**Indian Aviation**

- Total passenger traffic to, from and within India, during Apr-Nov 2018 grew by around 15% year on year as compared to around 6% globally.
- India is now the seventh largest aviation market with 187 million passengers in FY 2017-18 and it is expected to become the third largest by 2022.
- There is also possibility lot of Cargo Traffic in future.
- Indian Aviation is witnessing great switchover from Railways, by the kind of population in India which is just breaking into the financial acceptable limits of flying.
- Manufacturing in Europe and America is high due to high labour cost. India has a good potential to be an East-West and a West-East Hub due to its cheap labor.

**Challenges**

**Infrastructure related problems:**

- India builds airports after the demand arises, which delays the growth of Aviation Industry.
- Not only the lower capabilities of airports is an issue, but inefficient working of other things like Air navigation management, Air traffic control, Airline Slots waiting etc. is also an issue.
- Shortage of Pilots: As per a report, in the last three years, the average number of foreign pilots is over 300 in India and Airlines are paying huge sum to them.
- Inefficient functioning of UDAN Scheme: 134 routes which were awarded under the scheme have not become functional yet. Hinterland of the country is not yet completely connected to the Aviation Sector.

**Poor Financial Health of Indian Airlines:**

- The Airlines have tried to make a capital expenditure on acquisition of new aircrafts which was probably much larger than they could afford. That was based on the expectancy of steady future growth. It is around 10% now as compared to 20%, early last year. This affected their liquidity as well as their ability to service the debts.
- High Fuel Prices and depreciation of Rupee is also a reason.
- Heavy Taxation over Aviation Sector as compared to other transport systems like Railways, Buses etc.
- Once the Airline Ticket prices go up, People tend to switch back to Railways and other modes of transportation.
- Global Aviation Sector, currently, not doing well, is another reason.

**Air Safety and Security is another challenge.**

- Absence of Maintenance and Repair Organizations (MRO) in India. Indian Airlines enter in contract with foreign organizations for the maintenance of their fleet, which raises the maintenance cost.
- Not much improvement in Cargo Traffic, despite the fact that India declared ‘Unilateral Open Sky’ 20-25 years back.

**Solutions:**

**Infrastructure:**
• More than one Airport in cities will help in easing traffic. Eg: London
• Airports need to build on the anticipation of demand, the way Ireland built the airport in Hong Kong.
• Use of Latest Technology is required for the efficient working of Air Traffic Control and Navigation system and also for the safety and security in Aircrafts.
• Regional Connectivity Scheme needs alternate requisite support.
• The capping of Airport Slots is a good interim solution to meet the infrastructure deficit. The Airline which is not doing well should not enjoy the privilege of reserved slots. The slots should be given to good performing airlines.
• We need not to keep Air India under Government fold. Its Pilots can get employed in other airlines.

Financial Health:

• All petroleum products including Aviation Turbine Fuel (ATF) should be brought under GST.
• Using fuel-efficient technology for navigation system. Looking out for the use of biofuel and Solar Power.
• A Rational Approach to Aviation Taxation should be adopted.

Maintenance and Repairing Organizations (MRO) should be started in India.

Carrying Cargo is a solution for poor performing Airlines. The Civil Aviation Minister also recently said that Government is thinking on ‘Cargo Policy’.

Tie-Ups with other departments are required to improve Cargo Traffic.

India Outbound is growing very well. This is needed to be linked with India’s Foreign Policy to ensure that growth takes all over.

**Vision 2040 Document**

The Ministry of Civil Aviation on January 15, 2019 unveiled the Vision 2040 document, which highlights the growth potential in different sub-sectors of Indian aviation and the key action steps are required to be taken to achieve the desired objective.

• As per the document the total passenger traffic (to, from and within India) in India is expected to rise nearly six-fold from 187 million in FY 2018 to around 1124 million in FY 2040.

• This includes around 821 million domestic passengers and around 303 million international passengers (to and from India).

Details about the vision document

• The overall CAGR works out to around 9% in domestic and 7% in international traffic during FY 2018-2040, it said adding that since aviation is a longterm plan, aircraft procurement, airport development, air navigation system changes and skill development should be done in a cohesive manner.
• Rather than having five-year plans, the document talks about India having a robust 20-year plan that lays out the targets and the path to get there along with time lines and clear accountability.

• The technology developments like artificial intelligence, machine learning, blockchain, biometrics, composites, super-alloys, biofuels etc. are changing the face of aviation and it is humanly impossible to predict the oil price or the exchange rate a month down the line, much less the impact of technology 10 years hence.

• The vision document said with the right policies and a relentless focus on execution, India can surprise the world by not just meeting but exceeding the Vision 2040 targets.

• “India is the seventh-largest country by area and the second-most populous with over 1.35 billion people. It's one of the fastest growing economies of the world and likely to become the fifth largest in 2019.

• The Indian aviation market is on a high growth path. Total passenger traffic to, from and within India, during Apr-Nov 2018 grew by around 15% year on year as compared to around 6% globally.

• India is now the seventh largest aviation market with 187 million passengers (to, from and within India) in FY2017-18,” it added. It is expected to be third largest by 2022, it said.

• As per the document initiatives like Nabh Nirman (for airport capacity augmentation), Digi Yatra (for paperless travel) and AirSewa (for online passenger grievance redressal) are bringing in radical changes.

• The tax structure for Aviation Turbine Fuel (ATF), Maintenance, Repair and Overhaul (MRO) and aircraft leasing may be gradually aligned with leading global jurisdictions.

• It said that the government may consider establishing a Nabh Nirman Fund (NNF) with a starting corpus of around $2 billion to support low traffic airports in their initial phases.

• The concept of land pooling may be used to keep land acquisition costs low and to provide landowners with high value developed plots in the vicinity of the airport.

• It also said DGCA may be converted into a fully-independent Civil Aviation Authority, with its own sources of funding and freedom to recruit professionals at market-linked salaries.

• Most transactions with DGCA will be automated with minimal human interface.