per the following broad framework:

a) AAI will take up new greenfield or brownfield airports subject to the following conditions:

   i) Project should be financially viable with non- zero IRR, except for no-frills airports developed under RCS.

   i) State/Central government will provide VGF to AAI if the project is strategically important but financially unviable.

   ii) Land will be provided free of cost by state government without treating it as equity.

iii) Land will include sufficient space on city side for commercial use subject to land use regulations of the State Govt.

b) In order to fast-track capacity enhancement at the existing airports to meet the demands of increasing traffic and to avoid air congestion, brown-field airport projects as well as expansion projects will be exempted from obtaining Environment Clearance.

Vide Notification No. SO 195(E) dated 19 Jan 2009, there was an amendment that 'All Projects including Airstrips which are for commercial use' require Environmental Clearance with a note that 'Modernization of Airport is exempted provided there is no increase in Pollution Load'. This would need to be amended.

c) AAI may be suitably compensated by government of India and/or the relevant State Government in case a new greenfield airport is approved in future within a 150 km radius of an existing operational AAI airport (not applicable to civil enclaves). Alternatively, AAI may be given option to have the right of first refusal or equity participation upto 49% in the new airport at its discretion.

d) AAI will continue to modernize existing airports and upgrade quality of services. AAI will maintain an ASQ rating of 4.5 or more across all airports with throughput above 1.5 mppa and ASQ rating of 4.0 or more for the rest.

e) AAI will also explore the possibility of giving out O&M contracts for a cluster of existing and/or new airports.

f) AAI airports with throughput above 0.5 mppa will strive to generate non-aeronautical revenue in excess of 35% of the airport's total revenue.

g) AAI will strive to minimise the royalty, lease rent and other levies imposed on cargo, MRO, ground handling companies and flying training schools.

16. Air Navigation Services (ANS)

AAI is ranked among the top ANS providers in the world. Upgradation and modernisation of ANS in India is line with global trends. With the launch of GAGAN, India becomes the fourth nation in the world to use satellite-based navigation system.

a) AAI will continue to provide necessary financial support and facilitate technological upgradation of ANS to keep pace with the global best practices. In order to ensure that technical, financial and administrative requirements are met fully, MoCA will play an effective supervisory role and issue directions to AAI from time to time in this regard.

b) ANS' training institute – CATC Allahabad – will be developed into a world-class training centre for ANS professionals for the Indian and global market. CATC will be operated as a profit centre.

c) New aircraft being registered in India from 1st April 2017 will mandatorily have to be GAGAN enabled.

d) AAI will explore opportunities to incentivise the airlines by way of concessions in ANS charges for getting their existing aircraft retrofitted with GAGAN receivers.

17. Air cargo

Promotion of Air cargo is a key objective of the government, given its importance from a 'Make in India', e-Commerce and exports perspective. Revenue from air cargo helps airlines subsidize the cost of passenger tickets and take flying to the masses. Air cargo has a high employment potential, especially for semi-skilled workers. Currently air cargo volumes in India are extremely low as compared to other leading countries due to high charges and high turnaround time. The following framework is expected to ensure growth of air cargo business:

a) Air cargo will be accorded 'infrastructure' status if co-located with an airport and will be eligible for Sec 80IA benefits.

b) The Air Cargo Logistics Promotion Board (ACLPB) has been constituted to promote growth in air cargo by way of cost reduction, efficiency improvement and better inter-ministerial coordination. The Board and the industry will submit a detailed action plan after stakeholder consultation, with the objective of reducing dwell time of air cargo from 'aircraft to truck' to below 24 hours by 31 December 2016 and to 6 hours by 31 December 2017.

c) ACLPB's action plan should ensure a shift to paper-less air-cargo processing by 1 April 2017.

d) ACLPB will develop Service Delivery Modules for all elements of the air cargo value chain – airlines, airports, terminal operators, Customs House Agents (CHA), freight forwarders, and government agencies like Customs, CISF, quarantine officers etc.

e) The government will streamline and simplify Customs procedures.

f) BCAS will continuously review and simplify security procedures for air cargo in light of the changing business dynamics and evolving technology, while ensuring adequate checks and balances.

g) Advanced Cargo Information (ACI) system will be implemented by 1 April 2016 to facilitate faster processing by Customs, security agencies and terminal operators.

h) MoCA plans to leverage the untapped trans-shipment opportunity. The ACLPB will propose specific action steps to promote trans-shipmentand the same will be monitored by MoCA on a bi-monthly basis.

i) The space allocated for cargo on the air-side and city side at most Indian airports is inadequate. ACLPB will lay down norms for space allocation for air-cargo for all greenfield airports. The action plan for space-augmentation at existing airports will be developed by ACLPB on a case by case basis.

j) The government will endeavour that all relevant central government authorities are available under one roof, at the cargo terminals. These include MoF (Customs), MoEF (wild life clearance for handicrafts etc), MoCF (Drug Controller), MoA (Plant and Animal Quarantine), MoC (Archaeological Survey of India) etc. Clearances will be given promptly and online after necessary checks.

k) The government has commenced 24x7 Customs operations at several airports. However, it has not been utilised optimally by industry. ACLPB will work closely with industry and propose action steps to spread out cargo handling round the clock.

l) ACLPB will promote global good practices like Free-Trade Warehousing Zones (FTWZ), Air Freight Stations, Bonded trucking, dedicated cargo airports etc.

m) Freighter aircraft suffer from low priority accorded in terms of time slots and parking bays. ACLPB will lay down norms to address the issue.

n) ACLPB will lay down specific norms and penalties to minimize pilferage, mishandling and damage of cargo.

o) ACLPB will work with AERA and AAI to ensure that user charges at Indian airports are competitive vis-a-vis competing aviation hubs. In particular for the non-metro airports, the lease and other fixed charges levied by AAI on cargo facility will be kept low so that it does not become an entry barrier.

p) The government will consider providing incentives for skill development of people employed in the air cargo value chain.

q) AAI will be permitted to provide space on 10-year lease to operators of express cargo and freighters who may then develop dedicated infrastructure to improve their operational efficiency.

r) MoCA willencourage development of cargo-villages near airports.

18. Aeronautical ‘Make in India’

a) MoCA will be nodal agency for developing commercial aero-related manufacturing and its eco-system in India.

b) MoCA and MoD will work together to ensure that commercial aero-manufacturing is covered under defence offsets requirements.

c) MoCA will encourage Indian carriers to consolidate their future demand for commercial aircraft.

d) The government will negotiate with global OEMs to facilitate establishment of a complete aircraft assembly plant in India along with its ancillary industries.

e) Area where aero-manufacturing takes place will be notified as SEZ. The government will provide fiscal and monetary incentives and fast-track clearances to global OEMs and their ancillary suppliers.

f) In case the cost of made-in-India aircraft and components work out to be higher than those supplied from their original sources, the government will consider an incentive package to nullify the cost differential.

19. Ground handling

The Ground Handling Policy of 2010 will be replaced by a new framework given below:

a) The airport operator will ensure that there will be at least three Ground Handling Agencies (GHA) including Air India’s subsidiary/JV at an airport to ensure fair competition. There will be no upper limit on the number of GHAs at an airport.

b) Domestic airlines and charter operators will be free to carry out self-handling themselves or through their own subsidiaries or to outsource the same to other airlines or to a GHA.

c) The ground handling staff will be on the rolls of the airlines or their subsidiaries or the GHA and not of a manpower supplier. Domestic airlines (and their subsidiaries) and GHAs will be permitted to take contract employees on their rolls. Such employment contracts will be for a period of at least one year.

d) MoCA will encourage consolidation in ground handling through stakeholder consultations, with the objective of bringing in economies of scale and higher efficiency, without compromising on service quality, safety, security and cost to passengers.

e) MoCA will encourage rationalization of airport royalties and other additional charges levied on GHAs over and above a reasonable lease rental.

20. Sustainable aviation

a) MoCA will strive to develop a sustainable Indian aviation industry. It will work with DGCA and industry stakeholders to develop an action plan for making all Indian airports carbon neutral by 1 April 2030.

b) MoCA will strengthen policy guidelines on energy conservation, sustainable practices, improvements in emission measurement and information dissemination; training and awareness building.

c) MoCA will pursue limitation of CO_2 emission in Indian aviation in coordination with ICAO. DGCA will issue a CAR, making it mandatory for all aircraft operators to develop a reliable reporting system for CO_2 emissions, based on fuel consumption, for each flight that lands in or takes off from India.

d) MoCA will strive to ensure Flexible Use of Airspace (FUA) by 1 April 2016 in consultation with MoD.

e) MoCA will encourage roll out of Airport Collaborative Decision Making (CDM) by 1April 2016 to reduce on-ground and aerial congestion.

f) All equipment operating within the airport environment will be in compliance with latest emission norms by 1 April 2017. Ground handling vehicle will use alternative fuels that can provide significant Local Air Quality (LAQ) emission benefits compared with petrol and diesel equipment. Options include LPG/ CNG vehicles, low emissions vehicles (LEV), hydrogen vehicles, and electric vehicles.

g) Airports will be encouraged to use Fixed Ground Electrical Power (FGEP) and Pre-Conditioned Air (PCA) units. Airlines will be encouraged to use single engine taxiing and dispatch-towing.

21. Aviation Security, Immigration and Customs

a) Government will develop performance norms for these agencies in terms of speed of passenger processing and grievance handling. Accordingly, MoCA will develop 'service delivery modules'for aviation security, Immigration, Customs, quarantine officers etc in consultations with respective Ministries/Departments.

b) Global best practices in IT, passenger check-in, baggage handling, mobile boarding passes, security checking procedures, immigration and customs etc will be introduced with due security vetting keeping the Indian context in mind.

c) The government will review and appropriately modify the AVSEC order 5/2009 on deployment of airline security personnel by 31 March 2016.

d) The government will allow Indian carriers to provide security services to other domestic airlines during the times when they have surplus capacity, subject to approval from BCAS and MoCA.

e) Facilities for government agencies like CISF, Immigration, Customs, Police etc, other than reasonable office space, will be arranged for by the government. No cost will be levied on the airport operator.

f) The Government will encourage use of private security agencies at airports for non-core security functions which will be decided in consultation with MHA. BCAS will provide scope of work and norms for the same. The private agencies will function under the overall control of the government agency providing aviation security at the airport.

g) Private security agencies will comprise retired personnel from military and para-military forces satisfying qualification norms laid down by BCAS. Training and testing of the private security personnel will be carried out by CISF.

h) Security auditors of BCAS will carry out regular and surprise audits with the power to penalize and blacklist the errant agencies.

22. Ancillary Revenue

a) The need to facilitate higher ancillary revenue for airlines in order to reduce the base airfare is a bonafide request.

b) Airlines will be free to charge any amount for additional services, except for check-in luggage and assistance to differently-abled passengers, as long as such charges are communicated clearly to the passenger.

23. Essential Services Maintenance Act, 1968

As per ESMA Act 1968, essential services include '...any service connected with the operation or maintenance of aerodromes, or with the operation, repair or maintenance of aircraft..'The Government will coordinate with State Governments to include the following under ESMA Act 1968: ground handling, catering and aircraft fuelling.

24. Aviation education and skill building

a) The government will expedite the commencement of courses by the National Aviation University (NAU).

b) MoCA will provide full support to the Aerospace and Aviation Sector Skill Council (AASSC) for imparting skills for the growing aerospace and aviation industry in India.

c) MoCA will facilitate greater involvement of private sector in sponsoring aviation institutions, industrial training and R&D projects.

d) MoCA and DGCA will undertake strict monitoring of aviation related educational institutions. Institutions not meeting the prescribed standards will invite appropriate action.

25. Charter operations

The government will promote the growth of charter operations. They play a vital role in bringing in high end tourists into India and in promoting regional connectivity within India. There are certain restrictions on charter flights into and within India. The government plans to significantly de-regulate the same, as indicated below:

a) There shall be no restrictions in terms of number of international charter flights by an operator and passengers flown into India as long as they do not follow a fixed schedule and are in compliance with the relevant ASA. The passengers on charter flights will not be restricted to those that have bought an Inclusive Tour Package (ITP).

b) Incoming charter aircraft will be free to land at any Indian airport that has Customs and Immigration facilities.

c) Charter operators do not need to take any prior permission from DGCA, as long as they have filed the flight plan with ANS and have a confirmed landing slot at the relevant airport.

d) Passengers coming on an inbound charter flight will be free to shift to scheduled carriers for travel within India or abroad and vice versa.

Feedback may be sent to the following email-id:

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